Corporate Credit Rating

☐New ☒Update

Sector: Energy Generation
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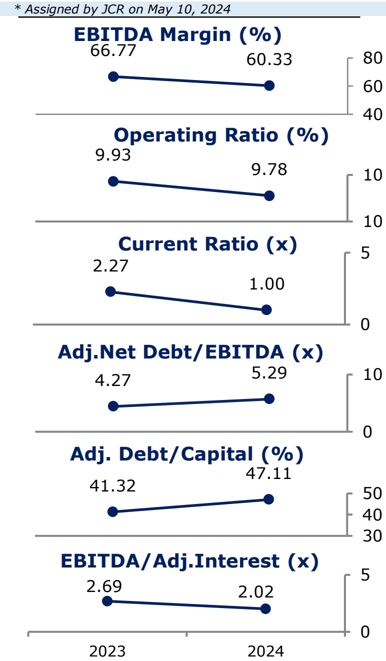
RATINGS

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	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*



EBITDA: Gross Profit – Operating Expenses + Amortization & Depreciation

Aydem Yenilenebilir Enerji 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 have been assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Aydem Yenilenebilir Enerji A.Ş. (hereinafter referred to as **'Aydem Yenilenebilir Enerji'** 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 "Aydem Yenilenebilir Enerji A.Ş." on December 27, 2019. The Company reorganized its operations to focus solely on the production of energy from renewable resources. Aydem Yenilenebilir Enerji generates electricity from renewable resources and had an installed capacity of 1,180MW which was composed of 20 HPPs (hydroelectric power plants), 3 WPPs (wind power plants), a GPP (geothermal power plant) and a hybrid SPP (solar power plant) as of the report date. 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, and free float rate was 18.44% as of FYE2024. The headquarters is located in Denizli. As of FYE2024, the total number of personnel employed in Aydem Yenilenebilir Enerji was 553 (FYE2023: 567).

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

Strengths	Constraints
• Moderate liquidity profile in FY2024 supported by cash flow metrics, despite partial decline, • Sufficient equity ratio compared to asset size, despite notable impact of losses on cash flow hedges and net loss, • Low collection risk on the back of sales made via EXIST and YEKDEM, • Refinancing capability of existing green bond issuance in the upcoming period, • Support from sectoral authority within the scope of promoting renewable energy sources, • Emphasis on sustainability in terms of ESG criteria, • High compatibility with the corporate governance practices as a publicly traded company.	• Weakening in electricity production in FY2024 and 1Q2025 especially due to climatic conditions, leading to decrease in revenue and profitability indicators, • Leveraged balance sheet suppressing net debt to EBITDA and coverage multipliers, particularly due to bond issues despite long term maturity structure, • Sizeable amounts of impairment of fixed assets along with financing expenses causing the bottom-line losses through the analyzed period, • Relatively high level of OPEX/sales ratio, • Fluctuation in electricity generation due to volatile weather conditions in spite of diversified power plant portfolio, • Pledges and mortgages provided to green bond issuance reducing the elasticity of assets, • As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at **'BBB+ (tr)'**. The Company's decent liquidity structure, adequate equity base, high collection ability, existing green bond, high support of the sectoral authority as well as contraction in electricity generation due to weather conditions, decline in revenue and EBITDA, high leverage multipliers, notable impairment reflected on income statement, high financing expenses, vulnerability to climatic conditions and global macroeconomic concerns 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 profitability indicators, cost management abilities, leverage profile and equity structure along with liquidity management 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.