



Accurement and Evaluation Report Prepared by the Audit Committee on the Assumptions Based on the Determination of the Public Offering Price (With Respect to 6 Month Financial Statements in 2023)

PREPARED BY MARGÜN ENERJİ ÜRETİM SANAYİ VE TİCARET ANONİM ŞİRKETİ IN ACCORDANCE WITH ARTICLE 29/5 OF THE CAPITAL MARKETS BOARD'S SHARE COMMUNIQUE NUMBERED VII- 128.1

31.08.2023

1. PURPOSE OF THE REPORT

The purpose of this report is to explain whether the assumptions taken as a basis in determining the Company's public offering price in accordance with Article 29/5 of the Communiqué on Shares numbered VII-128.1 of the Capital Markets Board are realized or not, and to explain the reason in case they are not realized.

2. ASSUMPTION, LIMITING CONDITION, SPECIAL AND EXTRAORDINARY ASSUMPTIONS REGARDING THE EVALUATION

This endeavor has been prepared using the information provided by the Company, and the current structure of the Company and corporate and sectoral expectations for the future have been evaluated. In this process, the performance of the Turkish economy and its expected performance in the future has also been considered. It is assumed that the Company will fulfill the obligations stipulated by the legislation to which it is subject, and no evaluation has been made on the incentives to be utilized. It is assumed that the Company will fulfill the obligations stipulated by the legislation to which it is subject, and no evaluation has been made on the incentives to be utilized.

In the valuation and price determination endeavor for Margün Enerji; the financial statements of the Company, which have undergone Special Independent Audit for the financial periods of 31.12.2018, 31.12.2019 and 31.12.2020 and 30.06.2021 and 30.06.2020, are taken as basis. In addition, some information such as sales method, tender processes, cash proceeds and payment conditions provided by the Company management has been taken as data and it has been accepted that these data accurately reflect the Company's activities.

The following assumptions were used in the creation of the valuation report:

- i)** That the Company will continue to operate in the foreseeable future, on the basis of the sustainability of the business, without any unusual obstacles that seriously affect (such as extraordinary financial crisis, natural disasters, extraordinary political and legal changes, unpredictable legal developments, etc.) its activities,
- ii)** That there will not be any negative significant change in the management and personnel of the Company, other than the usual personnel turnover, that will affect the continuity of the organization, its knowledge and experience accumulation,
- iii)** That the realizations in the near future in the Turkish and world economy will not deviate significantly from the economic data in the assumptions section of this report.

These assumptions have consequences that directly affect the valuation of the Company. No special assumptions were made in the valuation.

Company valuation is calculated by considering all relevant factors that may affect value. Such factors usually include the following:

- History of the organization

- General view of the economic structure and the sector in which the organization performs
- Financial structure and book value of the organization
- Profit generating capacity of the organization
- The structure and values of the fixed and current assets of the organization
- Market values of publicly traded companies in the same or similar sectors

3. METHODS USED IN THE PRICE DETERMINATION REPORT

The valuation endeavor was carried out within the scope of International Valuation Standards (IAS) in accordance with the CMB's III-62.1 “Communiqué on Valuation Standards in the Capital Markets” and complies with the relevant standards in all aspects. Accordingly, three basic approaches are applied in company valuations. Each of these key valuation approaches includes different, detailed application methods. Care must be taken to ensure that valuation approaches are appropriate and relevant to the content of the assets being valued.

These methods can be listed as follows;

- a) Market Approach, (Trading Multiples)
- b) Income Approach, (Discounted Cash Flows DCF)
- c) Cost (Net Asset Value) Approach

The market approach refers to the approach in which the indicative value is determined by comparing the asset with the same or comparable (similar) assets for which price information is available.

The income approach allows the indicative value to be determined by converting future cash flows into a single current value. In the income approach, the value of the asset is determined based on the present value of the revenues, cash flows or cost savings generated by the asset.

Unless there are factors such as time, inconvenience, risk that cause unnecessary burden, the cost approach is one in which the indicative value is determined by applying the economic principle that a buyer will not pay more for a given asset than the cost of acquiring another asset of equal utility, whether acquired by purchase or made.

Accordingly, considering the sector in which Margün Enerji operates and the Current Market Conditions, “**Trading Multiples**” and “**Income Approach**” methods were used in the valuation endeavors for Margün Enerji.

3.1. MARKET VALUE DETERMINATION WITH THE “MARKET APPROACH” METHOD

This method is a market-based valuation method which is also known as Trading Multiples.

In the calculation of the market value made with the “Market Approach” method;

- 1) “Market Value / Book Value” (MV/BV)
- 2) “Firm Value / EBITDA” (FV/EBITDA)
- 3) “Price / Earnings” (P/E)

In the valuation endeavor, the median was used to calculate the average of the multipliers. The main field of activity of the Company is to build renewable energy plants on behalf of its customers and itself and generate electricity. In the ratios based on the valuation of the Company using the trading multiples;

- (i) Domestic Similar Companies,
- (ii) Foreign Similar Companies

Trading multiples calculated as of 18.08.2021 are used.

In the Market Approach Method, domestic similar companies and foreign similar companies are included in the valuation endeavor as they are related to the field of operation of Margün Energy. The data obtained from the Similar Companies, which are taken as a basis, have the necessary reliability to be able to apply the multiplier analysis.

As a result, a market value of TRY 4,146,857,094 has been reached for Margün Enerji, according to the equally weighted average of the valuations given by all ratios.

3.2. MARKET VALUE ASSESSMENT WITH THE “INCOME APPROACH” (INA) METHOD

In the income approach, the value of the asset is determined based on the present value of the revenues, cash flows or cost savings generated by the asset.

According to this method, the actual value of the company is reached as a result of discounting the estimated future cash flows of the company to its present value. Free cash flow for the relevant year is calculated by deducting taxes and adding depreciation from the operating profit. The Company value is determined by discounting the free cash flows assumed to be realized in the relevant projection period with the weighted average cost of capital (WACC) and deducting the net financial debt at the end.

The basic assumptions used in the valuation of the Company according to the "Discounted Cash Flow Analysis" are listed below:

1) Since the Company's electricity generation and contracting revenues are in foreign currency, projections are made in US Dollars. Unless otherwise stated, all monetary aggregates are in US Dollars.

2) In the Discounted Cash Flow analysis, a 5-year projection was made for the contracting activity of the Company, and then the Company value was calculated over the terminal value of 3%. For the electricity generation activity, it was considered that the license period of the power plants is 49 years, and a projection period of 49 years was applied, considering the Yekdem start times of each power plant, and then the terminal value was not calculated. On the other hand, within the framework of Article 25 of the Electricity Market License Regulation, published in the Official Gazette dated November 2, 2013 and numbered 28809, licenses can be renewed for a maximum of 49 years each time, starting from the end of the license period and observing the minimum periods

stipulated in the Law, upon the request of the licensee. In addition, the estimated scrap costs of the power plants are included in the valuation.

3) While calculating the Weighted Average Cost of Capital (WACC) in the period in question, it has been calculated that the borrowing ratio will decrease over the years, with the assumption that the Company will primarily use its free cash flows to pay its financial debts.

4) Within the framework of the Law No. 5346, Law No. 6094, and the Decree of the Council of Ministers dated 18 November 2013, the facilities operating based on renewable energy sources under 11 companies within the body of Margün Enerji have been designed, constructed, accepted, and operated. The electricity produced by these power plants for 10 years starting from the provisional acceptance date will be sold to the system at a price of 13.3 US Dollar-cent/kWh. After this period, it is predicted that the electricity sales price will be 9 US Dollar-cent/kWh under market conditions.

According to this method, the current estimated fair value of discounted cash flows corresponds to a market value of TRY 1,449,027,613 and a unit share value of TRY 4.67.

4. CONCLUSION

As a conclusion, at the end of the valuation endeavor conducted for Margün Enerji, the weighted value of the Company has been calculated as TRY 3,472,399,723. According to the Company's current issued capital of TRY 310,000,000, the unit share value corresponds to TRY 11.20.

The unit public offering price of the Company has been determined as TRY 8.30 by applying a 25.9% public offering discount to the unit share value found.

Margün Enerji Üretim Sanayi ve Ticaret A.Ş.	2023 Year End USD (E)*	30.06.2023 USD (A)*	Realization Rate (As of the 2rd Term)
Revenue	24.275.015	12.777.018	52,63
Cost of Sales	-6.068.754	-7.908.657	130,32
Gross profit	18.206.261	4.868.361	26,74
Operating Income/(Expense) - Net	-1.463.873	2.971.523	
Actual Operating Profit	16.742.388	7.839.884	46,83

* (E) Estimated, (A) Actual

** Due to the fact that the year-end estimated data, excluding the contracting income given in the Price Determination Report, are in US Dollar, the average US Dollar buying rate for the first six months of 2023 was calculated over TRY 19.8218

According to the Discounted Cash Flow calculation, 2023 year-end sales revenue is estimated as USD 24.275.015 The revenue figure as of 30.06.2023 is USD 12,777,018. The realization rate was 52,63% and it is expected to realize the relevant forecast at the end of the year.

According to the Discounted Cash Flow calculation, the year-end gross profit for 2023 is estimated as USD 18,206,261. The gross profit realized as of 30.06.2023 is USD 4,868,361.

According to the Discounted Cash Flow calculation, the operating profit for the end of 2023 is estimated to be USD 16,742,388. The actual operating profit realized as of 30.06.2023 is USD 7,839,884. The realization rate was 46,83% and it is expected to realize the relevant forecast at the end of the year.

As a conclusion, it is seen that the assumptions based on the determination of the public offering price have been realized, and even a performance above the assumptions is achieved in the operating profit and the revenue. In this context, it is realized that it reached the INA assumptions for 2023, which is one of the factors used in determining the public offering price.

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