Corporate Credit Rating

☐New ☒Update

Sector: Energy Generation
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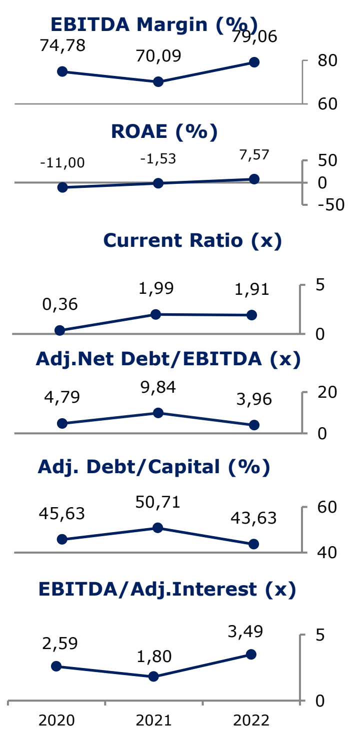
RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BBB+ (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18 2022*



AYDEM YENİLENEBİLİR ENERJİ A.Ş.

JCR Eurasia Rating has evaluated **"Aydem Yenilenebilir Enerji A.Ş."** in the investment-grade category and affirmed the Long-Term National Issuer Credit Rating at **'BBB+ (tr)** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB/Negative'** in line with the international ratings and outlooks of the Republic of Türkiye.

Aydem Yenilenebilir Enerji A.Ş. (Aydem Yenilenebilir or "the Company") was established in 1995 with the commercial title of "Bereket Enerji Üretim Otoprodüktör Grubu San. ve Tic. A.Ş." and the Company's title was changed to "Bereket Enerji Üretim A.Ş." in 2004. Finally, the Company's title was changed to "Aydem Yenilenebilir Enerji A.Ş." 27 December,2019. The Company reorganized its operations to focus solely on the production of energy from renewable resources, and its current commercial title was registered in 2019. Aydem Yenilenebilir generates electric power from domestic renewable resources and had an installed capacity of 1,102MW which was composed of 20 HPPs (hydroelectric power plants), 3 WPPs (wind power plants), a GPP (geothermal power plant) and a SPP (solar power plant) as of the report date. Aydem Yenilenebilir continues its activities with its power plants located in 4 different regions of Türkiye. The shares of the Company have been publicly traded on BIST since 29.04.2021. The principal shareholder was Aydem Enerji Yatırımları A.Ş. with 81.56% share in paid-in capital and free float rate was 18.44% as of 31.12.2022.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Notable improvement in sales revenues and EBITDA generation capacity at FYE2022, • Recovering leverage metrics at FYE2022 as proven by net debt/EBITDA, • Long-term weighted maturity structure of borrowings thanks to the green bond issuance, • FFO and NWC at a favourable level together with notable level of liquid assets, facilitating liquidity management to a certain extent, • Diversification of power plant portfolio to mitigate climate risks together with CAPEX plan in a certain extent, • High support level of sectoral authority encouraging power generation from renewables, • Importance given to sustainability within the scope of ESG criteria, • High compatibility with the corporate governance practices as proven by its listed status in Borsa İstanbul Corporate Governance Index,	• FC-Denominated borrowings' pressure on bottom-line in spite of cash flow hedge implementation, • Ongoing notable non-cash contribution of revaluation gains in shareholder's equity, • Susceptibility of power generation to climatic conditions and legislative regulations, • Pledges and mortgages in foreign currencies owing to the issuance of green bonds, decreasing the elasticity of assets, • Relatively high level of OPEX/sales ratio despite an improvement in FY2022, • Restriction of the maximum settlement price application on profitability at first quarter 2023.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as **'BBB+ (tr)'**. Notable increase in sales revenues and EBITDA generation capacity, high support level of the sectoral authority and long-term weighted maturity profile of financial borrowings as well as financing expenses' pressure on bottom-line and susceptibility of power generation to climatic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's revenue and profit generation performance, liquidity metrics and indebtedness structure will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.