



**REPORT ON REALIZATION AND EVALUATION OF THE ASSUMPTIONS USED IN
DETERMINING THE IPO PRICE**

**This report has been prepared pursuant to the Capital Markets Board Communiqué on
Shares No. VII-128.1 article 29/5.**

March 7, 2023

1. Subject of the Report

Pursuant to the Capital Markets Board Communiqué on Shares No. VII/128.1 article 29/5, the Audit Committee has prepared this Report ("Report") on Realization and Evaluation of the Assumptions used in Determining the IPO Price, which includes evaluations on whether the assumptions used in determining the initial public offering price of Galata Wind Enerji A.Ş. ("Galata" or "Company") have been realized.

2. Valuation Methods and Calculations Used in the Price Determination Report

According to the Price Determination Report, issued by Garanti Yatırım Menkul Kıymetler A.Ş. ("Garanti Yatırım"), the intermediary facilitating the initial public offering of the company shares, on 05.04.2021 and published on the Public Disclosure Platform on 09.04.2021, the company's market value and the initial public offering price have been determined based on the following assumptions.

In the Price Determination Report, the Market Approach (Multiple Analysis) and the Income Approach (Discounted Cash Flow) method from IVS 105: Valuation Approaches and Methods were used to determine the value per share to be offered to the public.

a- Market Approach: Multiple Analysis

The EV/EBITDA averages of comparable domestic and foreign enterprises were multiplied by Galata Wind's EBITDA figure for 2020 to reach the company value.

In the valuation - as per IVS 105: Valuation Approaches and Methods article 30.12 clause (f) - various valuation metrics (similar domestic and foreign enterprises' multiples) were weighted and equal weight was assigned to similar domestic and foreign enterprises. Using this method, the company value of Galata Wind was calculated at TL 4,460,228,357 and the shareholders' equity value was found to be TL 3,875,718,066 after deducting the net financial liability and dividend pay-out amounts.

The table below shows the multiple results of similar domestic and foreign enterprises and the summary of the multiple analysis.

	EV/EBITDA Multiple	2020 EBITDA	Calculated Enterprise Value
Similar Domestic Enterprises	15.8x	263,796,606	4,180,215,261
Similar Foreign Enterprises	18.0x	263,796,606	4,740,241,453
Calculated Enterprise Value			4,460,228,357
Net Financial Liabilities			484,510,291
Dividend Pay-Out			100,000,000
Shareholders' Equity			3,875,718,066

b- Income Approach: Discounted Cash Flow ("DCF") Method

With the Discounted Cash Flow Method, the company's cash flows for the next ten years were projected and these figures were discounted using the WACC method. The market approach/exit value method was used to calculate the terminal value.

Average EV/EBITDA multiples of similar domestic and foreign enterprises are used in calculating the terminal value. After the terminal value was calculated for the period after 2030 by multiplying this multiple by the forecasted EBITDA for 2030, it was discounted to present day by the discount factor for 2030. Based on the DCF analysis, the Company Value consists of the value for the 10-year projection period and the exit value and the sum of the terminal value after the projection period. With this method, the Company Value was calculated as TL 3,244,168,966 as of 31.12.2020.

Projection Period Value	1,596,281,261
EBITDA for 2030	389,264,972
EBITDA Multiple	16.9x
Valuation post 2030	6,581,626,254
Discount factor for 2030	0.25
Current value of post 2030 value	1,647,887,705
DCF Valuation	3,244,168,966

The company's shareholders' equity value calculated as explained above was adjusted as follows to reflect the value on April 5, 2021 by also taking into account the dividend pay-out of TL 100,000,000 prior to the initial public offering to reflect the shareholders' equity value as of April 5, 2021, the valuation date, and the shareholders' equity value was found to be TL 2,830,692,480.

DCF Enterprise Value	3,244,168,966
Net Financial Liabilities	484,510,291
DCF Shareholders' Equity	2,759,658,675
Valuation Factor for Valuation Date	1.06
Shareholders' Equity by Valuation Date	2,930,692,480
Adjustment for Dividend Pay Out	100,000,000
Adjusted DCF Shareholders' Equity	2,830,692,480

c- Valuation Result:

According to the valuation study conducted by Garanti Yatırım for the company, the Discounted Cash Flow Method and Multiple Analysis Method were weighted by 50%-50%, and the company's pre-IPO market value and shareholders' equity valuation was calculated at TL 3,353,205,273 as follows.

	Shareholders' Equity	Weight	Calculated Shareholders' Equity Valuation
DCF Method	2,830,692,480	50%	1,415,346,240
Multiple Analysis Method	3,875,718,066	50%	1,937,859,033
	Weighted Shareholders' Equity		3,353,205,273

d- Discount Calculation Prior to IPO:

Based on the valuation methods, the value per share with a nominal value of TL 1 over the Company's pre-IPO Shareholders' Equity Value has been calculated as TL 5.06 with 19% public offering discount.

	Summary
Calculated Shareholders' Equity Value	3,353,205,273
Galata Wind's Paid-in Capital	534,791,458
Value per Share with a Nominal Value of TL 1	6.27
Initial Public Offering (IPO) Price	5.06
Initial Public Offering Discount Rate	19%
IPO Discounted Shareholders' Equity Value	2,706,044,776

3. Projection and Realization Data**a- Income and EBITDA:**

The projected total sales revenues for 2022, total expenditures and EBITDA specified in the Price Determination Report versus the actual data for 2022 are compared in the table below.

TL Thousand	2022 Projection	2022 Realized	Actualization (%)
Total Income	399,903	1,187,272	196.9%
<i>Electricity Sales Revenues</i>	<i>396,352</i>	<i>1,153,796</i>	<i>191.1%</i>
<i>Carbon Credit Revenues</i>	<i>3,551</i>	<i>33,476</i>	<i>842.7%</i>
Total Expenditure	-102,209	-184,489	80.5%
EBITDA (*)	297,694	1,002,783	236.9%

* Calculation formula: EBITDA = Total Income including revenues from sales of carbon certificate rights - Total operating expenditures + Depreciation and amortization total.

TL Thousand	2021 Realized	2022 Realized	Realization %
Total Income	540,226	1,187,272	119.8%
<i>Electricity Sales Revenues</i>	<i>521,948</i>	<i>1,153,796</i>	<i>121.1%</i>
<i>Carbon Credit Revenues</i>	<i>18,279</i>	<i>33,476</i>	<i>83.1%</i>
Total Expenditure	-112,158	-184,489	64.5%
EBITDA	428,068	1,002,783	134.3%

Total income for 2022 was 196.9% higher than the annual income projected in the Price Determination Report, and 236.9% higher than the EBITDA. A comparison of the company's 2022 and 2021 results shows that income increased by 119.8% and EBITDA by 134.3% year on year. In 2022, total power generation increased by 6.6% year on year while electricity prices also rose in the same period. As a result of proper management of operational expenditures, the increases in general production costs and operating expenditures by 46.8% and 18.8%, respectively, year on year, and the fact that those increases remained below the change in sales revenues, the company increased its EBITDA by 134.3%.

b- Production – Realized:

For the total income and EBITDA calculations in the Price Determination Report, the annual power generation figures (total 759.80 thousand MWh) in the table below and the annual average exchange rate of 8.38 were used for the US\$-indexed sales within the scope of YEKDEM. The comparison of the annual forecasted generation data of the power plants in the Price Determination Report with the annual realized generation data for 2022 is provided in the table below.

Power Plant	Annual Power Generation Projection for 2022 (thousand MWh)	Annual Power Generation in 2022 – Realized (thousand MWh)	Realization (%)
Mersin WPP	190.00	225.03	18.4%
Şah WPP	329.40	332.87	1.1%
Taşpınar WPP	187.10	183.44	-2.0%
WPP Total	706.50	741.35	4.9%
Erzurum SPP	39.30	39.06	-0.6%
Çorum SPP	14.00	12.88	-8.0%
SPP Total	53.30	51.94	-2.5%
Grand Total	759.80	793.29	4.4%

As the realized power generation data shows, the generation at the SPPs in 2022 was lower due to seasonal conditions and especially because of heavy snowfalls and the number of cloudy days in the previous periods whereas the total generation in 2022 was above (4.4%) the projections in the Price Determination Report.

A comparison of the projected generations in the Price Determination Report shows that Taşpınar Wind Power Plant performed 2% below projection while the Mersin and Şah Wind Power Plants generated 18.4% and 1.1% more than the projections, with the total of the WPPs resulting in 4.9% higher power generation than the projections. In the last quarter of 2022, generation at Taşpınar Wind Power Plant remained below the projections due to the climate conditions in the region. On the SPP side, Erzurum SPP and Çorum SPP generated 0.6% and 8.0% less power, respectively, compared to the 2022 generation projections due to recording more cloudy and rainy days, especially in the first 6 months of 2022. As a result, total SPP generation was 2.5% below the projections in the Price Determination Report.

Total electricity generation in 2022 was 4.4% above the projections in the Price Determination Report.

4. Results and Evaluation

As of 2022 year-end, the company generated an EBITDA of TL 705 million, which is higher than the annual total EBITDA of TL 297.7 million specified in the Price Determination Report. The total EBITDA generated by the company has strongly surpassed the 2022 targets specified in the Price Determination Report.

Audit Committee

Hüseyin Faik Açıklalın

Chairman

Ozan Korkmaz

Member