

**Interim Activity Report for the
Period January 1, 2023 –
September 30, 2023**



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

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Note: You can access the relevant section by clicking on the title.

ACCOUNTING PERIOD FOR THE REPORT

The accounting period for the report is the interim accounting period which is between January 1, 2023, and September 30, 2023.

INFORMATION ON THE COMPANY

Trade Name: Aydem Yenilenebilir Enerji A.Ş.
 Trade Registry Office: Denizli
 Trade Registry Number: 13798
 Mersis No: 0165003740400011
 Trade Registry Date: 06.07.1995
 Paid-in Capital: 705,000,000
 Registered Capital Ceiling: 2,000,000,000
 Start Date of Trading on Borsa Istanbul (BIST) : April 29, 2021
 Ticker: AYDEM
 Stock Exchange: Borsa Istanbul
 Trading Market: BIST Star Market
 Trading Indices: BIST 100-30 / BIST Services / BIST 100 / BIST Corporate Governance / BIST Electricity / BIST Denizli / BIST All / BIST Stars / BIST Sustainability
 Commercial Address: Adalet Mah. Hasan Gönüllü Blv. No:15/1 Merkezefendi/Denizli
 Phone.: +90 258 242 27 76
 Fax: +90 258 242 27 78
 Corporate Website: www.aydemyenilenebilir.com.tr/en

You can find all contact details of our company under the General Information-Contact tab of our Public Disclosure Platform (PDP) (<https://www.kap.org.tr/en/sirket-bilgileri/genel/5317-aydem-yenilenebilir-enerji-a-s>) page.

Mehmet Yusuf Güngör, CPA
 Investor Relations Manager & Member of Corporate Governance Committee

Investor Relations Contact Information:

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 Phone.: +90 258 242 27 76
 Investor Relations Website: www.aydemyenilenebilir.com.tr/investorrelations

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 Capital Markets Board's Communiqué (Serial: II n.14.1) on the "Principles of Financial Reporting in Capital Markets".



AYDEM RENEWABLES AND ITS FIELDS OF ACTIVITY IN BRIEF

As Aydem Renewables, - a company in the Aydem Energy Group that is active in renewable energy generation, we focus on renewable energy with our approach considering the sustainability of natural resources, the environment, and the needs of future generations.

Adopting a people-oriented innovative approach, we have sought even better for the present and future, have contributed to the sustainable growth of our country, and have created a more beautiful future for the environment, society, and next generations through renewable energy generation since we embarked on our journey with the courage to realize the first private hydroelectric plant in Türkiye in 1995.

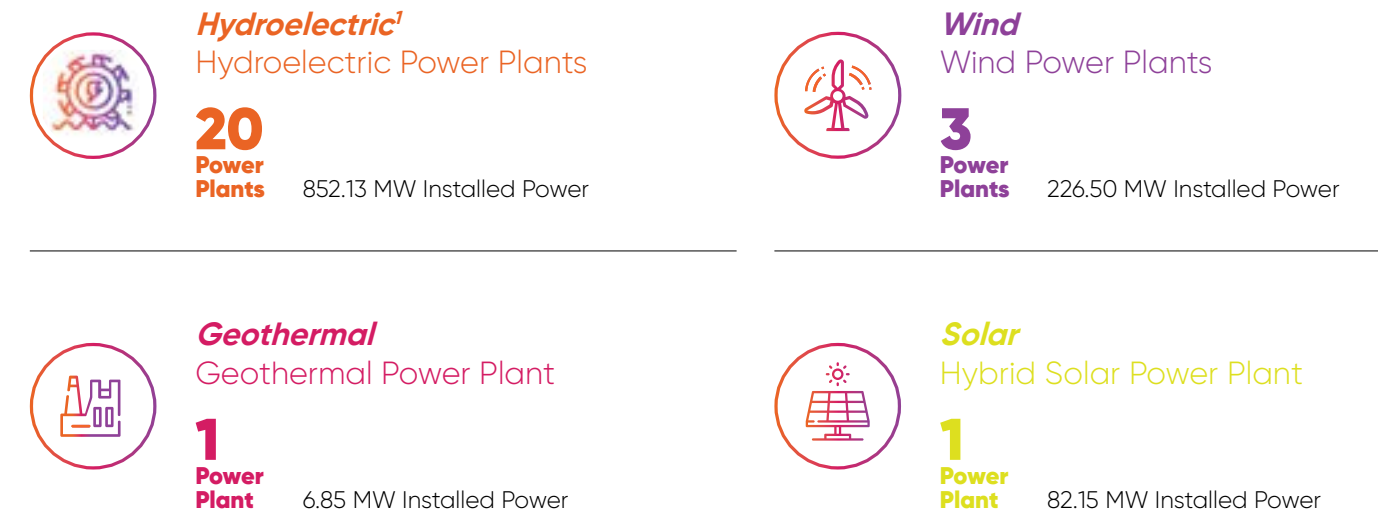
Reached 1,168 MW installed power with 25 new renewable energy plants across Türkiye. We meet the energy needs of Türkiye with renewable energy generation using our hydroelectric, wind, solar and geothermal power plants.

Integrated Management System (ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, ISO 50001:2018) and ISO/IEC 27001:2013 Information Security Management System are employed for all our plants.

Subject of Activity

- 1) To establish, commission, take over, lease, run, and hire out any kind of renewable electricity power plant to generate electric energy, to provide engineering, consultancy survey, planning, project, and feasibility services about these plants.
- 2) To sell the electric energy generated and/or capacity within the framework of the related legislation.
- 3) To affiliate with distribution companies established or to be established without assuming control thereon.
- 4) To affiliate with electric energy generation companies established or to be established.

Fields of Activity



¹ Mechanical capacity is taken into account in total installed capacity.
¹ 73% (6199 MW) of the installed capacity of hydroelectric power plants consists of "river type" HPPs and 27% (232.2 MW) consists of HPPs with "reservoir". River type HPPs are Gökyar HPP, Dalaman 1-5 HPP, Mentaş HPP, Aksu HPP, Akıncı HPP, Dereli HPP, Çırakdamı HPP, Feslek HPP, Bereket 1-2 HPP, Koyulhisar HPP, Toros HPP and Göktaş 2 HPP. HPPs with reservoir are Kemer HPP, Adıgüzel HPP and Göktaş 1 HPP.

INFORMATION ON AFFILIATES/SUBSIDIARIES AND SHARES

Company's Affiliates and Their Share Ratios

None.

Company's Subsidiaries and Their Share Ratios

Information on the company's subsidiaries are given below:

Subsidiaries	Main Activities	Ownership Ratios (%)	Ownership Ratios (%)
		September 30, 2023	December 31, 2022
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur") / HPP	Electricity generation using a hydropower source	100	100
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat") / HPP	Electricity generation using a hydropower source	100	100
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	Electricity trading	100	100
Akköprü Yenilenebilir Enerji Üretim A.Ş.	Electricity generation using a hydropower source	100	100

Remarks Related to 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:

(i) 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.

(ii) 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 9 titled "Board Members' Term of Office and Dismissal" of the Articles of Association:

In the event that membership becomes vacant for any reason or the independent board member loses their independence, the appointment is made in accordance with the provisions of the Turkish Commercial Code and the capital market legislation and submitted to the approval of the first subsequent general assembly. The member whose appointment is approved by the general assembly serves until the end of their predecessor's term of office. In case of a vacancy, the nominee, who is jointly offered by all board members having been appointed as the nominees of shareholders with the majority of capital represented by Group A shares and still holding their offices, is appointed with the approval of the Board of Directors to replace the board member appointed as the nominee of shareholders with the majority of capital represented by Group A shares.

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

(i) 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.

INFORMATION ON AFFILIATES/SUBSIDIARIES AND SHARES

- Transfer of all or part of the Company's commercial business.
- (ii) 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.

As per Article 25 titled "Transfer of Shares and Share Certificates" of the Articles of Association:

(iii) 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 and the conversion of shares to be sold into Group B shares are required. When the shareholder, holding Group A shares, applies to the Central Registry Agency or any other competent authority serving in a similar nature for the conversion of relevant shares into tradable shares for any transaction on the stock exchange including trading on the stock exchange or giving as pledges, shares subject to the application are automatically converted into Group B shares. The articles of association will be amended in line with the current status of share groups at the first general assembly meeting to be held following such conversion.

Amount of Privileged Shares

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.

Remarks Related to the Voting Rights of Privileged Shares

The Company has no share granted a privilege in terms of voting rights.

Repurchased Own Shares by the Company

As of September 30, 2023, 6,105,026 shares amounting to TL 83,423,193 (on average TL 13.664674) were bought back.

Acquisition of Investment Recognized Through Affiliate / Subsidiary / Equity Method

None.

Acquisition of Non-controlling Shares

None.

CHANGES IN THE COMPANY'S ORGANIZATIONAL, CAPITAL, AND SHAREHOLDING STRUCTURE DURING THE ACCOUNTING PERIOD

CAPITAL AND SHAREHOLDING STRUCTURE	September 30, 2023		December 31, 2022	
	(TL)	(%)	(TL)	(%)
Shareholders				
Aydem Enerji Yatırımları A.Ş.	574,975,680	81.55683	574,975,680	81.55683
Free Float*	130,000,000	18.43972	130,000,000	18.43972
Other**	24,320	0.00345	24,320	0.00345
Total	705,000,000	100	705,000,000	100

* Price stability procedures carried out on the Company's shares within 30 days after they started trading on BIST. Within this scope, Aydem Renewables purchased 18,679,595 shares.

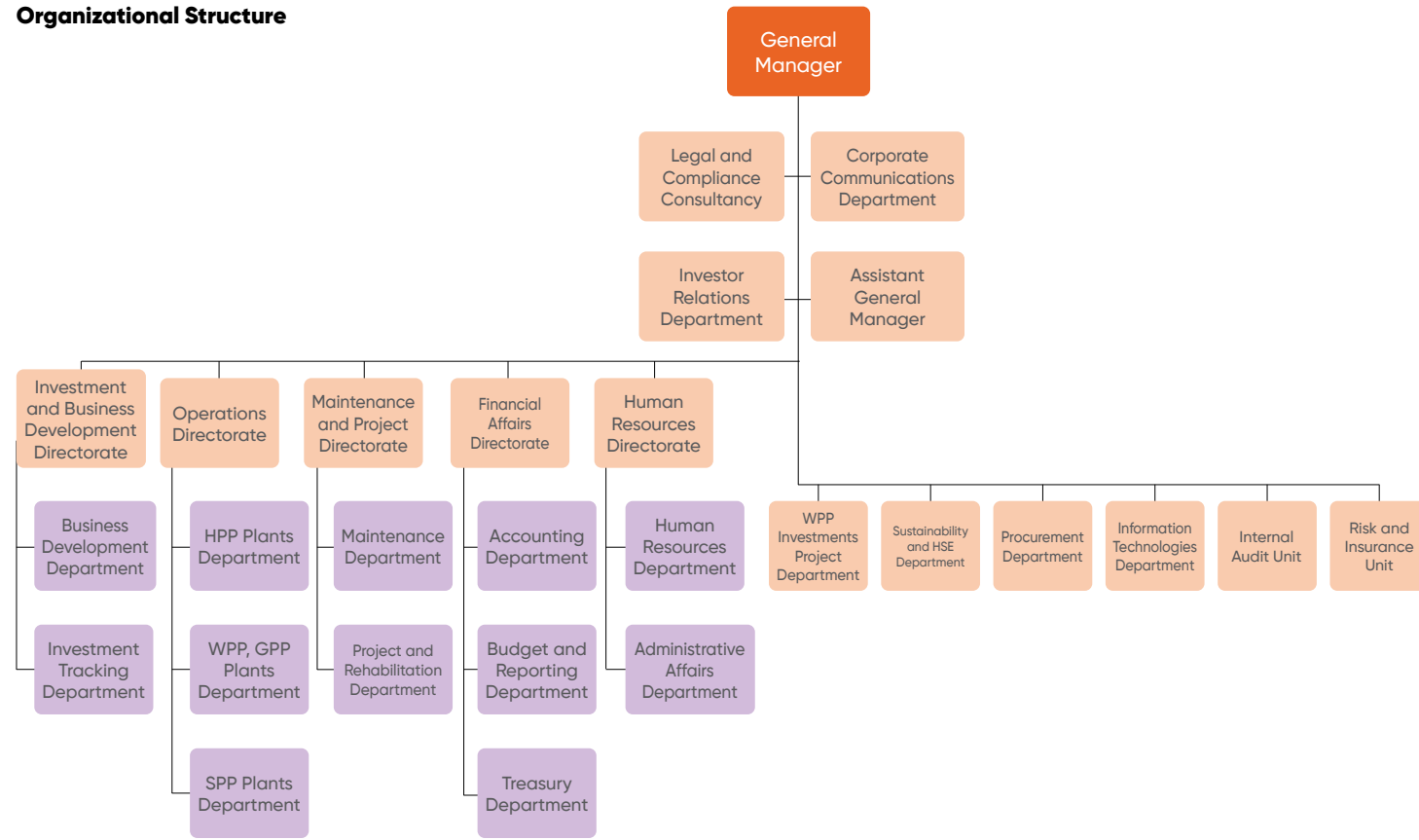
** Kocaer Demir San. Tic. Ltd. Şti. (0.00164%), Mopak Kağıt Karton San. Tic. A.Ş. (0.00164%), Aciselsan Acıpayam Sel. San. Tic. A.Ş. (0.00010%) shares constitute this category.

The capital and shareholding structure did not change during the period. There are no capital subscriptions and irredeemable privileged share certificates.

As of the reporting date, the paid-in capital of the Company is divided into 705,000,000 shares, each of which has a nominal value of TL 1. (<https://www.aydemyenilenebilir.com.tr/investorrelations/shareholding-structure>)

CHANGES IN THE COMPANY'S ORGANIZATIONAL, CAPITAL, AND SHAREHOLDING STRUCTURE DURING THE ACCOUNTING PERIOD

Organizational Structure



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.

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

None.

RESEARCH AND DEVELOPMENT ACTIVITIES

None.

BOARD OF DIRECTORS, COMMITTEES, AND SENIOR MANAGEMENT

Board of Directors:

In line with the Corporate Governance Principles of Capital Markets Board, the Board of Directors consists of eight members in total, four of which are independent and have the capacity to perform their duties with impartiality. Three out of eight Board Members are women. In line with the principles of the Articles of Association, the Board of Directors convenes with regularity that will help the Board effectively carry out its tasks and duties.

Board of Directors	Name – Surname	Company of Representation	Last Appointment Date* / End of Term
Chairman of the Board of Directors	İdris KÜPELİ	Aydem Holding A.Ş.	29.03.2023 / 29.03.2026
Vice Chairman of the Board of Directors & General Manager	Ömer Fatih KEHA*	Member	29.03.2023 / 29.03.2026
Member of the Board of Directors	Galip AYKÖSE**	Member	25.09.2023 / 29.03.2026
Member of the Board of Directors	Asya Vuslat SALDANLI	Member	29.03.2023 / 29.03.2026
Member of the Board of Directors	Mehmet Hayati ÖZTÜRK	Independent Member	29.03.2023 / 29.03.2026
Member of the Board of Directors	Ersin AKYÜZ	Independent Member	29.03.2023 / 29.03.2026
Member of the Board of Directors	Serpil DEMİREL	Independent Member	29.03.2023 / 29.03.2026
Member of the Board of Directors	Fatma Dilek BİL	Independent Member	29.03.2023 / 29.03.2026

* Mr. Ömer Fatih Keha, General Manager of our Company, has resigned from his position as of October 20, 2023. In accordance with the decision of the meeting held by our Board of Directors on October 25, 2023, Mr. Serdar Marangoz was appointed as the General Manager to the position vacated by Mr. Ömer Fatih Keha, to be submitted for approval by the general assembly at the first general assembly meeting.

** The appointment of Mr. Galip Ayköse as a member of the Board of Directors as of September 25, 2023, to replace Mr. Mehmet Gökay Üstün, who resigned from the Board Member position effective as of September 25, 2023, under Article 363 of the Turkish Commercial Code, was resolved to be submitted for the approval at the first meeting of the General Assembly.

Note: At the Ordinary General Assembly of our Company on March 29, 2023, all Board Members were released regarding their activities in 2022; due to the termination of their terms of office, they were reelected as Board Members and were registered before Denizli Trade Registry Directorate on April 03, 2023.

Senior Management:

Senior Management	Name – Surname	Commencement Date of Office
General Manager & Vice Chairman of the Board of Directors	Ömer Fatih KEHA*	14.02.2019
Director (Financial Affairs)	Firat SOĞANCIK	13.04.2023
Director (Operation)	Adnan CAN	25.03.2019
Director (Project & Maintenance)	Hüseyin GÜNLÜ	01.02.2019
Director (Investment & Business Development)	Erdem UYSAL	01.01.2023

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You can find detailed resumes of the Board Members and Senior Executives on our corporate website and/or in our end-of-year annual reports.

Benefits and Rights Granted to the Board Members and Senior Executives

The total gross amount of the benefits and rights granted to the Board Members and senior executives from January 1, 2023, to September 30, 2023, is TL 16,806,054. (January 1, 2022, to September 30, 2022: TL 7,170,317)

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 January 1, 2023, to September 30, 2023.

BOARD OF DIRECTORS, COMMITTEES, AND SENIOR MANAGEMENT

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. The duties and responsibilities of the Nomination Committee and Compensation Committee are carried out by the Corporate Governance Committee in accordance with CMB's Corporate Governance Communiqué No. II-171.

You can find the details on job descriptions and working principles of the committees on our Company's website (<https://www.aydemyenilenebilir.com.tr/info/88/committees>). In accordance with the Articles of Association, changes in the working principles of the committees are subject to the approval of the Board.

Information on the Audit Committee Members

Name-Surname	Title in the Committee	Name	Executive/Non-Executive	Meeting Frequency
Ersin AKYÜZ	Chairperson	Independent Board Member	Non-Executive	Meets at least four times a year, at least every three months.
Serpil DEMİREL	Member	Independent Board Member	Non-Executive	
Fatma Dilek BİL	Member	Independent Board Member	Non-Executive	
Mehmet Hayati ÖZTÜRK	Member	Independent Board Member	Non-Executive	

Information on the Corporate Governance Committee Members

Name-Surname	Title in the Committee	Name	Executive/Non-Executive	Meeting Frequency
Serpil DEMİREL	Chairperson	Independent Board Member	Non-Executive	Convenes at least 4 times a year.
Ersin AKYÜZ	Member	Independent Board Member	Non-Executive	
Mehmet Hayati ÖZTÜRK	Member	Independent Board Member	Non-Executive	
Fatma Dilek BİL	Member	Independent Board Member	Non-Executive	
Mehmet Yusuf GÜNGÖR*	Member	Investor Relations Manager	Executive	

(* Within the framework of Article 11 of the Corporate Governance Communiqué numbered SPK II-171, the Investor Relations Department Manager has been assigned as a member of the Corporate Governance Committee.

Information on the Early Detection of Risk Committee Members

Name-Surname	Title in the Committee	Name	Executive/Non-Executive	Meeting Frequency
Mehmet Hayati ÖZTÜRK	Chairperson	Independent Board Member	Non-Executive	Convenes at least 6 times a year.
Serpil DEMİREL	Member	Independent Board Member	Non-Executive	
Ersin AKYÜZ	Member	Independent Board Member	Non-Executive	
Fatma Dilek BİL	Member	Independent Board Member	Non-Executive	

BOARD OF DIRECTORS, COMMITTEES, AND SENIOR MANAGEMENT

Information on the Investment Committee Members

Name-Surname	Title in the Committee	Name	Executive/Non-Executive	Meeting Frequency
İdris KÜPELİ	Chairperson	Chairman of the Board of Directors	Executive	Essentially convenes every three months.
Ömer Fatih KEHA*	Member	General Manager / Vice Chairman of the Board of Directors	Executive	
Serpil DEMİREL	Member	Independent Board Member	Non-Executive	
Ersin AKYÜZ	Member	Independent Board Member	Non-Executive	
Fatma Dilek BİL	Member	Independent Board Member	Non-Executive	
Mehmet Hayati ÖZTÜRK	Member	Independent Board Member	Non-Executive	

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Information on the Sustainability, Environment, Occupational Health and Safety Committee Members

Name-Surname	Title in the Committee	Name	Executive/Non-Executive	Meeting Frequency
Fatma Dilek BİL	Chairperson	Independent Board Member	Non-Executive	Essentially convenes every three months.
Ömer Fatih KEHA*	Member	General Manager / Vice Chairman of the Board of Directors	Executive	
Serpil DEMİREL	Member	Independent Board Member	Non-Executive	
Ersin AKYÜZ	Member	Independent Board Member	Non-Executive	
Mehmet Hayati ÖZTÜRK	Member	Independent Board Member	Non-Executive	
Adnan CAN	Member	Operations Director	Executive	
Hüseyin GÜNLÜ	Member	Project and Maintenance Director	Executive	
Fatih PEKER	Member	Sustainability and HSE Manager	Executive	

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The number of meetings held by the committees during the period;

- Audit Committee: 3 meeting was held.
- Corporate Governance Committee: 4 meetings were held.
- Early Detection of Risk Committee: 5 meetings were held.
- Investment Committee: No meetings were held.
- Sustainability, Environment, Occupational Health, and Safety Committee: 3 meeting was held.

Management participation in relevant committees stood at 100% for the third quarter of 2023.

Aydem Renewables' Policies can be accessed at the following link:

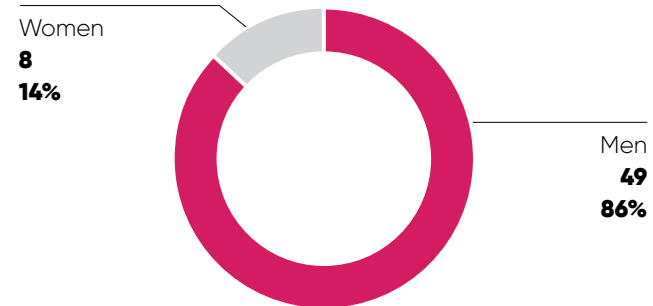
<https://www.aydemyenilenebilir.com.tr/info/24/policies>

HUMAN RESOURCES

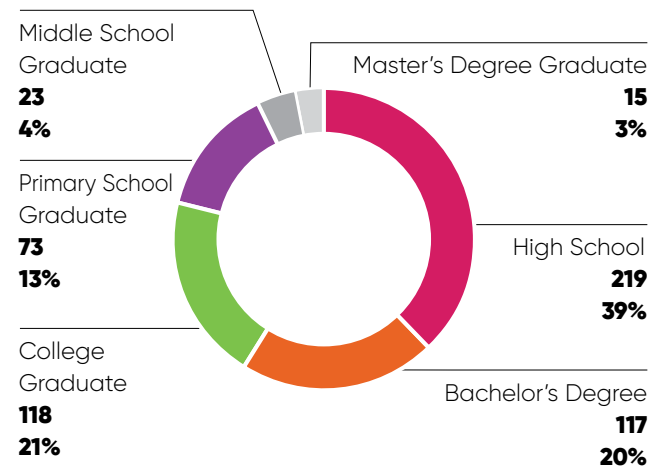
The number of staff members of our Company is 565 as of the date of this report. (September 30, 2022: 539)

Head Office Staff	141
Hydroelectric Power Plants	343
Adigüzel HPP	12
Akinci HPP	18
Aksu HPP	16
Bereket HPP	25
Çırakdamı HPP	12
Dalaman HPP	63
Dereli HPP	19
Feslek HPP	16
Göktaş I HPP	20
Göktaş II HPP	18
Gökyar HPP	21
Kemer HPP	17
Koyulhisar HPP	33
Mentaş HPP	24
Toros HPP	29
Wind Power Plants	57
Söke WPP	14
Uşak WPP	24
Yalova WPP	19
Geothermal Power Plant	24
Kızıldere GPP	13
Heat Center	11
TOTAL	565

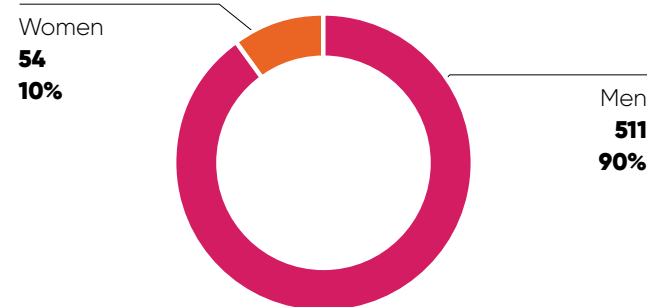
Number of Managers



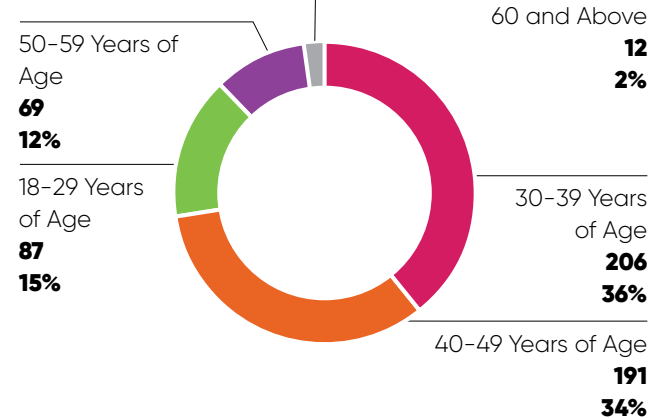
Education Status



Company Headcount



Age Distribution



ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

Investments

Investment expenses of the Company consist of the construction, take-over, renewal of the electricity generation plants, and the purchase and maintenance of turbine and plant equipment.

The Company builds plants to generate electricity from water, wind, sun, and geothermal resources, and mechanical equipment used in these plants is manufactured and installed in line with the technical projects of the plant. Investments in electricity generation plants require investments in technology and capital. Structures constructed in the related plants require advanced engineering calculations.

A great majority of the Company's plants consist of HPPs and as a matter of their age and structure, HPPs do not require a substantial amount of replacement investment for many years. On the other hand, replacement investments are required to ensure that machinery and equipment currently used, especially in wind-based electricity generation plants can generate energy until the end of their terms of license. Furthermore, investment in new equipment may be necessary to increase efficiency.

The most important investment cost of HPPs consists of water structures in the construction. Although it varies with the projects, the main water structures of these plants include a regulator, spillway, water delivery channel and tunnel, headpond, dam embankment, plant building, controlling building, tailwater, etc. The construction of water structures constitutes approximately 75%-80% of the total investment cost. The most important machinery and equipment used in these plants include cover and cover lifting fittings, penstock and breeches pipe, water turbine, governor, power generator, energy transmission line, switchgear, power, and auxiliary transformer, warning system, command and control systems, SCADA and automation systems, communication system, etc. HPP machinery and equipment group constitute approximately 10-15% of the total investment cost. The cost incurred by the procurement and preparation of the land on which HPPs are established constitutes approximately 5-10% of the total investment cost.

The most important investment cost of WPPs consists of the machinery and equipment group. WPP machinery and equipment group constitutes approximately 70%-75% of the total investment cost. The cost incurred by the procurement and preparation of the land on which WPPs are established constitutes approximately 5-10% of the total investment cost. Construction of the concrete structure on which the turbine towers are placed as another investment cost constitutes approximately 15%-25% of the total investment cost.

Among the Company's plants, some of them are established in areas that are regarded as forest in nature or expropriated from private properties. A utilization permit is obtained from forestry departments to be valid for the license term and an annual rental fee is paid. The areas expropriated from private properties are registered at the land office in the name of the Ministry of Treasury and Finance, and servitude is constituted in favor of the Company provided that the expropriation fees are covered by the Company.

In regard to the 114 MWm capacity increase projects planned for 2023, the part of 54 MWm of Uşak WPP Capacity Increase Project was accepted by the Ministry on 08.06.2023 and 12 MWm of Uşak WPP Capacity Increase Project was accepted by the Ministry on 31.08.2023, and the power generation was started accordingly. 36 MW Uşak WPP capacity increase has been included in the investment program and it is aimed to start construction activities in a short time. Construction activities of the 12 MW Söke RES Capacity Increase Project have also started within the reporting period, and Ministry Acceptance is planned to be performed within November.

Investment Strategy

The Investment Committee of the Company ("Investment Committee") manages the Company's investment strategy and considers all investment and business development opportunities above 1 million US Dollars. Projects pre-approved by the Investment Committee are submitted to the Board of Directors to take a final investment decision. The Company aims to diversify its investments, particularly by investing in portfolio assets that include different technologies related to renewable energy generation such as wind, solar, geothermal, and hydroelectric, in various geographical regions. While evaluating the investment projects, the Company takes following criteria into consideration:

- Making no investments 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 (equity 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;
- 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 the projects that have negative effects on UNESCO World Heritage sites or areas dedicated to nature conservation (for example Wetlands of International Importance within the scope of the Ramsar Convention); and
- Not investing in projects that include child labor and forced labor.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

The Company has various opportunities for both short- and long-term growth.

Aydem Renewables' planned investments include solar power plants that will provide hybrid generation together with wind and hydroelectric power plants, wind power plants to be commissioned through capacity increase, as well as wind and solar power generation facilities and integrated electricity storage facilities based on these. By the end of 2025, a total of 801.2 MW investment is planned, including 207 MW solar (Hybrid), 94 MW wind (capacity increase), 400 MW solar (storage) and 100 MW wind (storage). In summary, the total installed capacity is expected to reach 1,969 MW by the end of 2025, with a total of 607.2 MW solar and 206 MW wind energy investments on a resource basis. The Company has applied for pre-license for a 500 MW storage generation facility, which has been obtained on 11.05.2023.

In line with this goal, the Company aims to commission 196.2 MW of installed power by the end of 2023. Installation of 82.2 MW (Uşak WPP Hybrid SPP) of this investment was completed in 2022, and its ministerial approval was obtained on February 23, 2023. The first of the 114 MWm capacity increase projects planned for 2023 is at our Uşak WPP with 66 MWm, which was completed with the Ministry Acceptance as of 31.08.2023, and the power generation was started accordingly. 36 MW Uşak WPP capacity increase has been included in the investment program and it is aimed to start construction activities in a short time. Construction activities of the 12 MW Söke RES Capacity Increase Project have also started within the reporting period, and Ministry Acceptance is planned to be performed within November. Following these approvals, as of the end of 2022, our total installed power of 1,020 MW was increased by 14.5% to 1,168 MW. Capacity increase projects for Söke WPP of 12 MW and Uşak WPP of 36 MW are expected to be completed in 2023. It is planned that an investment of 151 MW in total, which comprises 105 MW hybrid solar investments and 46 MW wind capacity increase investments, is completed in 2024, and an investment of 102 MW hybrid solar investment is completed in 2025. The total cost of 500 MW excluding wind, solar and storage facilities 449.35 MW additional installed power investments is expected to be approximately 341 million US Dollars. The breakdown of the total investment amount is planned to be as follows: 216 million US Dollars of hybrid investments and the remaining 125 million US Dollars of investments in capacity increase projects.

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

The Company plans to take advantage of the opportunities offered by EMRA to generate electricity at power plants by means of hybrid plants. Therefore, as it is possible to use land and network connections currently available at the plants, the Company will only pay the construction costs of the plant and prices of electromechanical equipment; thus investment expenses per MWh generated at hybrid plants will be less than those made in other new investment projects. For example, creating solar energy capacity at one of the available power plants will be 40%-50% less compared to the investment expense required for a typically independent SPP of similar size. While it is expected that the total investment expense required for hybrid projects corresponds to 15%-20% of the income from the project, it is stipulated that the investment expense required for new stand-alone projects corresponds to 35%-40% of the income from the project. Electricity may also be generated by using more than one electricity source (water, wind, and solar) at the same power plant utilizing the same network infrastructure. This opportunity will increase the total capacity factor and efficiency of the Company, and enable the diversification of generation sources. Based on the diversification of the generation sources, the Company revenues' level of sensitivity to climate change will decrease.

Hybrid plants that enable generating electric energy from multiple resources at a single generation facility allow those generation facilities to be used more efficiently and more electric energy is generated within the electricity generation capacities. At hybrid plants, energy generation will be from SPP (Solar Power Plant) when the rainfall is low and from HPP (Hydroelectric Power Plant) when sunlight is insufficient, minimizing the effect of seasonal conditions.

The prominent advantages of hybrid plant investments include lower investment and operational costs and the inclusion of electric energy generated from auxiliary resources into the scope of YEKDEM provided that the main resource falls into the scope of YEKDEM.

As of the date of this report, Yağmur HPP and Armağan HPP investments - the Company's power plant investments which are at the construction stage - have already been suspended due to the strategic prioritization of hybrid and capacity increase investments included in the investment plan.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

Changes within the Accounting Period

- On February 23, 2023, the Ministry approved our Uşak WPP Auxiliary Resource SPP with a power of 82.15 MW. With this approval, the 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 generation.

- Technical Interaction Analysis submitted to MENR for the additional 34 MW capacity increase in the Uşak WPP Project was found appropriate and communicated to our company on March 10, 2023.

- USD 27,068,115.00 was transferred to the relevant investor accounts for the 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.

- As per the decision of the RoT 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 Resource Solar Power Plant (SPP - 16.9 MWm) was found positive.

- Updated "Information Policy" which became effective upon the approval of the Board of Directors has been published on our Company's website (www.aydemyenilenebilir.com.tr).

- 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 Türkiye, to renew its corporate governance rating. The term of the agreement is one (1) year as of the date of signature.

- As of September 30, 2023, 6,105,026 shares for TL 83,423,193 (TL 13.664674 on average) in total were repurchased.

- Our Company's 2022 Ordinary General Assembly Meeting was held on March 29, 2023, as both online and face-to-face sessions.

- No amendments were made to the articles of association during the accounting period.

- In the report prepared by SAHA Corporate Governance and Credit Rating Services (SAHA Rating) in order to rate the level of compliance with the "Corporate Governance Principles" published by the Capital Markets Board (CMB), our company received a Corporate Governance Compliance Rating of 9.56 this year, which was 9.48 last year. With this score, our company became the company with the highest degree of compliance with Corporate Governance Principles as of April 7, 2023 among the companies in the BIST Electricity index, and continued to be included in the Borsa Istanbul Corporate Governance Index (XKURY).

- 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. In 2022, our company has demonstrated the achievement of being the only company in our country to be listed on the Global A-List for both climate change reporting and water reporting across all sectors.

- Our Company's 2022 Financial Statements, Annual Report, Statement of Responsibility, Participation Finance Information Form, Corporate Governance Compliance Report, and Sustainability Principles Compliance Report were published on the Public Disclosure Platform (PDP) and our corporate website on March 3, 2023.

- As part of the 2023 International Occupational Safety Awards of the British Safety Council - one of the most prestigious institutions in the field of Occupational Health and Safety across the world - Aydem Renewables was deemed worthy of the highest degree "Distinction" with 51 points in the first year of its participation.

- As per the dividend distribution table attached to the Board of Directors Resolution dated March 2, 2023, and submitted to the attention of our shareholders above, no distributable profit of our Company accrued in 2022 based on legal records. As the Company has no distributable profit based on its financial statements, the fact that profit will not be distributed is not subject to the General Assembly's approval, and only the shareholders have been informed within the scope of the relevant article.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

- General Assembly Resolution, adopted on March 29, 2023, regarding the appointment of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as "Auditor" for 1 (one) year to audit the financial reports of the 2023 accounting period and carry out other activities within the scope of respective regulations, was registered on April 3, 2023, and announced in the Turkish Trade Registry Gazette dated April 4, 2023, and numbered 10804.
- Our company's 2022 Ordinary General Assembly Meeting results were registered on April 3, 2023, by Denizli Trade Registry Directorate and were announced in the Turkish Trade Registry Gazette dated April 4, 2023, and numbered 10804.
- As a result of the rating conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. to rate the level of compliance to the "Corporate Governance Principles" published by the Capital Markets Boards, our Company's Corporate Governance Compliance Rating was revised as 9.56 as of April 7, 2023. (out of a maximum of 10 points, last year's rating: 9.48).
- Mr. Hamdi Alp serving as the Assistant General Manager of Financial Affairs (CFO) of our Company left his office as of April 13, 2023. At the Company's Board of Directors meeting dated April 13, 2023 and numbered 2023/16, the appointment of Mr. Fırat Soğancık as the Financial Affairs Director has been decided.
- In accordance with the EMRA's Board decision dated 13/04/2023, the installation of a WPP capacity increase with an installed power of 88 MWm/MWe to be added to the main source has been approved for the Uşak WPP project. The necessary efforts have been continuing for the commissioning of the plant. After the commissioning of the plant, the total installed capacity of Uşak WPP will increase from 209.65 MWm/114.3 MWe to 297.65 MWm/202.3 MWe.
- The results of our company's Q1 2023 financial report, interim activity report and statement of responsibility were published on the Public Disclosure Platform (KAP) and on our corporate website on May 9, 2023.
- As per the decision of the RoT Ministry of Environment, Urbanization, and Climate Change no. E-48331039-220.01-6393410 dated May 10, 2023, a positive Environmental Impact Assessment (EIA) for Akıncı HPP Auxiliary Resource Solar Power Plant (SPP - 7.6945 MWm) was issued.
- With the decision of our Board of Directors dated 11.05.2023 and numbered 2023/21, it has been decided to transfer the operating license for geothermal-sourced and natural mineral

waters, an area of 5061.46 hectares with license number J-443 in Aydın province, Kuyucak district, Horsunlu - Ortakçı Mahallesi and a blocked area of 5782.72 hectares, the coordinates of which are specified in the license, to Kocaer Çelik Sanayi ve Ticaret A.Ş.

- Following the Board decision of 11.05.2023 and numbered 2023/21, transfer of the operating license for geothermal-sourced and natural mineral waters, an area of 5061.46 hectares with license number J-443 in Aydın province, Kuyucak district, Horsunlu - Ortakçı Mahallesi and a blocked area of 5782.72 hectares, the coordinates of which are specified in the license, was realized to Kocaer Çelik Sanayi ve Ticaret A.Ş. on May 15, 2023.
- Based on the EMRA Board decisions dated 11 May 2023, our preliminary license application, which was made for a total capacity of 500 MW, including 400 MW for a SPP and 100 MW for a RES, was accepted for production facilities with storage. Preliminary license has been obtained for Keberli SPP of 200 MW, Güzelkuyu SPP of 200 MW, and Kızılağaç WPP of 100 MW.
- Our company (Aydem Yenilenen Enerji A.Ş.) has been evaluated by JCR Avrasya Derecelendirme A.Ş. on May 30, 2023, and our Company's Long-Term National Credit Rating is determined as "BBB+ (tr)", and Short-Term National Credit Rating as "J2 (tr)" with the general outlook being confirmed as investible and "Stable". Our Company's Long Term International Foreign and Local Currency Credit Ratings and outlooks were determined as "BB/Negative" in line with the international ratings and outlooks of the Republic of Türkiye.
- As per the decision of the RoT Ministry of Environment, Urbanization and Climate Change dated 01.06.2023 and numbered E-48331039-220.01-6564761, a positive Environmental Impact Assessment (EIA) was issued for our Company's Uşak WPP (88 MWm) capacity increase project.
- Our 2022 Sustainability Report was made available to the public on our corporate website and Public Disclosure Platform (KAP) page as of June 5, 2023.
- As of 08.06.2023, the Ministry accepted the 54 MWm power increase for the Uşak WPP capacity increase project. With this approval, our total installed power, which was 1,020 MW as of the end of 2022, reached 1,156 MW following an increase of 13.4%.
- Within the scope of the Eurobond buy-back resolution of our Board of Directors on May 11, 2022; our Company's Eurobonds with a total nominal value of USD 19,679,000.00 were bought back between January 1, 2023, and November 7, 2023.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

- The transaction regarding the increase of the capital of Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende"), our 100% owned subsidiary, to TL 269,000,000 within the scope of the preliminary license and in accordance with the "Provisional Article 38 of the Electricity Market License Regulation" was registered and completed on July 13, 2023, and the said increase was covered by our Company.
- Our company's Sustainability Compliance Report for the year 2022 as disclosed to the public on July 13, 2023 on our Public Disclosure Platform (KAP) page.
- As per the Resolution of the Republic of Türkiye Ministry of Environment, Urbanization, and Climate Change No. E-48331039-220.01-6941009 dated July 21, 2023, a positive Environmental Impact Assessment (EIA) for Akıncı HPP Auxiliary Source Solar Power Plant (SPP - 12.0941 MWm) was issued.
- In accordance with the Energy Market Regulatory Authority's (EMRA) Board resolution dated 13/07/2023, the establishment of a capacity increase with an installed power of 12 MWm/MWe to be added to the main source has been approved for the Söke WPP project. The efforts required for the commissioning of the plant have been continuing. After the facility is commissioned, the total installed power of Söke WPP will increase from 49.5 MWm/45 MWe to 61.5 MWm/57 MWe.
- Within the scope of the share buy-back resolution adopted by our Board of Directors on February 14, 2022, 6.105.026 shares worth of TL 83,423,190 in total (TL 13.664674 on average) were bought back between January 1, 2023, and November 7, 2023.
- USD 26,370,615.00 was transferred to the relevant investor accounts for the coupon payment of Treasury Bond of our Company no. 4 with a maturity of 5.5 years with a nominal value of USD 750 million on August 2, 2023.
- The corporate tax rate was increased from 20% to 25% in accordance with the "Law on Imposing Additional Motor Vehicles Tax and Amendments to Certain Laws and Statutory Decree No. 375 for the Compensation of Economic Losses Caused by the Earthquakes Occurred on February 6, 2023" promulgated in the Official Gazette issue dated July 15, 2023, and the new rate is applicable as of the July 2023 payment period. The Group is assessing the impact of the amendment on the financial position of the Group.

- Our Company's application to the Ministry of Industry and Technology for the Investment Incentive Certificate within the scope of the general-expansion 12 MW power increase investment project for electricity generation, transmission and distribution in the WPP project with a total installed wind capacity of 49.5 MW in Aydın-Söke was approved on August 22, 2023. In this context, Investment Incentive Certificate No. 557600 was issued in the name of our Company for the investment project to be implemented with domestic capital.
- The results of our company's 2023 Q2 financial report, interim annual report, participation finance principles information form, and the state of responsibility were promulgated on the Public Disclosure Platform (KAP) and on our corporate website on August 15, 2023.
- As of August 31, 2023, the Ministry accepted the 12 MWm power increase for the Uşak WPP capacity increase project. With this acceptance, 82.15 MWm SPP and 66 MWm WPP with a total of 148 MWm, was commissioned by our Company in 2023. As of the end of 2022, our total installed capacity increased by 14.5% from 1,020 MW to 1,168 MW.
- The appointment of Mr. Galip Ayköse as a member of the Board of Directors as of September 25, 2023, to replace Mr. Mehmet Gökay Üstün, who resigned from the Board Member position effective as of September 25, 2023, under Article 363 of the Turkish Commercial Code, was resolved to be submitted for the approval at the first meeting of the General Assembly.
- International Credit Rating Agency Fitch Ratings confirmed Türkiye's credit rating of "B" on September 8, 2023, and changed the credit outlook from "Negative" to "Stable." Following this decision, in its report dated September 18, 2023, our Company's long-term credit rating has been confirmed as "B" and its outlook has changed from "Negative" to "Stable."
- As of July 1, 2023, our Company started to be traded in the "BIST Sustainability Index," where international sustainability performances are evaluated.
- Pursuant to article 10.3 of the BIST Market Cap Weighted Stock Indices Rule Set, by Borsa Istanbul General Directorate, our Company's shares have been temporarily removed from the BIST 100 index for the fourth quarter of 2023 (01.10.2023-31.12.2023).

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

Ordinary General Assembly Meeting

Our Company held its 2022 Ordinary General Assembly meeting in accordance with the principles under the "General Assembly" heading of the "Corporate Governance Principles".

At the 2022 Ordinary General Assembly Meeting of our Company held on March 29, 2023, Wednesday at 11.00 at the Company's headquarters address - Adalet Mahallesi Hasan Gönüllü Bulvarı 15/1 Merkezefendi Denizli - the following decisions were adopted:

At the Ordinary General Assembly meeting held on March 29, 2023, the 2022 Annual Report, Affiliation Report, and 2022 Independent Auditor's Report were read. Financial statements for 2022 were read and discussed. As a result of the voting, financial statements were unanimously accepted and approved. In Article 6 on the finalization of the Board of Directors' proposal for the profit/loss of the 2022 accounting period about the results of the 2022 financial year, the shareholders were informed that no profit distribution would be made as the Company had no distributable profit according to the Company's financial statements and to the table showing the inability to distribute profit, which was prepared under the Company's Board of Directors resolution dated March 2, 2023, and numbered 2023/08. The Members of the Board of Directors were released regarding their activities in 2022. It was unanimously resolved that the Members of the Board of Directors were individually released from their routine activities between January 01, 2022, and December 31, 2022. Electing an independent auditor for the audit of the company's activities in 2023 was negotiated and discussed. It was unanimously resolved that the independent audit company with the title "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi" is elected as the Independent Auditor for the audit of the Company's activities in 2023. Payments made as part of the "Compensation Policy for the Board Members and Executive Managers" were explained and approved. The remuneration, attendance fee, bonus, and premiums of the Board Members were determined. Information was provided regarding the business activities conducted in 2022 by persons listed in Principle 1.3.6 of Corporate Governance Principles, which is attached to CMB's Corporate Governance Communiqué No. II-17.1. Board Members were granted the authorization to perform the transactions outlined in Articles 395 and 396 of the Turkish Commercial Code No. 6102. Information was provided regarding the aid and donations made during 2022 and the upper limit for the aid and donations in 2023 was specified and determined. Information was provided regarding the guarantees, pledges, encumbrances, and sureties given in favor of third parties and income or benefits obtained as per the Capital Markets Board regulation during 2022. Information was provided regarding share buyback and sales transactions in 2022.

All details related to the 2022 Ordinary General Assembly Meeting of our Company (meeting invitation and power of attorney, information documents, list of attendants, minutes of meeting, questions asked during the meeting, and their answers) are accessible through the General Assembly tab under the Investor Relations menu of our corporate website (<https://www.aydemyenilenebilir.com.tr/investorrelations/general-assembly>).

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

The Company put all General Assembly resolutions into practice during the interim accounting period between January 1, 2023, and September 30, 2023.

Information on Extraordinary General Assemblies During the Year (If Any)

None.

Information on Related Party Transactions

Information on related party transactions and their balances that are compulsory to be submitted to the shareholders are available in Article 5 of consolidated financial statements and their footnotes for the period January 1, 2023, and September 30, 2023, published on the Public Disclosure Platform (PDP).

Information on Rating Scores:

You can use the link <https://www.aydemyenilenebilir.com.tr/info/97/credit-rating> to access our credit rating scores/information.

You can use the link <https://www.aydemyenilenebilir.com.tr/info/95/corporate-governance-rating-report> to access our corporate governance rating scores/information.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

Information on Debt Instruments:

The sale and issuance of the bond abroad with a nominal value of USD 750 million and maturity of 5.5 years (3.5 years without principal payment) were completed on August 2, 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 used in line with the target of doubling the Company's installed power.

Detailed information regarding the Bond Issuance is given below:

Issuer: Aydem Yenilenebilir Enerji A.Ş.
Amount of Bond Issuance: USD 750,000,000
Interest Rate: 7.75%
ISIN Code: XS2368781477
Date of Issuance: 02.08.2021
Date of Maturity: 02.02.2027

You can visit <https://www.kap.org.tr/en/Bildirim/952462> to access the Approved Issuance Certificate for the bond issuance.

Compliance to the Corporate Governance Principles

As per Article 5 "Implementation of Corporate Governance Principles" of the Corporate Governance Communiqué numbered II-17.1 of Capital Markets Board (CMB) which became effective upon its publication in the Official Gazette on January 3, 2014, with number 28871 (Communiqué), the Company paid utmost care to achieve necessary compliance as of the first general assembly date. Our Company adopted equality, transparency, accountability, and responsibility concepts of the Corporate Governance Principles.

Although the Company aims to achieve full compliance with the Corporate Governance Principles, efforts about the principles that are not fully complied with continue. The compliance status of the principles excluding those complied at the General Assembly is available in the 2022 Annual Report of the Company published on the Public Disclosure Platform (PDP) and its corporate website on March 3, 2023, as well as Corporate Governance Information Form (<https://www.kap.org.tr/en/Bildirim/1119443>), Corporate Governance Compliance Report (<https://www.kap.org.tr/en/Bildirim/1119444>), Sustainability Principles Compliance Report (<https://www.kap.org.tr/en/Bildirim/1171670>) published on the Public Disclosure Platform (PDP) on the same date and Corporate Governance Principles Compliance Statement announced on its corporate website (<https://www.aydemyenilenebilir.com.tr/investorrelations/reports-and-presentations/9/corporate-governance-reports>).

Additionally, as a result of the rating conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. to rate the level of compliance to the "Corporate Governance Principles" published by the Capital Markets Boards, our Company's Corporate Governance Compliance Rating was revised as 9.56 as of April 7, 2023. (out of a maximum of 10 points, last year's rating: 9.48). We became the company with the highest degree of compliance with Corporate Governance Principles as of the rating date (April 7, 2023) among the companies in the BIST Electricity index. The relevant report is available on the Public Disclosure Platform (PDP) and our corporate website (<https://www.aydemyenilenebilir.com.tr/info/95/corporate-governance-rating-report>).

Explanations Regarding the Internal Audit and Risk Management Systems of the Group within the Preparation Process of the Consolidated Financial Statements

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 "Communiqué 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.

Internal Audit

To increase the effectiveness and efficiency of the company's operations, to ensure credibility in terms of financial reporting, and to comply with laws and regulations, the current internal control system is audited by the Internal Audit and Control Unit within the framework of the annual internal audit plan.

ACTIVITIES AND KEY DEVELOPMENTS REGARDING ACTIVITIES

Independent Audit

The Company is not subject to independent audit as of the report date.

Information on Private Audit and Public Audit During the Accounting Period

The Company procured full certification services from BDO İzmir Yeminli Mali Müşavirlik A.Ş. between January 1, 2023, and September 30, 2023.

Amendments in the Articles of Association During the Accounting Period and the Reasons Thereof

No amendment was made to the articles of association during the period.

Donations and Aids

As of the reporting period (January 1, 2023 – September 30, 2023), a total of TL 11,632,542 was donated to various institutions and organizations within the scope of donations and aids (including earthquake aid) and social responsibility projects.

Lawsuits

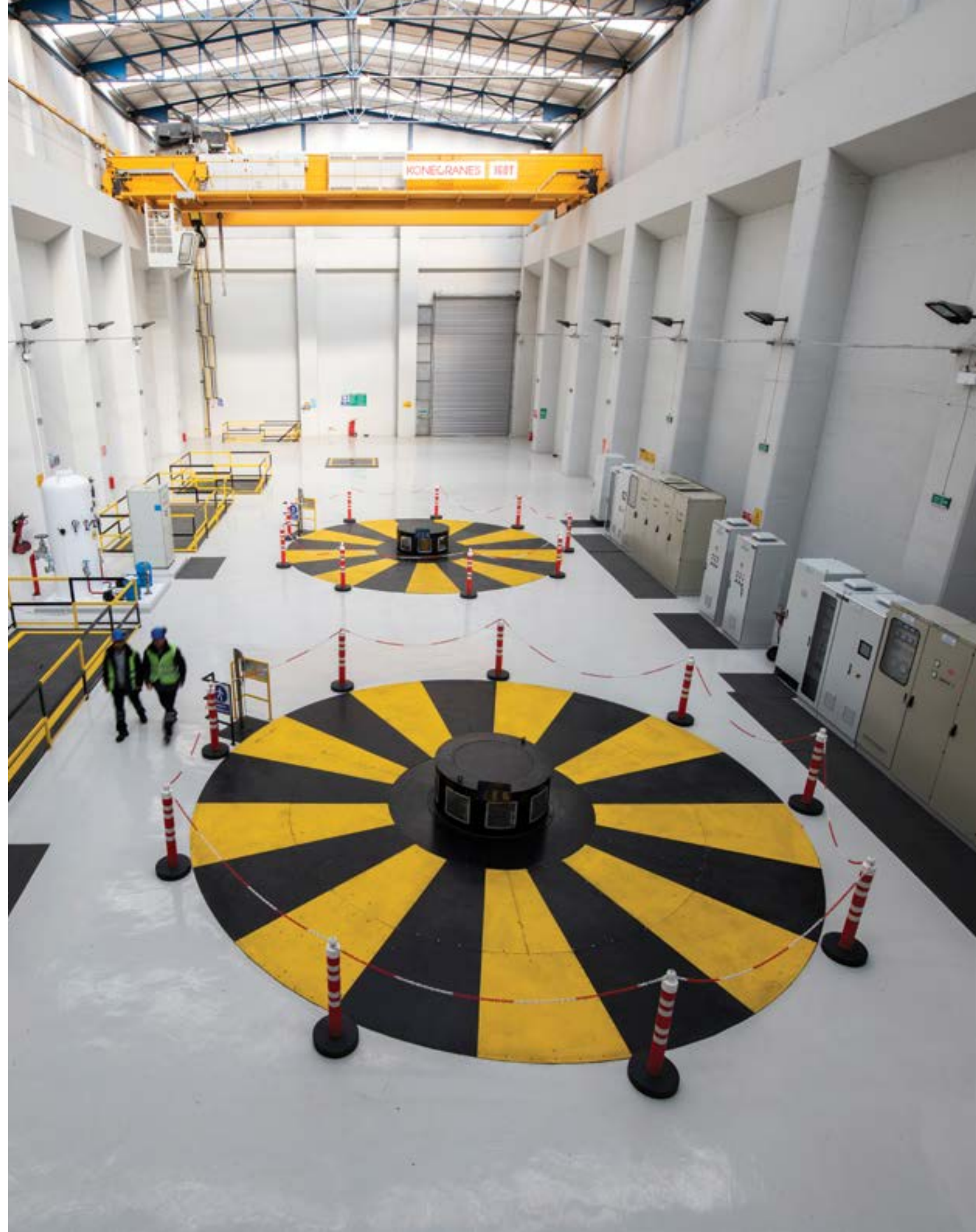
As of September 30, 2023, Aydem Renewables has made a provision of TL 14,850,084 for the lawsuits filed against the Company.

Administrative and Judicial Sanctions

As there are no building permits for the Dalaman HPP 1-2-3-4-5 and Gökyar HPP plants of the Company, it was resolved to impose administrative fines and other administrative sanctions for all buildings by the decisions of the Municipal Board as part of the Zoning Law. As all these administrative procedures were unlawful and HPPs were exempt from building permits due to their public investment nature, the Company filed lawsuits at the Administrative Courts for the annulment of these procedures. 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, 13 are pending an appellate review at the Council of State. The annulment became final in 82 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. The new hearing date was determined as December 21, 2023. In this respect, a decision against the Company in terms of EUR 8,999,400 and accrued interest is likely. 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.



INFORMATION ON 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

1. The operation, maintenance, and renewal of power plants carry significant risks that can lead to unexpected power outages, low efficiency, and unexpected investment expenditures.
2. Disabling or damaging a major power plant could have a negative impact on the company's operations.
3. 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.
4. The Company may not be able to maintain relations with its suppliers.
5. 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.

6. The Company's failure to comply in any way with the transfer of operating rights for Adıgüzel HPP and Kemer HPP could lead the competent authorities to take precautions or cancel the contractual operating rights.

7. 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.

8. 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.

9. 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.

10. 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.

11. The Company may be exposed to risks due to the potential unethical or unlawful behavior of its employees, suppliers, agents, or other third parties.

12. The Company has entered into and will continue to enter into related party transactions with, among other related parties, the indirect controlling shareholder.

13. Loss of key personnel or inability to recruit key personnel and qualified employees may restrict the Company's growth and adversely affect its operations.

14. 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.

15. The Company may be adversely affected by changes in tax legislation or practices, increases in tax rates, or tax audits.

16. 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.

INFORMATION ON RISK MANAGEMENT

17. The Company may be liable for some of the debts of Parla Solar due to the demerger transaction.

18. The Company's indebtedness and financial obligations may adversely affect the Company's operations, financial position, and operating results.

19. As part of its Eurobond obligations, the Company should fulfill certain commitments.

20. Failure to obtain credit or capital due to fluctuations in credit and capital markets or other factors may make it difficult for the Company to develop projects or finance acquisitions.

21. 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.

22. 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).

23. The electricity demand may decrease.

24. 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 the mandatory agreements signed with public institutions.

25. Electricity market prices and estimated prices may vary significantly.

26. Decreasing or interrupted government support for renewable energy or other changes in the government's energy policy and energy legislation may adversely affect the Company's future investment and growth plans.

27. 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.

28. 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.

29. Operational difficulties in connecting to the transmission and distribution network may adversely affect the Company's ability to sell the electricity it generates.

30. The Company is subject to collection risk arising from electricity sales.

INFORMATION ON THE COMPANY'S INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES AND THE GOVERNING BODY'S VIEW

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, centralized and on-site internal audit activities were conducted within the Company during the period. It has been observed that the audit and control activities are capable of providing 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.

SUMMARY FINANCIAL INFORMATION

Summary Balance Sheet Items (TL Million)	September 30, 2023 Amount	December 31, 2022 Amount
Current Assets	3,724	3,048
Fixed Assets	32,916	32,342
Total Assets	36,640	35,390
Short-Term Liabilities	1,972	1,598
Long-Term Liabilities	20,990	16,714
Shareholder's Equity	13,678	17,078
Total Liabilities	36,640	35,390

Summary Income Statement Items (TL Million)	September 30, 2023 Amount	September 30, 2022 Amount
Revenues	3,636	3,001
Cost of Sales	(1,872)	(1,037)
Gross Profit	1,764	1,964
General Administrative Expenses	(356)	(110)
Other Real Operating), net	526	365
Operating Profit	1,934	2,219
Amortisation and redemption expenses	933	575
EBITDA	2,867	2,794
EBITDA margin	79%	93%
Income from Investment Activities	347	5
Financing Expenses, net	(4,921)	(973)
Profit / (Loss) Before Tax for Continued Operations	(2,640)	1,251
Tax (Expenses) / Income	385	(345)
Net Profit/Loss for the Period	(2,255)	906

Based on the data of the 2022 year-end comparative consolidated balance sheet dated September 30, 2023, asset size stood at TL 36,640 million with 3.5% increase and equity capital stood at 13,678 million with 199% decrease.

According to the data of the consolidated income statement for January–September 2023,

- Incomes increased by 21.1% to TL 3,636 million
- Gross Profit decreased by 10.2% to TL 1,764 million
- Operating Profit decreased by 12.8% to TL 1,934 million
- Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) increased by 2.6% to TL 2,867 million compared to the same period of the previous year.

* Last 12 months

FINANCIAL ANALYSIS

Efficiency Ratios

Ratios	30.09.2023	31.12.2022
Net Financial Debt/EBITDA (USD)*	3.6x	2.9x

Profitability Ratios

Ratios	30.09.2023	30.09.2022
Gross Profit Margin = Gross Profit/Net Sales	49%	65%
EBITDA Profit Margin = EBITDA/Net Sales	79%	93%
Net Profit/Loss for the Period Margin = Net Profit/Loss for the Period/Net Sales	(62%)	30%
Return on Equity = Net Profit (Loss)/ Equity Capital	(16%)	11%
Total Return on Assets = Net Profit (Loss)/Total Assets	(6%)	4%

Leverage & Liquidity Ratios

Ratios	30.09.2023	31.12.2022
Total Liabilities/Equity Capital	1.7	1.1
Equity Capital/Total Assets	0.4	0.5
Current Ratio = Total Current Assets/Total Short-Term Debts	1.9	1.9

Precautions

Our Company evaluated all precautions taken or avoided for the benefit of the subsidiary or subsidiary thereof in cooperation with the parent company during the reporting period between January 1, 2023, and September 30, 2023. 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 2023 operating period and that there will be no benefit or loss equalization for the controlling shareholder.

FINANCIAL ANALYSIS

Analysis

The Board of Directors assessed the results and plans for January 1, 2023, and September 30, 2023, operating period and determined that the targets were mostly achieved.

As of the reporting date, the Company has an accumulated profit of TL 842,983,147 and a net period loss of TL 2,254,620,263. On the other hand, the Company achieved an operating profit of TL 1,934,366,736 and generated cash amounting to TL 3,253,442,926 from its operational activities. The Company generated Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) of TL 2,867,405,735.

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 a good collection capacity gives it an edge in terms of timely payment of short-term liabilities. Therefore, the Group does not require any financing to fund its working capital.

As of September 30, 2023, the Company's YEKDEM revenues accounted for approximately 32% of its total revenues. Considering the current market conditions, Akıncı HPP, Göktaş HPP and Uşak WPP power plants were excluded from YEKDEM scope in 2023. For power plants that have the right to benefit from YEKDEM, the decision to use this right is evaluated every year, taking into account the market conditions.

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.

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.

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-191 ("Communiqué on Dividends"), Communiqué on Corporate Governance No. II-17.1 and related legislation.

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.

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 TCC, 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.

DIVIDEND DISTRIBUTION POLICY

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.

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.

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;

a) cannot exceed the lower of either half of the net profit for the previous year,
b) 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.

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.

Agenda Item of the Ordinary General Assembly Meeting Related to Profit/Loss of the 2022 Accounting Period

Information was provided about the fact that 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 the existing net distributable profit or other sources in legal records (kept in accordance with the Tax Procedure Code) and that the upper limit of the amount of dividends to be distributed is the distributable amount of the relevant dividend distribution sources contained in the legal records. In line with the respective Board of Directors resolution dated 02.03.2023 and numbered 2023/8, as the Company had accumulated losses and had no distributable profit based on the Company's financial statements, no dividend would be distributed; as the fact that non-distribution of dividend is not subject to voting, only the shareholders were informed accordingly within the scope of Article 6 of 2022 Ordinary General Assembly Meeting held on March 29, 2023.

SUBSEQUENT EVENTS FOLLOWING THE END OF REPORTING PERIOD

Remarks on the Events of Vital Importance Emerging Following the End of Reporting Period

- On September 29, 2023, the International Credit Rating Agency Standard & Poor's (S&P) Global Ratings affirmed Türkiye's credit rating of "B" and changed its credit outlook from "Negative" to "Stable". Following this decision, S&P affirmed our Company's long-term credit rating of "B" and changed its outlook from "Negative" to "Stable" in its report dated October 11, 2023.
- Mr. Ömer Fatih Keha, General Manager of our Company, resigned from his position as of 20.10.2023. We would like to thank Mr. Ömer Fatih Keha for his valuable work for our company so far and wish him continued success in his business life. Pursuant to the decision of our Board of Directors at its meeting held on 20.10.2023, Mr. İdris Küpeli, CEO of Aydem Energy and Chairman of Aydem Renewables, will carry out the General Manager position vacated by Mr. Ömer Fatih Keha by proxy until a permanent appointment is made. In addition, as per another decision taken at the meeting, Mr. Hamdi Alp was appointed as Vice Chairman of the Board of Directors of Aydem Renewables to be submitted to the approval of the General Assembly at the first general assembly meeting.
- In accordance with the decision of the meeting held by our Board of Directors on 25.10.2023, Mr. Serdar Marangoz will hold the position of General Manager, which is held by Mr. İdris Küpeli by proxy, CEO of Aydem Energy and Chairman of the Board of Directors of Aydem Renewables, to be submitted for approval by the general assembly at the first general assembly meeting. In addition, in accordance with another decision taken at the meeting; It was decided to appoint Mr. Serdar Marangoz to replace Mr. Hamdi Alp, who left his position as Vice Chairman of the Board of Directors of Aydem Renewables.
- Within the scope of the Eurobond buyback decision of our Board of Directors on May 11, 2022; our Company's Eurobonds with a total nominal value of USD 6,425,000.00 were bought back between October 1, 2023 and November 7, 2023.

