



**14 September 2023**

### Credit Rating

**Long-term (National):  
(TR) AAA**

**Outlook:  
Stable**

**Short-term (National):  
(TR) A1+**

**Outlook:  
Stable**

### Expiry Date:

**13 September 2024**

### İş Yatırım Menkul Değerler A.Ş.

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## İş Yatırım Menkul Değerler A.Ş.

### Rating Summary

İş Yatırım Menkul Değerler A.Ş., ("the Company" or "İş Investment") operates as an "Intermediary Institution with Extended Authority" within the scope of the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services No.III-37.1 and Communiqué on Principles of Establishment and Activities of Investment Firms No.III-39.1 of the Capital Markets Board of Türkiye. In this context, İş Investment provides brokerage, corporate finance, investment consultancy, portfolio management and research services to investors.

Founded in 1996, the Company was offered to public in 2007 and is listed on Stars Market of Borsa İstanbul. İş Investment's capital and management control belongs to Türkiye İş Bankası A.Ş.

Following our comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market position, İş Investment's long-term rating of **(TR) AAA** and its short term-rating of **(TR) A1+** are hereby reconfirmed.

Previous Rating (September 19, 2022):

Long Term (TR) AAA

Short Term (TR) A1+

### Outlook

As of year-end 2022, according to the Company's consolidated financial results, operating revenues increased by 217% to TL 7.57 billion (2021: TL 2.39 billion). TL 2.43 billion of the operational revenues is attributable to the gains arising from the venture capital investment funds valuation. In accordance with the precautionary principle, the Company has set aside a provision of TL 1 billion in the current period, taking into account the global economic conditions and possible developments in the markets. Operating profit increased by 230% to TL 5.26 billion (2021: TL 1.59 billion) and the net profit by 270% to TL 4.33 billion (2021: TL 1.17 billion) within the same period.

According to 2023 first half financial results, operating revenues increased by 189% YoY to TL 6.4 billion (2022/06: TL 2.2 billion). In the same period, net profit increased by 236% to TL 4.25 billion (2022/06: TL 1.26 billion).

As of year-end 2022, assets increased by 152% to TL 35.81 billion. The Company's current assets exceed its short-term liabilities and liquidity indicators are favorable.

Following the resolution adopted at the General Shareholders' Meeting dated March 23, 2023, İş Investment's issued capital was increased from TL 355 million to TL 1.5 billion, and the related increase was covered from the profit of 2022.

According to TCMA (Turkish Capital Markets Association) data, as of year-end 2022, the Company is the leader in the sector in terms of asset size, shareholders' equity, revenue generated, and the net profit. İş Investment generated 22% of the sector's assets, 20% of the shareholders' equity, 21% of the total revenues and 28% of the net profit.

In addition to all these factors, the Company's outlook has been determined as "Stable", taking into account İş Investment's product/service diversity that distribute risks in the current conjuncture, its ability to access finance and its strong ownership structure. On the other hand, the economic consequences of recent extraordinary developments in the global money and capital markets are closely monitored by us and their possible effects on the Company will be evaluated during the surveillance period.

## Macroeconomic Outlook and Industry Data

The most current and previous global growth projections of international organizations such as the International Monetary Fund (IMF), the World Bank and the Organization for Economic Development and Cooperation (OECD) for 2023 and 2024 are given below:

Organization	Source	2023		2024	
		(Current)	(Previous)	(Current)	(Previous)
IMF	July 2023 World Economic Outlook Report (prev.: April 2023)	3.0% ↑	2.8%	3,0% ↔	3,0%
World Bank	April 2023 World Economic Prospects Report (prev.: January 2023)	2.0% ↑	1.7%	2.7% ↓	3.0%
OECD	June 2023 Interim Report (prev.: March 2023 Interim Report)	2.6% ↑	2.2%	2.9% ↑	2.7%

According to the July 2023 "Global Economic Outlook Report" published by the IMF, the global recovery observed in the aftermath of the Covid-19 epidemic and Russia's invasion of Ukraine showed signs of a slow-down. It was pointed out that the forces hindering last year's growth were persisting. The report noted that the ongoing high inflation continued to erode the purchasing power of households, and that the central banks' tightening policy against inflation limited economic activity by increasing the cost of borrowing.

The international credit rating agency Fitch Ratings increased its 2023 growth expectation for the global economy from 2.0% to 2.4% this year.

The U.S. Consumer Price Index for All Urban Consumers (CPI-U) rose 0.2 percent in July on a seasonally adjusted basis.

In July, the US Federal Reserve (FED) increased the policy rate by 25 basis points, in line with expectations, to the range of 5.25-5.50%, the highest level in 22 years.

According to the third estimates announced by the US Department of Commerce regarding the Gross Domestic Product (GDP) data, 4Q22 and 1Q23 GDP in the US increased by 2.6% and 2.0% respectively in annual basis.

In the 2023 Spring Economic Expectations Report published by the European Commission, the inflation expectation for the Eurozone has been increased from 5.6% to 5.8% for 2023. In the report, it was predicted that the EU economy will grow by 1.0% in 2023, 1.7% in 2024, and the Eurozone economy by 1.1% in 2023 and 1.6% in 2024.

In September 2022, the European Central Bank (ECB) increased its rates by 75 basis points for the first time in its history, giving the signal that rate increases would continue in the upcoming meetings. In 2022, it increased its policy rate to a total of 2.5% after consecutive increases of four times in a row. In 2023, after increasing its policy rate by 50 basis points each in the first two meetings, the ECB increased the interest rate further by 25 basis points in May to a total of 3.75%. In June, July and September the bank increased the overnight deposit rate by 25 basis points each. As a result, ECB's policy rate increased from 3.75% to 4.50%. Thus, the ECB increased its policy rate for the 10th consecutive meeting hiking it to a record high level.

The table below gives the last official growth forecasts of the IMF, OECD and World Bank for 2023-2024 for Turkey, which grew by 5.6% in 2022. The World Bank stated in its Global Economic Prospects report that the 2023 growth forecast for Turkey is 3.2%, 4.3% for 2025 and 4.1% for 2024. In the OECD Economic Outlook report, the GDP growth forecast for Turkey for 2023 was increased from 2.8% to 3.6% and decreased from 3.8% to 3.7% for 2024. In the IMF's Global Economic Outlook report for April, it has estimated that the Turkish economy will grow by 2.7% this year and 3.6% in 2024.

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World Bank	June 2023 Economic Update Report (prev.: January 2023)	3.2% ↑	2.7%	4.3% ↑	4.0%
OECD	June 2023 Interim Report (prev.: March 2023 Interim Report)	3.6% ↑	2.8%	3.7% ↓	3.8%

The Monetary Policy Committee (MPC) of the Central Bank of the Republic of Turkey (CBRT) reduced the policy rate by 50 basis points to 8.5% in its February 2023 meeting and kept the policy rate constant in the meetings in March, April and May. After the change in the top CBRT management in June, the Central Bank increased the policy rate by 650 basis points to 15%. Thus, interest rates were increased for the first time since March 2021. In August, the Central Bank increased the interest rate for the third time in a row to 25%. The 750 basis point interest rate increase in August was above market expectations.

Turkey's five-year credit default swap (CDS) premium dropped to 366 basis points in August 2023, reaching its lowest level since 2021.

Within the framework of the 2023 external financing program, 2.5 billion USD worth of treasury bonds with a maturity of 2030, were issued in April, with a coupon rate of 9.3%. With this bond issuance, a total of 7.5 billion dollars financing was obtained from international capital markets in 2023.

According to the results of the Foreign Trade Expectation Survey performed quarterly by the Ministry of Commerce, the Export Expectation Index for the 3<sup>rd</sup> quarter of 2023 increased by 4.2 points compared to the previous quarter, to 109.5. The Import Expectation Index, on the other hand, decreased by 3 points compared to the previous quarter to 105.3.

The main macroeconomic developments in Turkey as of our reporting date can be summarized as follows:

Indicator	Current Value	Previous Value	Summary
<b>Growth</b> (TUIK)	<u>2023-Q2</u> <b>3.8%</b>	<u>2023-Q1</u> <b>4.0%</b>	GDP with chain linked volume index (2009=100) increased by 3.8% compared with the same quarter of the previous year in the second quarter of 2023. When the activities which constitute gross domestic product were analyzed; the value added increased by 6.6% in other service activities, 6.4% in services, 6.2% in construction, 5.1% in public administration, education, human health and social work activities, 4.9% in financial and insurance, 3.2% in real estate activities, 1.3% in information and communication and 1.2% in agriculture, forestry and fishing, respectively. Professional, administrative and support service activities and industry sector decreased by 1.2% and 2.6%, respectively.
<b>Unemployment</b> (TUIK)	<u>2023/07</u> <b>9.4%</b>	<u>2023/06</u> <b>9.6%</b>	15 years old and over decreased by 38 thousand to 3 million 291 thousand persons in July 2023 compared to the previous month. As the unemployment rate estimated 9.4% with 0.2 percentage point decrease compared to the previous month. The number of employed persons increased by 318 thousand to 31 million 671 thousand persons in July 2023 compared to the previous month. The employment rate occurred as 48.4% with 0.5 percentage point increase.
<b>Inflation</b> <b>CPI</b> <b>PPI</b> (TUIK)	<u>2023/08</u> <b>58.9%</b> <b>49.4%</b>	<u>2023/07</u> <b>47.8%</b> <b>44.5%</b>	The rise in CPI on the previous month by 9.09%, on December of the previous year by 43.06%, on same month of the previous year by 58.94% and on the twelve months moving averages basis by 56.28% in August 2023. PPI increased by 5.89% on monthly basis, by 31.59% on December of the previous year basis, by 49.41% on same month of the previous year basis and by 71.97% on the twelve months moving averages basis in August 2023.
<b>Industrial Production Index</b> (TUIK)	<u>2023/07</u> <b>7.4%</b>	<u>2023/06</u> <b>0.6%</b>	Industrial production increased by 7.4% annually in July 2023. When the subsectors of the industry were examined, mining and quarrying index increased by 1.7%, manufacturing index increased by 7.4% and electricity, gas, steam and air conditioning supply index increased by 4.1% in July 2023, compared with same month of previous year.
<b>Car &amp; Light Commercial Vehicle Sales</b> (ODD)	<u>2023/08</u> <b>755,282</b>	<u>2023/07</u> <b>668,828</b>	In the January-August period of 2023, Turkey's passenger car and light commercial vehicle total market increased by %64.7 compared to previous year, to 755,282 units. Passenger car and light commercial vehicle market increased by %78.9 compared to August 2022, to 86,454 units.
<b>Housing Sales</b> (TUIK)	<u>2023/08</u> <b>122,091</b>	<u>2023/07</u> <b>109,548</b>	In Türkiye, house sales decreased by 1.1% in August compared to the same month of the previous year and became 122 thousand 91. Istanbul got the highest share with 17,408 units sold (14.3%).
<b>Turkish PMI</b> (ISO-IHS Markit)	<u>2023/08</u> <b>49.0</b>	<u>2023/07</u> <b>49.9</b>	The headline PMI posted 49.0 in August, from 49.9 in July, below the 50.0 no-change mark for the second month running and thereby signalling a further slowdown in the Turkish manufacturing sector. The rate of moderation implied by the index was only slight.
<b>Eurozone PMI</b> (IHS Markit)	<u>2023/08</u> <b>43.7</b>	<u>2023/07</u> <b>42.7</b>	Eurozone Manufacturing Purchasing Managers Index (PMI), announced by IHS Markit, increased to 43.7 points in August from 42.7 points in July.
<b>Consumer Confidence Index</b> (TUIK, CBT)	<u>2023/08</u> <b>68.0</b>	<u>2023/07</u> <b>80.1</b>	Consumer confidence index, calculated from the results of the consumer tendency survey carried out in cooperation with the Turkish Statistical Institute and Central Bank of the Republic of Türkiye, which was 80.1 in July decreased by 15.1% in August to 68.0.
<b>Banking NPL Ratio</b> (BRSA)	<u>2023/07</u> <b>1.60%</b>	<u>2023/06</u> <b>1.64%</b>	The asset size of the Turkish Banking Sector in August 2023 increased by 39.2% compared to the end of 2022 reaching TL 19,965,570 million, loans increased by 36.2% to TL 10,322,795 million and securities increased by 42.3% to TL 3,373,669 million. In this period, the NPL ratio of loans was 1.60%.

Indicator	Current Value	Previous Value	Summary
<b>Budget Balance</b> (TL Billion) (Min. of Treasury and Finance)	<u>2023/07</u> <b>48,6</b>	<u>2023/06</u> <b>-219,6</b>	In July 2023, the central government budget expenditures were TL 455.8 billion, budget revenues were TL 504.4 billion and the budget surplus was TL 48.6 billion. The primary budget expenditures were realized as TL 418.1 billion and the primary surplus was TL 86.3 billion.
<b>Current Account Balance</b> (\$ Million) (CBT)	<u>2023/07</u> <b>-5.466</b>	<u>2023/06</u> <b>674</b>	In July, current account recorded net deficit of USD 5,466 million. Gold and energy excluded current account indicated net surplus of USD 717 million.

According to the Brokerage Houses report prepared by the Turkish Capital Markets Association (TCMA), 54 brokerage houses and 1 investment bank traded in the equity securities market in 2022, and the trading volume increased by 136% compared to 2021, reaching TL 35,3 trillion. In the fixed income securities (FIS) market, 40 brokerage houses and 43 banks traded in the bonds/bills outright purchase and sale market in 2022. The share of brokerage houses in these transactions was 16%. In the repo market, 35 brokerage houses and 43 banks traded. The share of brokerage houses in repo transactions was 12%. Throughout 2021, 52 brokerage houses and 13 banks executed futures transactions. As can be seen in the table below, the total volume of futures transactions by investment institutions increased by 76% in 2022 compared to 2021 and reached TL 16 trillion. In 2022, options trading volume realized by 33 brokerage houses and 2 banks increased by 40% compared to the end of the previous year to TL 62 billion. The volumes of equity, index and foreign currency options all increased. Leveraged transactions are conducted only by brokerage houses, and the volume of such transactions increased by 97% year-on-year to TRY 25 trillion in 2022. Of which, TL 14.5 trillion consisted of leveraged transactions executed by intermediary institutions with their clients, while the rest consisted of transactions executed by institutions with liquidity providers for hedging purposes. In addition to their brokerage activities in primary and secondary markets, brokerage houses can offer individual portfolio management services to real and legal persons.

Total Trading Volume of Investment Institutions (TL million)			
	2021	2022	Change
<b>Share Certificates</b>	<b>14,946,636</b>	<b>35,261,757</b>	136%
<i>Intermediary Institutions</i>	13,338,003	31,262,929	134%
<i>Banks</i>	1,608,633	3,998,828	149%
<b>Fixed Income Securities</b>	<b>1,307,776</b>	<b>2,863,769</b>	119%
<i>Intermediary Institutions</i>	247,364	491,668	99%
<i>Banks</i>	1,060,412	2,372,100	124%
<b>Repurchase Agreements</b>	<b>29,411,871</b>	<b>25,245,253</b>	(14%)
<i>Intermediary Institutions</i>	6,843,620	3,134,843	(54%)
<i>Banks</i>	22,568,251	22,110,409	(2%)
<b>Futures</b>	<b>8,872,142</b>	<b>15,635,349</b>	76%
<i>Intermediary Institutions</i>	8,482,584	14,719,437	74%
<i>Banks</i>	389,558	915,912	135%
<b>Options</b>	<b>43,945</b>	<b>61,702</b>	40%
<i>Intermediary Institutions</i>	40,786	59,208	45%
<i>Banks</i>	3,159	2,495	(21%)
<b>Warrants*</b>	<b>79,881</b>	<b>150,572</b>	88%
<b>Leveraged Transactions*</b>	<b>12,637,436</b>	<b>24,871,708</b>	97%
<i>Customers</i>	7,224,033	14,451,905	100%
<i>Liquidity Providers</i>	5,413,403	10,419,803	92%

\* Carried out only by intermediary institutions.

Source: Borsa Istanbul, TCMA

According to the TCMA's report on intermediary institutions, as of the end of 2022, the total assets of brokerage houses increased by 148% annually, reaching TL 152.4 billion (2021: TL 61.4 billion). Again, in the same period, their total net profit increased by 150% annually to TL 14.5 billion (2021: TL 5.8 billion).

## Company Overview

Founded in 1996, İş Investment offers brokerage services for capital market instruments, investment consultancy, portfolio management, corporate finance and research services through its 24 branches in Turkey, along with the headquarters in Istanbul. The Company's management and capital control belongs to Türkiye İş Bankası A.Ş. The current capital structure of the Company, housing 525 employees as of June 30, 2023, (12/2022: 468) is given below:

Shareholder	Ownership Interest (TL)	Ownership Interest (%)
Türkiye İş Bankası A.Ş.	986,169,338.34	65.74
Other	513,830,661.66	34.26
<b>Issued Capital</b>	<b>1,500,000,000.00</b>	<b>100.00</b>

In line with the resolution of the General Shareholders' Meeting dated March 23, 2023 to increase the issued capital of TL 355,000,000 by TL 1,145,000,000 to TL 1,500,000,000 and to be covered from the profit of 2022, an application was filed to the Capital Markets Board on May 24, 2023 following the transfer of TL 1,145,000,000 to the paid-in capital account, and the process was completed by registering the capital increase on July 25, 2023 following the approval of the Board dated July 13, 2023.

The Company was offered to public in 2007 and its shares are traded in the Stars Market of Borsa Istanbul under the "ISMEN" code. The Company is a constituent of BIST 100 (XU100), BIST 100-30 (XYUZO), BIST All Shares (XUTUM), BIST Dividend (XTMTU), BIST Dividend 25 (XTM25), BIST Financials (XUMAL), BIST Brokerage Houses (XARKU), BIST Sustainability and BIST Stars (XYLDZ) indices. ISMEN shares closed the first half of the year at TL 14.78 and a market capitalization of TL 22.2 billion according to adjusted prices following cash dividend and bonus issues. During this period, the average daily trading volume of ISMEN shares increased by 75% compared to the same period of 2022 and reached TL 84.4 million (2022/6: TL 48.3 million).

Information on the Company's subsidiaries included in consolidation is given below:

Title	Share Capital	Direct Shares (%)	Total Nominal Shares
Maxis Investments Ltd.	GPB 6,500,000	100.0	GPB 6,500,000
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	TL 8,000,000	100.0	TL 8,000,000
Efes Varlık Yönetim A.Ş.	TL 130,000,000	85.1	TL 110,685,714
İş Portföy Yönetimi A.Ş.	TL 65,000,000	70.0	TL 45,500,000
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	TL 74,652,480	29.0	TL 21,655,428
İş Yatırım Ortaklığı A.Ş.	TL 160,599,284	28.9	TL 46,454,101

**Maxis Investments Ltd.:** The brokerage house, wholly owned by İş Investment, was established in London to operate in international capital markets. The company obtained its operating license in 2006 and started its operations in 2007.

**Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.:** The company is involved in establishment and management of venture capital investment funds. Founded in 2017, the company obtained its operating permit in May 2018.

**Efes Varlık Yönetimi A.Ş.:** Founded in 2011, Efes Varlık Yönetim A.Ş. operates in the area of purchase, collection and financial restructuring of non-performing loans of financial institutions.

**İş Portföy Yönetimi A.Ş.:** Established in 2000, the company's field of activity is to manage portfolios composed of capital market instruments through a portfolio management agreement with customers and to act as a proxy, and to engage in capital market activities within the scope of the provisions of the Capital Markets Law and the relevant legislation. The company also manages the portfolios of domestic and foreign mutual funds, investment trusts, domestic and foreign natural and legal persons, investment companies and similar enterprises within the scope of the portfolio management activities in accordance with the provisions of the legislation.

**İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.:** Founded in 2000, the company's field of activity is to make long-term investments to companies established or to be established mainly in Turkey, and to venture companies with potential for development and in need of funding.

**İş Yatırım Ortaklığı A.Ş.:** Founded in 1995, the company's scope of business is to operate a mixed portfolio of capital markets instruments along with gold and other precious metals, which are traded in national and international exchanges or in off-exchange organized markets within the framework of the principles and rules set by the relevant legislation.



The current Board structure of İş Investment is given below:

IS Investment Board of Directors		
Members	Title	External Duties
Hasan Cahit Çınar	Chairperson	Türkiye İş Bankası A.Ş. - Deputy General Manager, Türkiye Şişe ve Cam Fabrikaları A.Ş. - Deputy Chairperson , İşbank AG - Deputy Chairperson İş Enerji Yatırımları A.Ş. - Chairperson Maxi Digital GmbH - Chairperson Trakya Yatırım Holding A.Ş. - Deputy Chairperson
Ertuğrul BOZGEDİK	Vice-chairperson	
Rıza İhsan KUTLUSOY	Board Member / General Manager	Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. - Chairman of the Board of Directors, Maxis Investments Ltd. - Board Member, Softtech Ventures Teknoloji A.Ş. - Board Member,
Tuba TEPRET	Board Member	Türkiye İş Bankası A.Ş. - Private Banking Marketing and Sales Department Manager
Cansel Nuray AKSOY	Board Member	Türkiye İş Bankası A.Ş. - Division Manager of Subsidiaries Department, İş Yatırım Ortaklığı A.Ş. . - Board Member, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. - Board Member, Efes Varlık Yönetim A.Ş. - Board Member, Yatırım Finansman Menkul Değerler A.Ş. - Board Member, Enaş Enerji Yatırımları A.Ş. - Board Member, Batı Karadeniz Elektrik Dağıtım ve Ticaret A.Ş. - Board Member, Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. - Board Member, Yüzüncü Yıl Teknoloji Girişimleri A.Ş. - Board Member
Buğra AVCI	Board Member	Türkiye İş Bankası A.Ş. Kozyatağı - Corporate Branch Manager, Moka Ödeme ve Elektronik Para Kuruluşu A.Ş. - Board Member
Hasan Emre AYDIN	Independent Board Member	Elsan Elektrik ve Ticaret A.Ş. - Deputy Chairman of the Board of Directors, Faturalab Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. - Deputy Chairman of the Board of Directors
Prof. Dr. Ali Hakan KARA	Independent Board Member	Lecturer at Bilkent University, Department of Economics
İzzet Selim YENEL	Independent Board Member	President of Global Affairs Forum

The Company securities traded in the Debt Securities Market as of the date of our report are as follows:

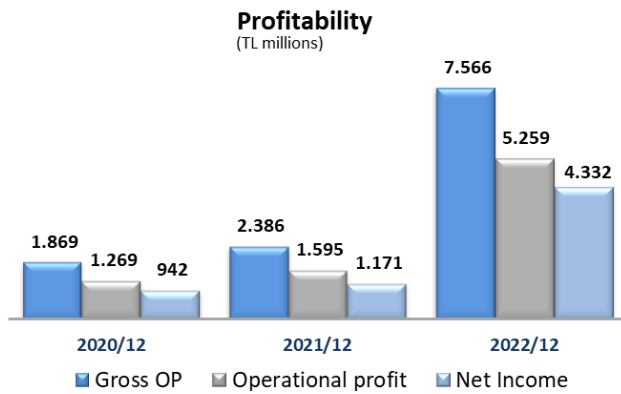
ISIN Code	Securities Traded	Redemption Date	Total Nominal Issue Amount (TL)
TRFISMDE2311	Commercial Paper	October 6,2023	575,190,000
TRFISMDA2315	Commercial Paper	December 8,2023	712.400.000
<b>Total</b>			<b>1.287.590.000</b>

\*as of September 11, 2023

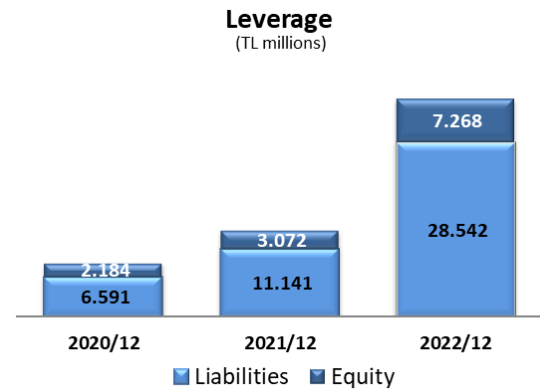
## Key Financial Indicators

Income Statement (TL '000')	2021/12	2022/12	Change	Δ	2022/06	2023/06	Change	Δ
Sales	142.406.182	224.180.672	57.4%	▲	93.916.010	149.019.998	58.7%	▲
CGS	140.020.606	216.614.175	54.7%	▲	91.701.621	142.614.978	55.5%	▲
<b>Gross Profit</b>	<b>2.385.576</b>	<b>7.566.497</b>	217.2%	▲	<b>2.214.389</b>	<b>6.405.020</b>	189.2%	▲
Operating Expenses	718.815	1.322.583	84.0%	▲	542.635	1.161.512	114.1%	▲
<b>Net Real Operating Profit</b>	<b>1.666.761</b>	<b>6.243.914</b>	274.6%	▲	<b>1.671.754</b>	<b>5.243.508</b>	213.7%	▲
Other Real Operating Income/Loss	(72.121)	(985.062)	(1.265.8%)	▼	(31.454)	(2.285)	92.7%	▼
<b>Real Operating Income</b>	<b>1.594.640</b>	<b>5.258.852</b>	229.8%	▲	<b>1.640.300</b>	<b>5.241.223</b>	219.5%	▲
Net Valued by Equity Method	12.609	36.456	189.1%	▲	9.259	(9.454)	(202.1%)	▼
<b>Pre-financing Operating Profit</b>	<b>1.607.249</b>	<b>5.295.308</b>	229.5%	▲	<b>1.649.559</b>	<b>5.231.769</b>	217.2%	▲
Financing Income	96.053	244.662	154.7%	▲	109.006	152.345	39.8%	▲
Financing Loss	142.525	115.286	(19.1%)	▼	58.419	59.253	1.4%	▲
<b>Pre-tax Profit</b>	<b>1.560.776</b>	<b>5.424.684</b>	247.6%	▲	<b>1.700.146</b>	<b>5.324.861</b>	213.2%	▲
Taxes	327.300	895.077	173.5%	▲	368.161	937.883	154.7%	▲
<b>Net Profit or Loss</b>	<b>1.233.477</b>	<b>4.529.607</b>	267.2%	▲	<b>1.331.985</b>	<b>4.386.978</b>	229.4%	▲
Non-Controlling Interest	62.573	197.974	216.4%	▲	66.602	134.633	102.1%	▲
Parent Company Shares	1.170.904	4.331.632	269.9%	▲	1.265.383	4.252.345	236.1%	▲
<b>Balance Sheet (TL '000')</b>	<b>2021/12</b>	<b>2022/12</b>	<b>Change</b>	<b>Δ</b>	<b>2022/06</b>	<b>2023/06</b>	<b>Change</b>	<b>Δ</b>
<b>Current Assets</b>	<b>13.943.177</b>	<b>35.356.745</b>	153.6%	▲	<b>18.129.147</b>	<b>36.332.338</b>	100.4%	▲
Cash and Cash Equivalents	4.486.791	15.414.670	243.6%	▲	6.232.304	11.594.375	86.0%	▲
Trade Receivables	8.424.741	18.424.792	118.7%	▲	10.405.009	23.054.018	121.6%	▲
Other Receivables	817.293	1.244.779	52.3%	▲	1.257.469	1.236.751	(1.6%)	▼
Inventories	60.445	133.006	120.0%	▲	81.677	227.178	178.1%	▲
Other Current Assets	153.907	139.498	(9.4%)	▼	152.688	220.016	44.1%	▲
<b>Fixed Assets</b>	<b>270.068</b>	<b>452.857</b>	67.7%	▲	<b>462.035</b>	<b>502.348</b>	8.7%	▲
Tangible Fixed Assets	35.390	66.224	87.1%	▲	52.355	125.405	139.5%	▲
Intangible Fixed Assets	61.340	62.382	1.7%	▲	63.698	61.843	(2.9%)	▼
Financial Investments	89.612	179.867	100.7%	▲	228.903	179.422	(21.6%)	▼
Investments Valued by Equity Method	15.569	52.026	234.2%	▲	24.828	42.571	71.5%	▲
Other Fixed Assets	68.156	92.358	35.5%	▲	92.250	93.107	0.9%	▲
<b>Total Assets</b>	<b>14.213.244</b>	<b>35.809.602</b>	151.9%	▲	<b>18.591.182</b>	<b>36.834.686</b>	98.1%	▲
<b>Short Term Liabilities</b>	<b>10.963.103</b>	<b>28.147.607</b>	156.7%	▲	<b>14.297.366</b>	<b>25.584.534</b>	78.9%	▲
Financial Liabilities	4.594.784	10.311.971	124.4%	▲	5.546.554	6.821.330	23.0%	▲
ST Portion of LT Financial Liabilities	26.094	25.795	(1.1%)	▼	37.198	23.690	(36.3%)	▼
Trade Payables	5.841.748	15.369.430	163.1%	▲	7.912.840	16.802.334	112.3%	▲
Other Financial Liabilities	151	-	(100.0%)	▼	340	-	(100.0%)	▼
Other Short-Term Liabilities	500.326	2.440.411	387.8%	▲	800.434	1.937.180	142.0%	▲
<b>Long Term Liabilities</b>	<b>178.025</b>	<b>394.308</b>	121.5%	▲	<b>176.843</b>	<b>362.246</b>	104.8%	▲
Financial Liabilities	60.561	78.873	30.2%	▲	75.629	94.895	25.5%	▲
Provisions for Other Liabilities & Expenses	117.464	315.435	168.5%	▲	101.214	267.351	164.1%	▲
<b>Equity</b>	<b>3.072.116</b>	<b>7.267.687</b>	136.6%	▲	<b>4.116.973</b>	<b>10.887.906</b>	164.5%	▲
Paid-in Share Capital	355.000	355.000	0.0%	—	355.000	1.500.000	322.5%	—
Other	585.293	959.790	64.0%	▲	875.222	1.187.232	35.6%	▲
Reserves on Retained Earnings	181.812	224.397	23.4%	▲	224.397	324.892	44.8%	▲
Retained Earnings	779.107	1.396.868	79.3%	▲	1.396.971	3.623.437	159.4%	▲
Profit	1.170.904	4.331.632	269.9%	▲	1.265.383	4.252.345	236.1%	▲
<b>Total Liabilities</b>	<b>14.213.244</b>	<b>35.809.602</b>	151.9%	▲	<b>18.591.182</b>	<b>36.834.686</b>	98.1%	▲

(Source: Finnet)



The Company's operating income (gross profit) increased 217.2% y-o-y to TL 7.57 billion by the end of 2022. In the same period, the operating profit increased by 229.8% y-o-y to TL 5.26 billion. İş Investment's consolidated net profit increased by 270% y-o-y to TL 4.33 billion.



As of end-2022, the Company's assets increased by 151.9% year-on-year to TL 35.81 billion along with trade receivables and trade payables amounting to TL 18.42 billion and TL 15.37 billion, respectively. As of end-2022, almost all of the Company's financial liabilities are short-term. Total liabilities increased by 156.2% y-o-y to TL 28.54 billion and the total shareholders' equity by 136.6% to TL 7.27 billion.

## Financial Ratios

Main Financial Ratios	2020/12	2021/12	2022/12
<b>Liquidity</b>			
Net working capital / Total Assets	0,24	0,21	0,20
Current ratio - Current assets / Short-term liabilities)	1,32	1,27	1,26
Cash ratio - Cash & equivalents / Short-term liabilities	0,36	0,41	0,55
<b>Financial structure</b>			
Leverage ratio - Liabilities / Equity	3,02	3,63	3,93
Debt ratio - Liabilities / Total Assets	0,75	0,78	0,80
Short-term liabilities / Liabilities	0,98	0,98	0,99
Short-term liabilities / Total Assets	0,74	0,77	0,79
Short-term financial liabilities / Short-term liabilities	0,16	0,42	0,37
Financial debt / Total Assets	0,12	0,33	0,29
Net Finansal Borç/Özkaynak	-0,59	0,06	-0,69
<b>Operational ratios</b>			
Receivables turnover rate - Revenues / Trade Receivables	19,67	16,90	12,17
Trade payables turnover rate - COGS / Trade payables	21,41	23,97	14,09
Current assets turnover rate - Revenues / Current assets	12,81	10,21	6,34
Working capital turnover rate - Revenues / Net working capital	52,75	47,79	31,10
Tangible assets turnover rate - Revenues / Tangible assets	3376,94	4023,86	3385,19
Equity turnover rate - Revenues / Equity	50,17	46,35	30,85
Asset turnover rate - Revenues / Total Assets	12,49	10,02	6,26
<b>Profitability</b>			
Gross operating profit margin - GOP / Revenues	1,7%	1,7%	3,4%
EBITDA Margin (1) - (Operational profit + Depreciation) / Revenues	69,0%	68,8%	70,2%
EBITDA Margin (2) - (GOP - Oper. Costs + Depreciation) / Revenues	72,9%	71,9%	83,2%
Operational profit margin - Operational profit / Revenues	67,9%	66,8%	69,5%
Net profit margin - Net Income / GOP	52,3%	51,7%	59,9%
COGS / Revenues	98,3%	98,3%	96,6%
Operational Costs / Revenues	28,2%	30,1%	17,5%
Asset profitability - Net Income / Total Assets	11,1%	8,7%	12,6%
Equity profitability - Net Income / Equity	44,7%	40,2%	62,3%



## Corporate Governance

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The Company has provided substantial compliance with the CMB's Corporate Governance Principles and has implemented all of the necessary policies and measures. Management and internal control mechanisms have been created effectively and are in operation. All of the corporate governance risks are identified and managed actively. The rights of shareholders and stakeholders are respected in a fair manner and public disclosure and transparency is at superior levels. Structure and operation of the board of directors is in the category of best practice.

## Methodology

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SAHA's credit rating methodology is composed of quantitative and qualitative sections contributing to the final grade with specific weights. The quantitative analysis components consist of the Company's performance compared to industry peers, analysis of the financial risks, and the assessment of cash flow projections. Comparative performance analysis determines the relative position of the Company as compared with industry peers' financial performances and industry averages. The financial risk analysis of our methodology covers the evaluation of the Company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis evaluates the Company's performance with respect to its capability to fulfill its obligations under the future projections of a base and a stress scenario.

The qualitative analysis covers operational issues such as industry and company risk as well as administrative risks in the context of corporate governance practices. The industry analysis evaluates factors like the nature and rate of growth of the industry, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. The company analysis evaluates market share and efficiency, trends and volatilities in key performance indicators, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships if any.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency is once again revealed in the current global financial crisis we witness. Our methodology consists of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at [www.saharating.com](http://www.saharating.com).

## Rating Definitions

Our long-term credit ratings reflect our present opinion regarding the mid to long term period of one year and above; Our short-term credit ratings reflects our opinion regarding a period of one year. Our long-term credit rating results start from AAA showing the highest quality grade and continue downward to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction within categories AA to CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered “investment worthy” by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Indicates that ability to meet financial obligations is extremely high. For securities, it is an indication of no more than a slight additional risk as compared to risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company level and/or economic and financial conditions may increase investment risk, but not significantly.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer’s capacity to fulfill its obligations may weaken in face of adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B1, B2, C categories should be considered “speculative” by the market.

(TR) B1	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but faces negative financial and economic conditions. If securities; below investment level, but on-time payments prevail, or under less danger than other speculative securities. However, if the issuer’s capacity to fulfill its obligations weakens, serious uncertainties may unfold.
(TR) B2	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk in due payment. Financial protection factors can show high fluctuations depending on the conditions of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below investment grade. In considerable danger of default. Fulfillment of its financial obligations depends on the positive performance of economic, sectoral and financial conditions. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

## Disclaimer

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