



14 October 2024

Credit Rating

Long-term (National):

(TR) AA

Outlook:

Stable

Short-term (National):

(TR) A1+

Outlook:

Stable

Expiry Date:

14 October 2025

Inveo Yatırım Holding A.Ş.

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Inveo Yatırım Holding AŞ

Rating Summary

Inveo Yatırım Holding A.Ş., ("Inveo" or "the Company") was established in 1998 under the name of Gedik Yatırım Ortaklığı Anonim Şirketi and was transformed into an investment holding company with the title "Gedik Yatırım Holding Anonim Şirketi" in 2014. In 2020, its title was changed to Inveo Yatırım Holding Anonim Şirketi.

The purpose of the Company is to carry out investments and research on tax-exempt financial matters, with respect to the domestic and foreign financial markets, technical planning, programming, budgeting, project design, financial and organization, valuation, provided that these do not include investment services and activities specified in the Capital Markets legislation, to invest in shares and other securities, cash, precious metals and commodities issued or to be issued by capital companies that have the ability and potential to profit from their assets, by participating in the capital and management of established or to be established companies for the purpose of evaluating their investment, financing, organization and management issues in a collective body and increasing the security of investments against economic fluctuations and thus ensuring the development and continuity of these companies in a healthy way and in accordance with the requirements of the national economy, to invest and operate all kinds of movable and immovable properties in and outside Turkey, and to make commercial, industrial and financial investment initiatives suitable for these purposes. In addition, the Company may issue all kinds of debt instruments in the country and abroad by obtaining the necessary permission within the framework of the provisions of the Capital Markets Law, and the relevant legislation. Inveo's Board of Directors is authorized to issue bonds, commercial bills and other debt securities indefinitely within the framework of Article 31 of the Capital Markets Law.

In this context, Inveo's primary objective is to create and invest in technology and financial ventures that develop innovation-based products and services that can be scaled internationally, and have a strong competitive advantage in public offerings.

Mr. Erhan Topaç is the controlling shareholder with 81.02% of the Company's share capital. The remaining shares are publicly offered and traded on Borsa İstanbul (BIST) under the ticker symbol "INVEO."

Following our comparative analysis of the sector¹ and examination of financial/operational risks carried by the Company, as well as its domestic market position, Inveo received a long-term rating of **(TR) AA** and a short-term rating of **(TR) A1+**.

Outlook

In accordance with the decision taken by the Public Oversight, Accounting and Auditing Standards Authority (POA), the financial statements of entities applying Turkish Financial Reporting Standards (TFRS) for the annual reporting period ending on or after December 31, 2023 should be presented in accordance with the relevant accounting principles as adjusted for the effects of inflation. In this context, inflation adjustment has been applied in the preparation of Inveo's 2023 and 2022 year-end financial statements.

As of 2023 year-end, the Company's operating profit decreased by 3.0% to TRY 3.39bn (2022: TRY 3.49bn) and net profit decreased by 44.7% to TRY 1.12bn (2022: TRY 2.03bn). As of the end of Q2 2024,² the operating profit decreased by 20.7% y-o-y to TRY 1.10bn (Q2/2023: TRY 1.39bn). Inveo's net profit for the first half of 2023 was TRY 161.49mn compared to a net loss of TRY 631.61mn in the same period of 2024.

¹ Year-end financial data is taken from the Independent Audit Report prepared in accordance with the inflation accounting standard for year-end 2023.

² Q2 figures are derived from the Company's partially audited financial statements prepared in accordance with inflation accounting standards.

By the end of 2023, the Company's assets increased by 7.8% compared to the end of the previous year, reaching TRY 7.66bn, with a return on assets of 14.7%. In the same period, shareholders' equity increased by 19.2% to TRY 6.30bn, with a return on equity of 17.8%.

Inveo's entire financial liabilities at the end of 2023 are short-term, 99.97% of which consist of bonds issued, and the remainder consisting of liabilities arising from leasing transactions. At the end of 2022, 99.97% of the total financial debt is short-term and 0.03% is long-term borrowings. All long-term borrowings are liabilities arising from leasing transactions. Of the short-term borrowings, 99.96% consists of bonds issued and the rest consists of liabilities arising from leasing transactions.

Since there is no net foreign currency asset liability position as of the end of 2023 and the first half of 2024 according to the independent audit report data, the Company's income statement is not sensitive to possible exchange rate volatility as of this date.

In addition to all the factors mentioned above, the Company's product/service diversity, corporate structure, and position in the sector, which distributes risks in the current conjuncture, have been included in the assessment and the Company's outlook has been determined as **"Stable."** The results of the developments in local and global money and capital markets are being monitored by us and their possible effects on the Company will be evaluated during the surveillance period.

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections to affect the final note with specific weights. Quantitative analysis components consist of SAHA Score (Company's distance from the point of default), its performance compared to the sector, analysis of the financial risks, and the assessment of cash flow projections. Default point analysis measures the distance from the point of default and it is based on relevant sector firm's past financial performance, ratios derived from distinctive default statistics, and statistically derived coefficients. This analysis is based on genuine statistical study of SAHA, covering companies in Turkey. Comparative performance analysis of the sector determines the position of the company concerned in comparison with the sector firms' recent financial performances. Financial risk analysis covers the evaluation of the company's financial ratios on basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility, and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers operational issues such as sector and company risk as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships.

Corporate governance plays an important role in our methodology. 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 reflect 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. According to the structured finance regulation, for asset backed securities, the top three rating degrees represent “investment worthy” securities.

Short Term	Long Term	Rating Segment	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	First Degree	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	Second Degree	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+	Third Degree	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Fourth Degree	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-	Fifth Degree	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-	Sixth Degree	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-	Seventh Degree	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	Default	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with Inveo Yatırım Holding A.Ş. and is based on information disclosed to the public by Inveo Yatırım Holding A.Ş.

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