



10 October 2023

Credit Rating

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

**Outlook:
Stable**

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

**Outlook:
Stable**

Expiry Date:

10 October 2024

Ak Yatırım Menkul Değerler A.Ş.

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AK YATIRIM MENKUL DEĞERLER A.Ş.

Rating Summary

Ak Yatırım Menkul Değerler A.Ş. ("the Company" or "Ak Investment") was established on December 11th, 1996 to carry out capital market activities in accordance with the Capital Markets Law and provisions of relevant legislation.

The main area of activity of the Company is to provide services to individual and institutional investors covering all capital market instruments. Being a fully owned subsidiary of Akbank T.A.Ş., Ak Investment has been authorized by the Capital Markets Board of Turkey as of October 15, 2015 as "Intermediary Institution with Extended Authority". The Company provides its services with 9 branches at six different provinces in Turkey, and its digital channels.

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

Previous Rating (October 10, 2022):

Long Term	(TR) AAA
Short Term	(TR) A1+

Outlook

Founded in 1996, Ak Investment is a subsidiary of Akbank T.A.Ş. Using the advantages of being a bank affiliate, Ak Investment strengthens and maintains its position in the sector thanks to its scale, customer reach, retention and operating expense advantages.

As of year-end 2022, the Company's operating income (revenue less cost of sales) amounted to TL 1.56 billion (2021: TL 640.3 million), up 144.3% YoY. Operating expenses increased by 127.6% to TL 651.7 million (2021: TL 286.3 million) compared to operating income. In 2022, the net profit amounted to TL 1.1 billion, 1.4 times higher than last year (2021: TL 446.8 million). The Company has been increasing its profits in the last five years analyzed, while its EBITDA reached TL 1.09 billion (2021/12: TL 424.76 million).

As of mid-2023, the Company's operating income (gross profit) increased by 197% YoY to TL 1.79 billion (06/2022: TL 603.14 million), its operating profit increased by 182% YoY to TL 1.38 billion (06/2022: TL 489.51 million), and its net profit by 203% to TL 1.40 billion (06/2022: TL 461.71 million). The

Company's EBITDA amounted to TL 1.39 billion in the same period (06/2022: TL 496.77 million). 2022 year-end and 2023 half-year net FX position is positive.

According to TCMA (Turkish Capital Markets Association) data, Ak Investment generated 9% of the sector's assets, 8% of its shareholders' equity, 7% of its operational income, and 10% of its net profit as of 2023 half-year. Within the same period, Ak Investment ranked seventh among the 57 brokerage houses actively trading in the BIST Equity Market with a market share of 4.58% and again seventh in the Futures and Options Market with a market share of 4.27%.

On May 22, 2023, Ak Yatırım acquired 52.68% of Stablex Bilişim Teknoloji A.Ş. ("Stablex"), a cryptocurrency trading platform. On the same date, following the private capital raise in Stablex, the Company's shareholding in Stablex reached 76%.

In addition to all the above-mentioned factors, taking into account Ak Investment's product/service diversity enabling distribution of risks in the current environment, its ability to access finance and its strong ownership structure the Company's outlook has been determined as "Stable". On the other hand, the prospective economic effects of the recent extraordinary developments in the global money and capital markets are closely monitored and their probable effects on the Company will be evaluated during the surveillance period.

Macroeconomic Outlook – October 2023

World: 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)	2.7% ↑	2.6%	2.9% ↔	2.9%

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 growth expectation for the global economy from 2.4% to 2.5% this year, while decreasing it from 2.1% to 1.9% for next year.

The U.S. Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6 percent in August on a seasonally adjusted basis, after increasing 0.2 percent in July, the Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 3.7 percent before seasonal adjustment.

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 second estimates announced by the US Department of Commerce regarding the Gross Domestic Product (GDP) data for the April-June period, GDP in the US increased by 2.1% annually in the second quarter of this year.

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.

Turkey: 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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		(Current)	(Previous)	(Current)	(Previous)
IMF	July 2023 World Economic Outlook Report (prev April 2022)	3.0% ↑	2.7%	2.8% ↓	3.6%
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 493 basis points in June 2023, reaching its lowest level since 2021. Turkey's CDS premium which briefly hiked from 494 to 700 after the recent elections, with the appointment of a new CBT governor, is continuing its decreasing trend. Indeed, in September Turkey's CDS premium has dropped to 370.

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 3rd 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.

World Bank Turkey Country Director Humberto Lopez stated that in addition to the ongoing 17 billion USD program extended to Turkey, an additional 18 billion dollars operation is envisaged to be presented to the World Bank Board of Directors within the next three years.

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

Indicator	Current Value	Previous Value	Summary
Growth (TUIK)	<u>2023-Q2</u> 3.8%	<u>2023-Q1</u> 4.0%	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.
Unemployment (TUIK)	<u>2023/07</u> 9.4%	<u>2023/06</u> 9.6%	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.
Inflation CPI PPI (TUIK)	<u>2023/09</u> 61.53% 47.44%	<u>2023/08</u> 58.94% 49.41%	The rise in on the previous month by 4.75%, on December of the previous year by 49.86%, on same month of the previous year by 61.53% and on the twelve months moving averages basis by 55.30% in September 2023. PPI increased by 3.40% on monthly basis, by 36.06% on December of the previous year basis, by 47.44% on same month of the previous year basis and by 65.55% on the twelve months moving averages basis in September 2023.
Industrial Production Index (TUIK)	<u>2023/07</u> 7.4%	<u>2023/06</u> 0.6%	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.
Car & Light Commercial Vehicle Sales (ODD)	<u>2023/09</u> 857,575	<u>2023/08</u> 755,282	Turkey's passenger car and light commercial vehicle total market increased by %64.8 compared to previous year, to 857,575 units. Passenger car and light commercial vehicle market increased by %55.9 compared to September 2022, to 96,793 units.
Housing Sales (TUIK)	<u>2023/08</u> 122,091	<u>2023/07</u> 109,548	In Turkey, 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%).
Turkish PMI (ISO-IHS Markit)	<u>2023/09</u> 49.6	<u>2023/08</u> 49.0	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.
Eurozone PMI (IHS Markit)	<u>2023/09</u> 43.4	<u>2023/08</u> 43.5	Eurozone Manufacturing Purchasing Managers Index (PMI), announced by IHS Markit, decreased to 43.4 points in September from 43.5 points in August.
Consumer Confidence Index (TUIK, CBT)	<u>2023/09</u> 71.5	<u>2023/08</u> 68.0	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 68.0 in August increased by 5.1% in September to 68.0.

Indicator	Current Value	Previous Value	Summary
Banking Sector NPL Ratio (BRSA)	<u>2023/08</u> 1.61%	<u>2023/07</u> 1.60%	The asset size of the Turkish Banking Sector in August 2023 increased by 41.7% compared to the end of 2022 reaching TL 20,331,921 million, loans increased by 37.8% to TL 10,449,872 million and securities increased by 47.0% to TL 3,485,847 million. In this period, the NPL ratio of loans was 1.61%.
Budget Balance (TL Billion) (Min. of Treasury and Finance)	<u>2023/07</u> 48,6	<u>2023/06</u> -219,6	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.
Current Account Balance (\$ Million) (CBT)	<u>2023/07</u> -5.466	<u>2023/06</u> 674	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
Share Certificates	14,946,636	35,261,757	136%
<i>Intermediary Institutions</i>	13,338,003	31,262,929	134%
<i>Banks</i>	1,608,633	3,998,828	149%
Fixed Income Securities	1,307,776	2,863,769	119%
<i>Intermediary Institutions</i>	247,364	491,668	99%
<i>Banks</i>	1,060,412	2,372,100	124%
Repurchase Agreements	29,411,871	25,245,253	(14%)
<i>Intermediary Institutions</i>	6,843,620	3,134,843	(54%)
<i>Banks</i>	22,568,251	22,110,409	(2%)
Futures	8,872,142	15,635,349	76%
<i>Intermediary Institutions</i>	8,482,584	14,719,437	74%
<i>Banks</i>	389,558	915,912	135%
Options	43,945	61,702	40%
<i>Intermediary Institutions</i>	40,786	59,208	45%
<i>Banks</i>	3,159	2,495	(21%)
Warrants*	79,881	150,572	88%
Leveraged Transactions*	12,637,436	24,871,708	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

Ak Investment was established on December 11th, 1996 to conduct capital markets activities in accordance with the Capital Markets Law and relevant legislation provisions. As of June 30th, 2022, the Company has 260 employees (end-2021: 228) and the current capital structure is as follows:

Shareholder	Ownership Interest (TL)	Ownership Interest (%)
Akbank T.A.Ş.	80,000,000	100.00%
Total	80,000,000	100.00%

The Company offers brokerage services for capital market instruments, investment consultancy and corporate finance services. According to the TCMA report, Ak Investment ranked seventh among the 57 brokerage houses actively trading in the BIST Equity Market with a market share of 4.58% and again seventh in the Futures and Options Market with a market share of 4.27%.

As of May 22, 2023, Ak Investment acquired a majority stake (76%) in the cryptocurrency trading platform Stablex Bilişim Teknoloji A.Ş.

As of the date of our report, the structure of the Board of Directors of the Company is as follows:

Ak Yatırım Menkul Değerler A.Ş. Board of Directors	
Members	Title
Levent Çelebioğlu	Chairperson of the Board
Türker Tunalı	Vice-chairperson
Ferhat Sami Özçelik	Board Member
Yunus Emre Özben	Board Member
Mert Erdoğan	Board Member & General Manager
Halil Hüsnü Erel	Board Member
Emre Kahraman	Board Member
Cem Martı	Board Member
Zeynep Yenel Onursal	Board Member

Ak Investment is a wholly-owned subsidiary of Akbank T.A.Ş. ("Akbank"). Although Ak Investment is not a listed company, the main shareholder, Akbank, which was established in 1948, was offered to the public in 1990.

The ultimate controlling shareholders of Ak Investment are Hacı Ömer Sabancı Holding A.Ş., its Related Entities and Parties. Hacı Ömer Sabancı Holding is the parent company of Sabancı Group, one of Turkey's largest establishments, representing Group affiliates and managing them with a strategic portfolio approach. Sabancı Group basically operates in banking, insurance, energy, cement, retail and industrial sectors.

The Company's commercial papers outstanding as of September 30, 2023 are as follows:

ISIN Code	Type of Security	Redemption Date	Total Nominal Issue Amount (TL)
TRFAKYME2312	Financial Bill	October 4 th , 2023	400,000,000
TRFAKYM2314	Financial Bill	November 28 th , 2023	235,000,000
TRFAKYM12419	Financial Bill	January 15 th , 2024	250,000,000
TRFAKYM22418	Financial Bill	February 9 th , 2024	108,000,000
Total			993,000,000

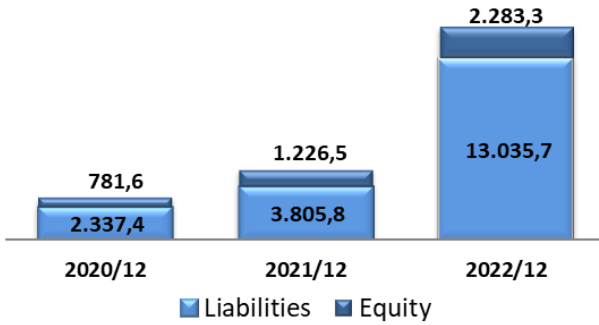
Key Financial Indicators

Income Statement (TL thousand)	2020/12	2021/12	2022/12	2022 %	2022/06	2023/06	2023 %
Sales	8,775,046	16,405,576	72,811,983	343.8% ▲	24,164,038	40,578,061	67.9% ▲
CGS	8,297,132	15,702,685	70,209,096	347.1% ▲	23,493,410	38,942,862	65.8% ▲
Gross Profit from Business Ops.	477,914	702,892	2,602,886	270.3% ▲	670,628	1,635,199	143.8% ▲
Other Income-Loss	52,351	(62,548)	(1,038,824)	(1,560.9%) ▼	(67,488)	157,067	332.7% ▲
Gross Profit	530,265	640,344	1,564,063	144.3% ▲	603,140	1,792,266	197.2% ▲
Operating Expenses (R&D+Marketing+Gen. Exp)	212,874	286,337	651,678	127.6% ▲	227,089	523,104	130.4% ▲
Net Real Operating Profit	317,390	354,007	912,384	157.7% ▲	376,051	1,269,162	237.5% ▲
Other Real Operating Income/Loss	14,902	58,770	159,741	171.8% ▲	113,454	114,457	0.9% ▲
Real Operating Income	332,292	412,776	1,072,125	159.7% ▲	489,505	1,383,619	182.7% ▲
Net Asset Valued by Equity Method	-	-	-	-	-	(96,9)	-
Pre-financing Operating Profit	332,292	412,776	1,072,125	159.7% ▲	489,505	1,383,522	182.6% ▲
Financing Income	153,868	390,858	1,090,072	178.9% ▲	357,045	1,383,519	287.5% ▲
Financing Loss	73,382	203,983	770,492	277.7% ▲	250,573	955,331	281.4% ▲
Pre-tax Profit	412,779	599,652	1,391,706	132.1% ▲	595,977	1,811,710	204.0% ▲
Tax	91,277	152,869	324,020	112.0% ▲	134,270	408,354	204.1% ▲
Net Profit or Loss	321,502	446,783	1,067,686	139.0% ▲	461,707	1,403,356	203.9% ▲
Balance Sheet (TL thousand)	2020/12	2021/12	2022/12	2022 %	2022/06	2023/06	2023 %
Current Assets	2,969,988	4,801,988	14,923,238	210.8% ▲	6,715,884	14,506,734	116.0% ▲
Cash and Cash Equivalents	552,152	2,384,274	9,287,602	289.5% ▲	3,507,915	7,384,429	110.5% ▲
Trade Receivables	2,298,019	2,371,768	5,503,813	132.1% ▲	3,130,517	7,043,931	125.0% ▲
Other Receivables	117,973	32,883	115,081	250.0% ▲	63,525	52,987	(16.6%) ▼
Other Current Assets	1,845	13,063	16,742	28.2% ▲	13,928	25,387	82.3% ▲
Fixed Assets	149,066	230,293	395,762	71.9% ▲	149,523	950,828	535.9% ▲
Tangible Fixed Assets	5,784	4,337	4,176	(3.7%) ▼	5,403	3,821	(29.3%) ▼
Intangible Fixed Assets	14,756	13,746	21,957	59.7% ▲	13,665	155,533	1,038.2% ▲
Financial Investments	167	160	160	0.0% —	160	63,443	39,623.5% ▼
Other	128,359	212,050	369,470	74.2% ▲	130,295	728,031	458.8% ▲
Total Assets	3,119,054	5,032,281	15,319,000	204.4% ▲	6,865,407	15,457,562	125.2% ▲
Short Term Liabilities	2,326,227	3,790,901	12,964,099	242.0% ▲	5,161,373	11,689,774	126.5% ▲
Financial Liabilities	617,700	1,982,158	8,360,591	321.8% ▲	2,746,571	7,450,033	171.2% ▲
Trade Payables	1,639,677	1,666,353	4,358,635	161.6% ▲	2,230,294	3,958,334	77.5% ▲
Other Financial Liabilities	140	4,693	16,918	260.5% ▲	-	-	-
Other Short-Term Liabilities	68,710	137,696	227,956	65.5% ▲	184,508	281,407	52.5% ▲
Long Term Liabilities	11,214	14,874	71,620	381.5% ▲	18,631	84,489	353.5% ▲
Financial Liabilities	3,542	3,492	5,176	48.2% ▲	2,808	14,648	421.6% ▲
Provisions for Other Liabilities & Expenses	7,672	11,382	66,444	483.8% ▲	15,822	69,840	341.4% ▲
Equity	781,613	1,226,506	2,283,280	86.2% ▲	1,685,404	3,683,299	118.5% ▲
Paid-in Share Capital	80,000	80,000	80,000	0.0% —	80,000	80,000	0.0% —
Other	13,409	11,520	608	(94.7%) ▼	8,710	(2,729)	(131.3%) ▼
Reserves on Retained Earnings	76,733	76,733	76,733	0.0% —	76,733	76,733	0.0% —
Retained Earnings	289,969	611,471	1,058,254	73.1% ▲	1,058,254	2,125,939	100.9% ▲
Profit	321,502	446,783	1,067,686	139.0% ▲	461,707	1,403,356	203.9% ▲
Total Liabilities	3,119,054	5,032,281	15,319,000	204.4% ▲	6,865,407	15,457,562	125.2% ▲

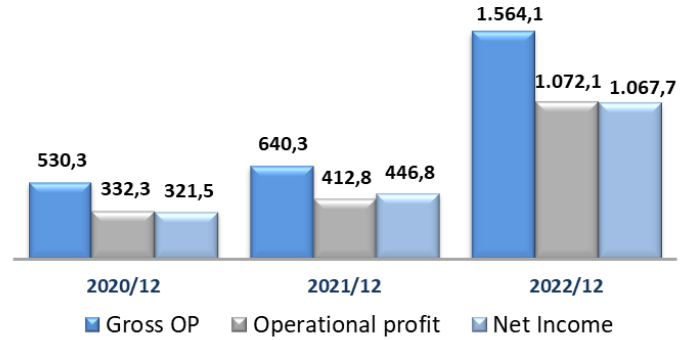
(Source: Finnet)

The Company increased its operational revenues by 144.3% as of 2022 year-end and 197.2% in 2023 compared to the same period of the previous year. Compared to the same periods, generated net operating profit and net profit were in parallel with the gross profit performance. As of 2022, the Company's assets grew by 204.4% to reach TL 15.3 billion. In the same period, current assets increased by 210.8% to TL 14.9 billion, while short-term liabilities increased by 242% to TL 13 billion. Almost all of the Company's financial liabilities are short-term. As of year-end 2022, Ak Investment has no net financial debt.

Leverage (TL millions)



Profitability (TL millions)



Financial Ratios

Main Financial Ratios	2020/12	2021/12	2022/12
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Liquidity

Net working capital / Total Assets	0,21	0,20	0,13
Current ratio - Current assets / Short-term liabilities)	1,28	1,27	1,15
Cash ratio - Cash & equivalents / Short-term liabilities	0,24	0,63	0,72

Financial structure

Leverage ratio - Liabilities / Equity	2,99	3,10	5,71
Debt ratio - Liabilities / Total Assets	0,75	0,76	0,85
Short-term liabilities / Liabilities	1,00	1,00	0,99
Short-term liabilities / Total Assets	0,75	0,75	0,85
Short-term financial liabilities / Short-term liabilities	0,27	0,52	0,65
Financial debt / Total Assets	0,20	0,40	0,55
Net Finansal Borç/Özkaynak	0,09	-0,32	-0,40

Operational ratios

Receivables turnover rate - Revenues / Trade Receivables	3,82	6,92	13,23
Trade payables turnover rate - COGS / Trade payables	5,06	9,42	16,11
Current assets turnover rate - Revenues / Current assets	2,95	3,42	4,88
Working capital turnover rate - Revenues / Net working capital	13,63	16,23	37,17
Tangible assets turnover rate - Revenues / Tangible assets	1517,11	3782,48	17437,31
Equity turnover rate - Revenues / Equity	11,23	13,38	31,89
Asset turnover rate - Revenues / Total Assets	2,81	3,26	4,75

Profitability

Gross operating profit margin - GOP / Revenues	6,0%	3,9%	2,1%
EBITDA Margin (1) - (Operational profit + Depreciation) / Revenues	64,7%	66,3%	69,5%
EBITDA Margin (2) - (GOP - Oper. Costs + Depreciation) / Revenues	61,9%	57,2%	59,3%
Operational profit margin - Operational profit / Revenues	62,7%	64,5%	68,5%
Net profit margin - Net Income / GOP	60,6%	69,8%	68,3%
COGS / Revenues	94,6%	95,7%	96,4%
Operational Costs / Revenues	40,1%	44,7%	41,7%
Asset profitability - Net Income / Total Assets	10,3%	8,9%	7,0%
Equity profitability - Net Income / Equity	41,1%	36,4%	46,8%

Corporate Governance

Since the Company shares are not publicly traded, Ak Investment is not subject to Capital Markets Board's (CMB) provisions of Communiqué on the Determination and Implementation of Corporate Governance Principles. However, examining the corporate governance practices, the Company has provided certain level of compliance with the CMB's Corporate Governance Principles and has implemented some of the necessary policies and measures. Management and internal control mechanisms have been created effectively and are in operation. The rights of shareholders and stakeholders are respected in a fair manner and public disclosure and transparency is at adequate levels.

Methodology

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.

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 -erm 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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