Corporate Credit Rating

☐New ☒Update

Sector: Architecture & Engineering
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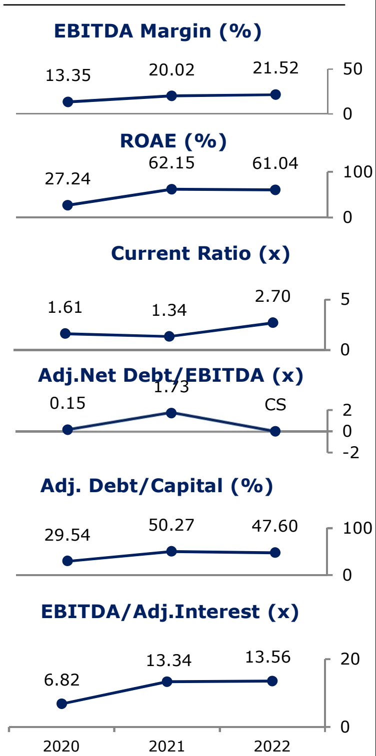
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022*



CS: Cash Surplus

KONTROLMATiK TEKNOLOJi ENERJi VE MÜHENDiSLiK A.Ş.

JCR Eurasia Rating, has evaluated **"Kontrolmatik Teknoloji Enerji Ve Mühendislik A.Ş."** in the investment-level category and revised the Long-Term National Issuer Credit Rating from **'A+ (tr)'** to **'A (tr)'** and the Short-Term National Issuer Credit Rating from **'J1+ (tr)'** to **'J1 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as **'BB/Negative'** in parallel to international ratings and outlook of the Republic of the Türkiye.

Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. (Kontrolmatik Teknoloji or "the Company" or "the Group") was established in 2008 in Istanbul. The Company provides services with its two factories, one of which is in operation and the other under construction, and offices in many countries. The Company's main field of activity is operational technologies and industrial software-control system, communication, information security, IoT, power systems and project management. Kontrolmatik Teknoloji provides end-to-end digital solutions in the fields of software, hardware, systems development and integration, energy generation, transmission, distribution, energy storage technologies for all kinds of engineering solutions and developing environmentally friendly technologies.

The Company's main ultimate controlling shareholders are Sami Aslanhan with 28.96% share and Ömer Ünsalan with 28.96% share and also in October 2020, the Company started to be traded on the Istanbul Stock Exchange (BIST) with the 'KONTR' ticker.

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

Strengths

- Revenue visibility and asset quality supported by EPC-F contracts in design and engineering projects,
- Relatively balanced FC position through majorly hard currency-based receivables,
- Expected revenue increase with the commissioning of the investments to be completed, especially the lithium-ion battery factory, the first phase of which has been completed and put into operation,
- Received advances and shareholder funds contribute to liquidity management in some extent,
- Benefits of R&D activities to operations,
- High level of compliance with Corporate Governance Practices and quality standards as a publicly listed company.

Constraints

- Sharp decrease in profitability margins due to the increase in the share of domestic sales in turnover in 3Q2023 and expenses related to expansion of operations,
- Significant increase in bank borrowings utilized to finance investment expenditures putting pressure on leverage and liquidity ratios, particularly in 3Q2023,
- Negative trend in FOCF may continue in 2024 due to ongoing investment expenditures,
- Decreasing trend in equity ratio over the analysed years,
- Geographical, political and operational risks that may be encountered in foreign operations, which constitute a significant part of activities,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from **'A+ (tr)'** to **'A (tr)'**. Sustainable growth in sales volume and backlog amount, cash generation capacity, asset quality, capability to access funding resources, high earning potential with new contracts, long FX position and the size of the investments being made 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 affirmed as **'Stable'**. The Company's indebtedness level, cash flow indicators, contribution of the completed and progress of the ongoing investments, supressed profit margins and equity 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.

1. Rating Rationale

Revenue Visibility and Asset Quality Supported by EPC-F Contracts in Design and Engineering Projects

The Company carries out its activities in areas such as design, engineering, procurement, and logistics as an EPC-F company while also operating as a manufacturer in a wide spectrum of business areas. Digging deeper, the Group invests in space technologies, solar energy systems, energy storage systems and battery production.

EPC-F" stands for "Engineering, Procurement, Construction, and Financing," representing a contract type commonly associated with large-scale infrastructure and energy projects. Also, EPC-F projects are often complex and large-scale. Companies involved in such projects typically use a turnkey contract (EPC), where a contractor or engineering firm takes responsibility for all phases of the project under a single umbrella.

Kontrolmatik has successfully completed more than 300 projects in 33 countries with its well-known partners. The Company works with both private and public institutions on a contractual basis.

Thanks to the Company's turnkey project completion capability, know-how in the sector and being selective in customer portfolio buttresses the continuity of revenue growth. The Company has worked in Iraq, Ethiopia, Saudi Arabia, Turkmenistan, Uzbekistan, Jordan, Kuwait, Israel, United Kingdom, UAE, Cyprus, Nigeria, Afghanistan, Macedonia, Germany, Albania, Kazakhstan, Azerbaijan, Libya, Armenia.

Year	Project Amount ('000 TRY)	Progress Payment ('000 TRY)	Planned Progress Payment ('000 TRY)
2018	52,429	52,239	-
2019	188,775	172,952	-
2020	226,219	221,310	-
2021	582,896	527,321	-
2022	1,956,284	1,674,830	-
2023	4,232,306	2,105,758	2,126,548
2024	6,574,051	135,688	6,438,363
Total	**13,812,960**	**4,890,097**	**8,564,911**

**The Company declaration.*

The Company has realized and is realizing projects with a total contract value of TRY 13.81bn in the last 7 years (2018-2024). While TRY 7.24bn of these projects are projects received until 2023, TRY 6.57bn of consists of tenders received only in 2024. In FYE2022, a total of TRY 2.65bn progress payments were realized due to these projects, and in 2023, TRY 2.11bn progress payments were declared. In 2024, only TRY 135.69mn progress payments have been realized to date. In this case, the Company increases the size of the business it receives each year and makes its revenues sustainable. High contract values can make the Company's future revenues more predictable. Big projects and long-term contracts can provide a stable income stream over a specific period. And also, it can enhance financial stability. This improves financial planning and budgeting processes, supporting the operational reliability of the Company. In addition, it can provide job security for the Company and foster customer loyalty. It builds trust among clients and strengthens customer relationships and winning large and high-value projects can establish the Company's competitive advantage in the industry. These positions may make the Company a preferred partner in the sector.

While the Company was taking these contracts, prefers projects with financing power behind it, such as the World Bank, ENBD, the German Development Bank, the American Development Bank, the Japanese Development Bank, the United Nations Development Program.

Thus, it can be said that the Company has a robust receivable collection management system. The Company's amount of non-performing receivables is very low considering the total receivables as of 3Q2023. The doubtful trade receivables have maintained at low levels amounted TRY 36.79mn as of 3Q2023 (doubtful receivables correspond to 3.10% of trade receivables). In addition, the duration of the projects varies between 1 and 3 years. Also, doubtful trade receivables are in a very low level when compared to the Company's turnover.

Relatively Balanced FC Position Through Majorly Hard Currency-Based Receivables

The Company's 83% (ratio of all total contract values) part of contracts have been FC-denominated. For this reason, the Company has long FX position during the analyzed years in line with the foreign currency denominated contracts.

The currency breakdown of the contract values between 2014-2024 is as follows;

Breakdown by Currency			
	Original Currency	**Total Amount (TRY)**	**%**
EUR	193,779,569	4,863,117,935	35
USD	287,601,701	6,583,202,30	48
TRY	2,366,638,685	2,366,638,685	17
Total	**-**	**13,812,959,550**	**100**

The Company's sales breakdown is as follows, and domestic sales have increased particularly in the most recent period. The Company also receives foreign currency payments on some of the domestic sales. Therefore, even though domestic sales have increased, foreign currency revenues maintain its dominant position.

TRY '000	FY2022	3Q2023
Domestic Sales	900,354	1,281,665
Export Sales	893,979	522,049
Sales Discount	-4,072	-1,879
Other Sales	892	-
Revenue	**1,791,154**	**1,801,834**
Export/Revenue (%)	**49.91**	**28.97**

Although abroad sales decreased in 3Q2023, the table below shows the distribution of projects started in 2023 by currency and contract value;

TRY '000	2023*	%
EUR	1,330,461	17.25
TRY	1,818,535	23.58
USD	4,563,462	59.17
Total	**7,712,458**	**100**

**It shows the whole year of 2023.*

The positive impact of domestic revenues being in a foreign currency can have various effects on the Company's foreign exchange position and financials. For the Company operating domestically, having revenues in a foreign currency can be advantageous in balancing foreign currency costs. However, an increase in foreign currency costs could reduce profitability. It is also necessary to pay attention to these points. The Company may implement hedging strategies to protect against currency exchange rate fluctuations, this provides protection against future uncertainties. Also, generating revenue in a foreign currency can provide the Company with better access to international markets and support global growth strategies.
Also, according to the CBRT's data, when currency distribution of total borrowings considered, it is seen that FC (EUR & USD utilization) denominated bank loans of the Company was dominant when compared to TRY borrowings, 57.45% and 65.31% of total bank loan was based on FC in 3Q2023 and FYE2023, respectively.

While the loans reflected to CBRT were TRY 1.75bn in 2023/09, they totalled TRY 2.37bn in the financial statements. The reason for this difference is that the CBRT data are solo but the financials are consolidated. Apart from Kontrolmatik, Pomega and subsidiaries also utilize loans. For this reason, the foreign currency loan breakdown actually has a higher share than the percentage breakdown stated according to CBRT's data.

However, despite the predominant use of foreign currency loans, the Company creates a natural hedging mechanism and has foreign currency income thanks to the revenues generated from FX denominated contract fees.

The Company's foreign currency position detail is as follows;

FX Position		
(TRY)	**3Q2023**	**2022**
Assets	1,814,143,841	1,794,394,663
Liabilities	1,630,849,783	-746,604,405
Net FX Position	**183,294,058**	**1,047,790,258**

Expected Revenue Increase with the Commissioning of the Investments to be Completed, Especially the Lithium-Ion Battery Factory, The First Phase of Which Has Been Completed and Put into Operation

The Company has ongoing projects and its' largest investment is in its subsidiary, Pomega. The Company's target markets with this investment are grid-level energy storage facilities, electric vehicle technologies, electric vehicle charging support systems, new technological applications, especially marine and light electric vehicles, energy storage solutions for industrial facilities, renewable energy applications, residential applications and island installations. It is planned to bring the production opportunity of Lithium Ion technology, which is a very critical and strategic issue for Türkiye. It is foreseen that with this investment, an important imported product will be produced and exported in Türkiye. With domestic energy storage cells, security of supply will be ensured for products needed by different industries such as manufacturing, energy and defense.

Lithium Ion Based Battery Cell Investment	Phase 1	Phase 2
Investment Start	1Q2022	3Q2023
Completion	3Q2023	4Q2024
Annual Capacity	600 MWh	2.600GWh
Financing	**Equity, Long-Term Loan, Partnership**	

The construction of the first phase of the 600 MWh/year capacity power plant, the foundations of which were laid in January 2022, was completed and opened in August 2023. With the commissioning of Phase 2 in the second quarter of 2024, the capacity will exceed 2,000 MWh, and it is planned to reach 2.600 MWh at the end of 2024.

Within the scope of the 1st Phase of Pomega's Lithium-Ion Battery Cell, Battery Production and Energy storage facility investment; It has been accepted as a priority investment by the Ministry of Industry and Technology and an Investment Incentive Certificate has been issued to benefit from the support of the 5th region. A total of TRY 637.89mn loan was utilized on TRY basis for the first phase. The first interest payment of the loans, which started interest payment in the 6th month after the loan utilization, was made on 22.03.2024. The first principal payment of the loans is 22.09.2025. The last payment is due on 22.09.2033.

The second phase investment is targeted to be opened in August 2024 and a total of 2,000MWh/year of additional capacity will be added. If all phases are active, the total capacity will be reached to 2600 MWh. The total cost of Phase 2 is USD 80mn and a loan agreement has been made with Vakıfbank and TSKB for a total of USD 60mn (each has USD 30mn). In addition, it is among the statements of the Company that TSKB has committed a grant loan of EUR 3mn. The total cost of this investment (1st and 2nd phases) was USD 165mn.

With this investment, the Company realized USD 2mn additional income at FY2023 and expects 30% additional profit margin at FY2024.

In addition to growth contribution, the Pomega investment is an important investment as it diversifies the business lines, has relatively higher profitability compared to the systems integration business line, will gradually improve consolidated profitability in the coming period, has export potential and will reduce Türkiye's dependence on foreign markets.

Furthermore, another important investment of Kontrolmatik is the production of battery cells, battery modules and energy storage systems were established on the Pomega Energy Storage Technologies Inc. in America in 2022. In line with the Offtake agreement for the selling of 7.5 GWh lithium-ion battery cells with one of the world's largest energy storage system integrators, the Company aims to manufacture 3 GWh/Year capacity battery cells, battery packs and energy storage systems in the United States. A government incentive of USD 127mn has been issued for this investment, and the Company aims to raise equity of around USD 40mn gradually. However; the total investment amount has not been fully clarified, and the financing method will be determined after it is clarified. The integrated factory investment is approximately USD 290mn. The Company will benefit from IRA production incentives (total 45 USD/kWh) which will continue until 2030, ending in 2032 with annual reductions of 25% on and after 2031. In this context, it is planned to benefit from approximately USD 900mn federal incentives until 2032.

Finally, Progresiva Enerji Yatırımları Ticaret A.Ş., one of Kontrolmatik group companies, aims to realize Türkiye's largest grid-scale energy storage project in Tekirdağ. This will be Türkiye's first energy storage facility with a GWh capacity and will be accompanied by the commissioning of a Wind Power Plant with an annual generation capacity of 875mn kWh hours.

The lithium ion energy storage facility with an energy storage capacity of 1 Gwh, which will contribute to the security of energy supply and the development of alternative energy systems, will be able to store the energy generated from renewable sources and re-dispatch it to the grid when needed by integrating the wind power plant.

In addition, the Company will engage in wholesale, retail sales, import and export activities in accordance with the relevant legislation regarding the electricity market and the trade of electricity energy and/or capacity in accordance with the relevant legislation. The Company has obtained a Supply Licence from the Turkish Energy Market Regulatory Authority (EMRA) to trade electricity energy and/or capacity for a period of 20 years. While Progresiva invests in renewable energy power plants, it also trades electricity within the scope of its supply licence. As of 2022, it started wholesale/retail electricity trade. Under this supply licence, Progresiva has been granted Türkiye's first stand-alone energy storage facility (250 MW connection and 1,000 MWh storage capacity). 250 MW Wind Power Plant (WPP) and 1,000 MWh capacity Electricity Storage Facility (ESF) Pre-Licence has been obtained.

Received Advances and Shareholder Funds Contribute to Liquidity Management in Some Extent

When the financial structure of the Company is analyzed, there is an order advance received of TRY 438.48mn in 3Q2023. Although this advance amount constitutes 5.22% of the resource structure, it is at a good level in terms of amount. Advances received are related to the payments received by the Company in advance under tenders and EPC-F contracts.

Receiving advances improves the Company's cash flow, allowing for more effective management of planned budgets and expenses. Advances, especially for large projects, contribute to project financing. This can help secure the resources needed to start and maintain the project.

In addition, the Company's long-term payables to shareholders item is noteworthy in the last 2 periods. Payables to shareholders, which was TRY 1.20bn in 2022, increased by 22.54% to TRY 1.47bn in 3Q2023. The long-term evaluation of debts to shareholders is an indicator for capitalizing or providing resources to the company in the long term. Shareholder diversify the Company's financing sources. This helps the company enhance cost-effectiveness by using different financial instruments. It also provides the Company with opportunities for investment and growth. These resources can be utilized to finance new projects and help the Company increase its market share.

Benefits of R&D Activities to Operations

Allocating a minimum of 3% of the Company's turnover to research and development, Kontrolmatik has been carrying out its R&D studies since its establishment, taking into account the demands coming from domestic and foreign markets.

Kontrolmatik has an innovative and entrepreneurial business model. It attaches great importance to research. To this end, it develops policies, carries out strategic planning, allocates resources and takes the necessary measures to develop the research ecosystem. These studies are carried out in accordance with the Directive on the regulation of incentives for the support and development of scientific research. Specific incentive themes have been defined for Kontrolmatik's research activities.

In 2017, Kontrolmatik expanded its organizational chart by creating additional employment and creating a unit to work in the field of software and IoT, and started research and development activities.

With its R&D activities, the Company aimed to play an active role in the interaction of industry 4.0 with the global world and to find a strong place in the tough competition it will create in the industry. in 2018, the Company transformed into the final product with the results obtained from R&D investments, and commercialized its products produced with R&D investments. in 2020, the Company applied for registration within the scope of law no. 5746 in order to ensure the continuity of R&D studies, increase the employment of R&D personnel, and increase R&D investments and application has been accepted in 2021.

Within the scope of R&D activities, studies are carried out on four subjects in particular:

- Optimization of $LiFePO_4$ based Li-ion batteries for scale-up studies,
- Development of environmentally friendly and cost-effective methods for the domestic production of $LiFePO_4$ based cathode active material,
- Development of $LiFePO_4$ based high voltage cathode materials ($LiFeMPO_4$; M=Metal),
- Development of high capacity and long cycle life polymer-based silicon anodes using commercial polymers,
- Self-healing polymers for silicon anodes development,
- Development of Si-C (silicon-carbon) anode materials with C-dot technology,
- Development of a boron-based 2D self-healing electrode,
- Development and scale-up of NMC based high voltage cathode materials,
- Garnet-type solid-state electrolytes as an alternative to liquid electrolytes development.

Kontrolmatik Teknoloji, manufactures portable energy generation, transmission and distribution equipment such as mobile substation, e-house, energy storage systems, mobile hybrid energy generation units at its Energy Mobile Solutions Factory, which has a closed area of 4,000 m² in Ankara Kahramankazan. With these services, the sectoral experience before the demand-based shocks during the pandemic period and the increasing importance of energy security and storage with the effect of supply-side shocks after the Russia-Ukraine War offers advantages.

Due to the value-added production, the supply of human resources is also important, and the fact that the production activities are concentrated in Ankara provides an advantage to be close to universities in the region such as METU, Bilkent and Ankara University. In addition, it is aimed to increase the internal competence with the contract articles for transferring know-how to the Company in joint projects.

Prioritizing and continuing long-term R&D efforts can bring several benefits to the Company; Firstly, continuous R&D allows the development of new products and services, enhancing the Company's competitive edge. Secondly, R&D helps the Company keep pace with technological changes, integrating advanced technologies into its processes and products. Also, embracing advanced technology and processes through R&D can improve cost efficiency, leading to more effective production processes and resource utilization and R-emphasizing R&D can enhance the Company's international credibility, making it more competitive in global markets. In this context, long-term R&D initiatives contribute to the sustainability and future success of the Company.

High Level of Compliance with Corporate Governance Practices and Quality Standards as a Publicly Listed Company

Kontrolmatik Teknoloji operates in a full conformity with the Capital Markets Law and is publicly traded on the Borsa Istanbul (BIST) since 19.10.2020. As a result, the Company maintains its efforts to fulfil the best practices of the corporate governance principles and compliance to the regulations of the Capital Markets Board of Türkiye (CMB), as well as it has a well-established internal control system through the integrated organizational structure which includes risk management committees, namely Audit Committee, the Corporate Governance Committee, the Early Risk Detection Committee, the Compensation Committee and the Nomination Committee. Kontrolmatik demonstrates high degree of transparency with regard to the board of directors, shareholders, stakeholders and practices of the Company by means of public disclosures which have been carried out in a compatible manner with the framework drawn by the CMB regulations.

The Company has a functional investor relations division on the Company's website with contact information. Easy access to information such as articles of association, year-end financial results, annual reports, shareholding structure, Board of Directors and top management, committees, corporate governance compliance reports, dividend policy, code of ethics, policies, general meetings of shareholders, internal directives, social responsibility projects and so on are provided to investors and stakeholders in the stated website.

The requirements, which the Company to be obliged to comply, helps to sustain the transparency, quality of financial reporting and efficiency. The Company published detailed Corporate Governance Practice Compliance Report checklist on its activity report. In addition, the Company has ISO 9001, ISO 14001, ISO 45001, ISO 27001, ISO 50001, ISO 10002, EN ISO 3834 – 2 system certificates, it is a principle to integrate globally recognized certificates that it believes will support its products and services transformatively and support a transparent sustainable business model.

Sharp Decrease in Profitability Margins Due to the Increase in the Share of Domestic Sales in Turnover in 3Q2023 and Expenses Related to Expansion of Operations

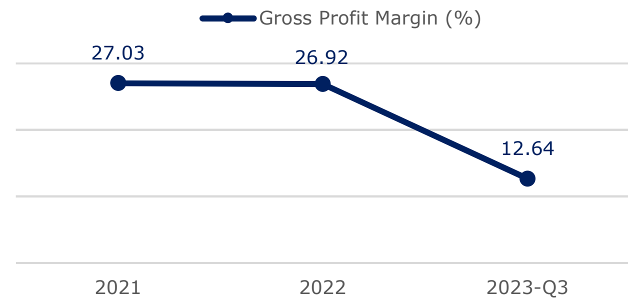
The Company, which carries both domestic and international projects, has increased its sales volume in each period. According to the Company's financial statements, sales revenue rose by 0.60% to TRY 1.80bn in 3Q2023 compared to the previous year's figure of TRY 1.79bn. The slight improvement in the Company's turnover is mainly related to the increase in project-based sales. The revenue between FYE2019-FYE2022 consists only of the projects in the System Integration and Controlix segments and Pomega and Robot Technologies contribute to the financials as of 2023.

Along with the increasing project size, 84% part of contracts have been FC - denominated and focusing on profitable projects stand out as positive factors for 2022. In addition, another reason for the Company to increase its export sales in every period except 2020 due to the pandemic, is that it expands more and more to the foreign market over the years, opens offices in abroad and increases international projects. However, the turnover increase of 0.60% in 2023 is quite low. Here, the most important effect of the low level of turnover improvement is the interim financials. At the end of 2023, Kontrolmatik declared that a turnover of only TRY 2.1bn on a solo basis.

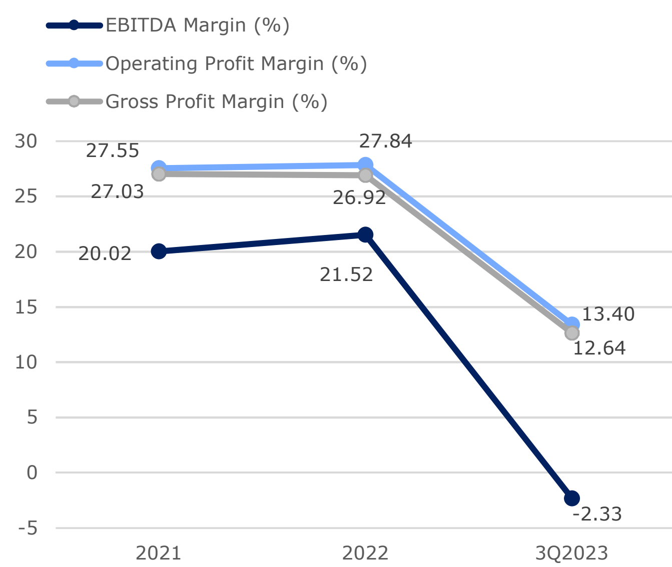
Another remarkable change is that the Company's domestic sales have increased significantly compared to the previous year. Despite the increase in domestic revenues, the Company currently generates its revenues mainly in USD and EUR. In 2023, it was declared that domestic sales increased due to the fact that the majority of public works were reflected in progress payments, and in 2024, it was declared that there would be more international works again.

As of FY2022 the increase in net sales supported the improvement in profitability figures except for flattish gross profit margin because of the inflationary environment. However, profitability amounts were suppressed in 3Q2023 due to the increase in expenses. The Company's profitability margins in FYE2023 are expected to be suppressed in FY2023 due to the Company's high level of domestic sales, and simultaneous cost increases could not be reflected in prices for each project.

While the Company's gross profit increased by 191.65% in monetary terms from TRY 165.36mn to TRY 482.27mn as of FY2022. However, in 3Q2023, the revenue level was similar to the same period of the previous year, as the Company's existing projects could not be completed and costs remained higher than the revenue growth. This led to a decline in the gross profitability of the Company on both quantitative and margin basis. In 3Q2023, the Company recorded TRY 227.72mn gross profit with a margin of 12.64%.



Operating profitability of the Company decreased from TRY 498.58mn to TRY 241.37mn in 3Q2023. In addition to the reason for this decline, due to the review of interim financials, the Energy Storage System Expenses (TRY 32.50mn in 3Q2023, which is due to Pomega investment), which have been added to R&D Expenses in the recent period and the general administrative expenses, which have increased 2 folders, have a high impact. Expenditures for ongoing investments, not being reflected in the turnover due to the uncompleted projects, domestic revenues having a higher share in the turnover compared to other years have significantly suppressed profitability in 3Q2023. In parallel with this, EBITDA declined from TRY385.43mn to TRY -41.90mn in3Q2023. According to the Company's declaration and calculation, at the end of 2023, the EBITDA margin was stated to be at the level of 16-17%. They also declared that they aim for this margin to be at the level of 20% in 2024 and 25% when the investments become fully operational and generate income.



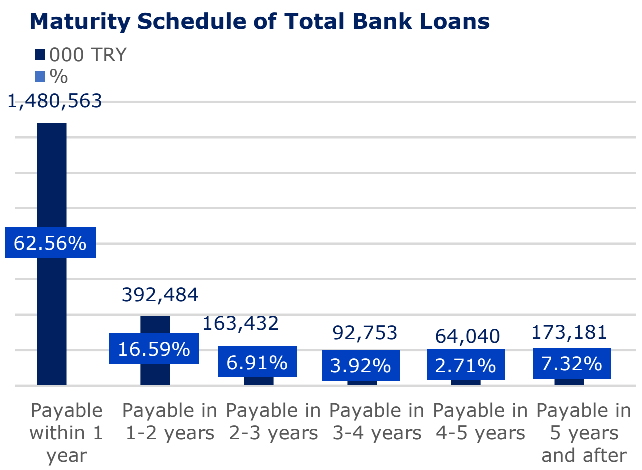
Significant Increase in Bank Borrowings Utilized to Finance Investment Expenditures Putting Pressure on Leverage and Liquidity Ratios, Particularly in 3Q2023

The Company carries out its activities in areas such as design, engineering, procurement, and logistics as an EPC company while operating as a manufacturer also for a wide spectrum of business areas. Digging deeper, the Group invests in space technologies, solar energy systems, energy storage systems and battery production.

The Company is investing to meet customer demands and appeal to more customer markets. In this context, the cash outflow for tangible asset investments realized as TRY 2.10bn in 3Q2023.

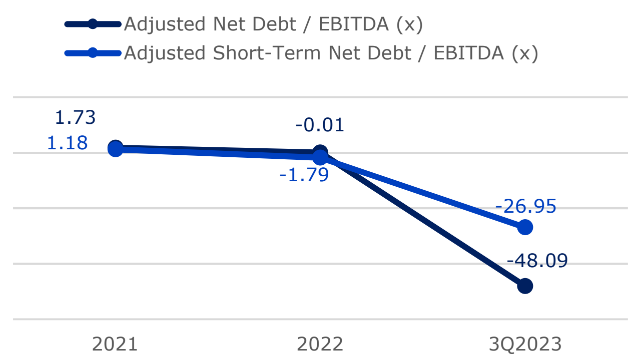
For this reason, the Company's total financial liabilities continued to exhibit an increase over the reporting period. The Company's total financial liabilities amounted to TRY 2.37bn as of 30.09.2023 which equated to 131.34% of total sales revenues (FYE2022: TRY 1.18bn & FYE2021: TRY 289.52mn). The Company's short-term financial liabilities were TRY 1.48bn in 3Q2023. The share of short-term financial liabilities in total financial debt was 62.56% in 3Q2023. Also, long-term financial liabilities were TRY 885.89mn as in 3Q2023. The Company's credit utilization has been on an upward trend during the analyzed years, this increase in financial liabilities compared to the previous year is related to investment expenditures.

The maturity of the Company's bank loans is between 2023-2029+, and the repayment schedule is as follows;

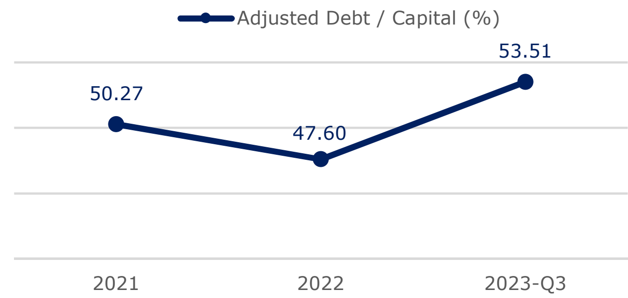


Also, according to the CBRT's data, when currency distribution of total borrowings considered, it is seen that FC (EUR & USD utilization) denominated bank loans of the Company was dominant when compared to TRY borrowings, 57.45% and 65.31% of total bank loan was based on FC in 3Q2023 and FYE2023, respectively.

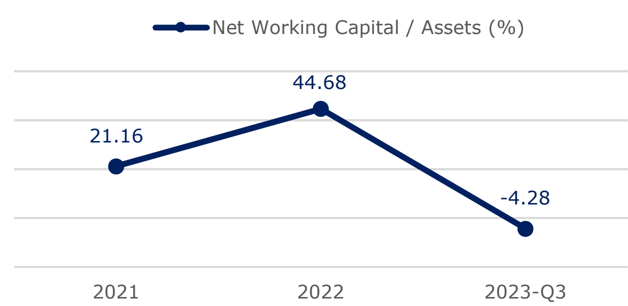
When cash and cash equivalent items are excluded from total financial liabilities, net debt amounted to TRY 2.02bn in 3Q2023 in comparison to reported EBITDA of TRY -41.90mn. Cash and cash equivalents, which constituted 27 percent of the assets, made the most significant contribution to the liquidity and leverage indicators in FYE2022, and the Company had approximately the same amount of shareholder funds in its resource structure. In 3Q2023, cash and cash equivalents decreased due to the non-retention of shareholder funds, and net financial borrowing was high due to the significant impact of increased borrowing from investments. Adjusted net debt to EBITDA multiple materialized as -48.09x in 3Q2023 due to negative EBITDA (FYE2022: -0.01x due to negative net debt). Therefore, adjusted short-term net debt to EBITDA multiple materialized as -26.95x in 3Q2023. Another factor for the negative course of EBITDA is the interim period, which should be taken into consideration.



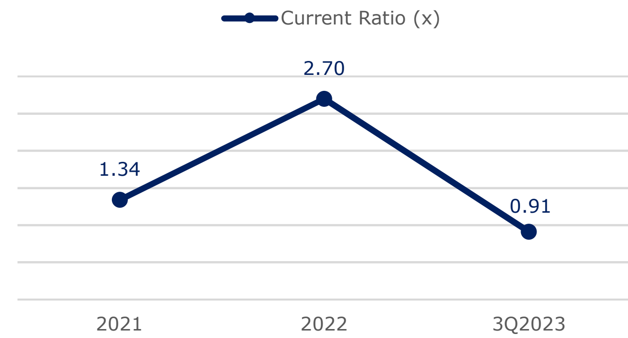
Additionally, adjusted debt/capital level increase last period due to upward trend in financial liabilities which are higher than capital. The ratio rose to 53.51% in 3Q2023 from 47.60% in FYE2022.



The Company's long-term liabilities increased in line with the ongoing projects in FYE2022. However, current assets rose more than short-term liabilities due to the Company's high level of FX deposits in banks along with inventories and contract assets. This resulted in an increase in net working capital. The Company’s net working capital was realized as TRY 1.96bn (FYE2021: TRY 199.01mn) in FYE2022, which increased by TRY 1.76bn compared to the previous year. However, as mentioned above, as a result of 3Q2023 divestment of shareholders’ funds held to maturity in 2022, the asset structure remained low relative to short-term liabilities and net working capital turned negative in the interim period. The Company’s net working capital was realized as TRY -359.55mn and the ratio of the net working capital to total assets was -4.28% in 3Q2023.



In addition, the current ratio generally gives an idea regarding identifying a company’s ability to pay its short-term debts. Relieved liquidity management reveals itself in the current ratio parameters of the Company. The fact that the current ratio is below the expected level is a risk factor; on the other hand, very high current ratio values indicate more current asset elements than the companies’ necessity. The table below indicates the change in the current ratio of the Company between 2021 and 3Q2023.



Finally, while the loans reflected to CBRT were TRY 1.75bn in 2023/09, they totalled TRY 2.37bn in the financial statements. The reason for this difference is the bank loans used for the Group’s investments (especially Pomega). For this reason, the foreign currency loan breakdown actually has a higher share than the percentage breakdown stated according to CBRT's data.

These ongoing investments are mainly financed by bank loans and incentives. In line with the funding structure of the investments, the credit utilization of the Company will increase. The completion and cash generation capacity of the investments have been evaluated as crucial for the debt service capacity, and the Company’s growth.

For this reason, it is predicted that the debt pressure on financials will increase.

Negative Trend in FOCF May Continue in 2024 Due to Ongoing Investment Expenditures

Kontrolmatik's FFO (funds flow from operations), which is calculated by subtracting the changes in working capital from CFO (net cash generated from operating activities) had been in a positive level during the analyzed year. The Company’s funds from operations (FFO) increased from TRY 374.55mn to TRY 547.77mn in 3Q2023.

The Company’s CFO increased from TRY 341.82mn to TRY 763.50mn in 3Q2023 and main reason for this increase was related with ability to generate more profit from its operations than in previous periods and to generate funds for business financing.

Free operating cash flow (FOCF) represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets. The Company’s FOCF decreased from TRY 270.27mn to

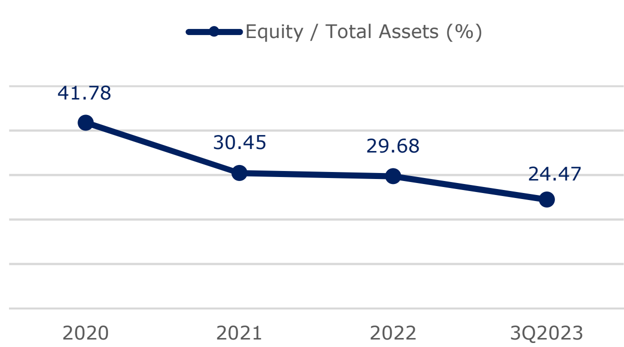
TRY -1.95bn in 3Q2023 due to the investments in subsidiaries, especially the lithium ion battery factory investment in Pomega.

TRY '000	2021	2022	3Q2023
FFO	127,184	374,546	547,766
CFO	-135,339	341,818	763,496
FOCF	-191,584	270,272	-1,946,914

Although the Company generated positive FFO and CFO, negative FOCF may indicate that the Company is experiencing a cash crunch and has insufficient cash generation. Furthermore, negative FOCF may indicate that the Company's ability to finance new investments or maintain existing assets is limited. Considering ongoing investments, the course of the partial deterioration in cash flow metrics is crucial. This may mean postponing or halting growth or renovation projects.

Decreasing Trend in Equity Ratio Over the Analyzed Years

The Company's equity augmented by nearly 3.5-fold increase to TRY 1.29bn in FYE2022 with the contribution of internal fund and also share premium. As of 30.09.2023, the Company's equity increased slightly compared to the previous year to TRY 2.06bn from TRY 1.29bn with an increase of 58.28%, mainly thanks to both ongoing share premiums and retained earnings. TRY 200mn paid in capital formed only 2.38% of total assets and 9.73% of total equity in 3Q2023. Paid-in capital is a significant capital layer of protection against possible business losses in case retained earnings have indicated a deficit.



The Company's equity also predominantly comprised of revaluation gains, retained earnings and share premiums besides paid-in capital. The Company kept its earnings in every analyzed period and supported its equity base. In addition to this; within the scope of the revaluation of some of their buildings realized in the previous periods, revaluation gains of TRY 150.4mn are included on average each period. Also, share premiums arising from the acquisition of Enwair shares are included. In this context, the equity distribution of the Company is as follows;

TRY '000	2021	2022	3Q2023
Share Capital	38,063	200,000	200,000
Repurchased Shares	-	-14,150	-
Share Premium	59,332	438,588	400,502
Revaluation Gains (Losses)	32,855	151,647	150,441
Foreign Currency Translation Differences	469	3,542	40,920
Restricted Reserves	1,617	11,129	9,321
Other Reserves	-	-	164,267
Previous Years Profits or Losses	23,574	18,917	415,348
Net Profit or Loss	130,668	469,061	553,692
Non-Controlling Shares	-178	20,147	121,323
Total	**286,400**	**1,298,881**	**2,055,814**

While the fixed asset revaluation gains are useful in that they reflect the market value of the asset portfolio on a going-concern basis, they do not provide fresh liquidity. Since these tangible fixed assets are of significant amount in terms of financial statements and the important estimates and assumptions used in the valuation studies are sensitive to the sectoral and economic changes that may occur in the future, the revaluation gains are monitored carefully.

In addition, despite the capacity to generate internal resources and share premium equity, it may be insufficient to provide resources for the investments to be made, in case the projects are delayed and the projects are met from equity, and should be closely monitored.

In the PDP (Public Disclosure Platform) statement dated 24.01.2024, it was declared that Kontrolmatik will increase its capital. There is no disclosure in the TTSG record yet. However, in accordance with the decision of the Board of Directors of the Company disclosed to the public with the material event disclosure dated 28.12.2023; Within the registered capital limit of TRY 750mn the issued capital of the Company amounting to TRY 200mn; 100% of TRY 200mn by 100% in cash (rights issue) and by 125% by TRY 250mn from internal resources (bonus issue), to increase the issued capital of the Company from TRY 200mn to TRY 650mn by a total increase of 225% by TRY 450mn.

Geographical, Political and Operational Risks That May Be Encountered in Foreign Operations, Which Constitute a Significant Part of Activities

Countries in the high-risk country category are listed in at least one of the FATF Monitored Jurisdiction (Watch List), OFAC Sanctions Selective (partial sanctions list) lists, and are also lower in the Corruption Index, with a total risk score of 50 and above.

Countries on the list as high risk are those where measures and inspections are insufficient within the scope of combating laundering proceeds of crime, financing of terrorism and financing of weapons of mass destruction. In these countries, there are generally internal disturbance, authority gap, lack of inspection, and incompatibility with international standards. In commercial transactions carried out with high-risk countries, there are risks such as non-performing or blocking of transactions by banks or product-based barriers.

Medium-risk countries are those in the FATF Monitored Jurisdiction (Watch List) and/or OFAC Sanctions Selective (partial sanctions) lists, where inspections and compliance with international standards are relatively lower than low-risk countries. Although there are no direct sanctions applied to these countries, there may be partial product-based or transaction-based sanctions.

The Company's presence in Iraq, Senegal, Libya, Cameroun, Somalia and Uzbekistan markets and having active construction sites in these countries carry geopolitical risks.

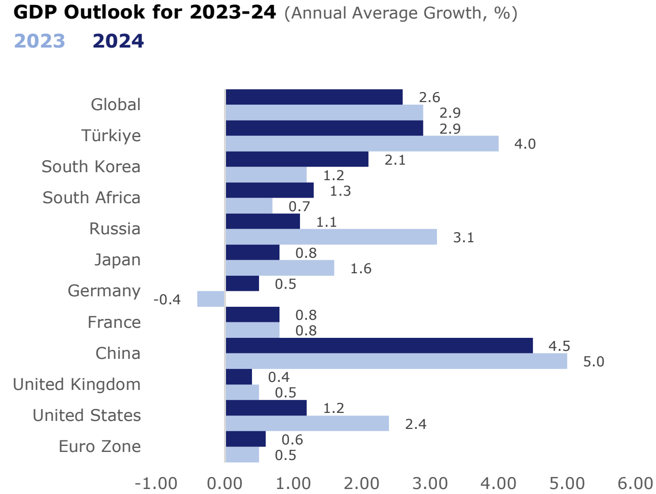
The Company which is operating in countries listed by FATF and OFAC may face high levels of financial and legal risks. Consequently, the Company operating in these countries may be subject to more stringent audits, encounter complexities in financial transactions, and jeopardize its international reputation. Managing such risks involves paying attention to relevant regulations and establishing a robust compliance policy.

Leading Economic Indicators Signal Global Economic Slowdown While Quantitative Tightening Actions Aim to Restrict Consumption Growth and Achieve a Soft-Landing in the Domestic Side

Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks have been hiking rates at the most rapid pace in near history and net lending standards have been tightening as well. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. As such, export-focused growth policies of China loom as a threat to domestic exports, who also face a slow growth in key markets and significant production costs.

The tightening actions of major central banks (increasing interest rates and quantitative tightening), especially the Fed, in order to fight inflation, increased global recession concerns. In addition to ongoing geopolitical risks, concerns that the slowdown of the global economy is still on the agenda.

GDP Outlook for 2023-24 (Annual Average Growth, %)



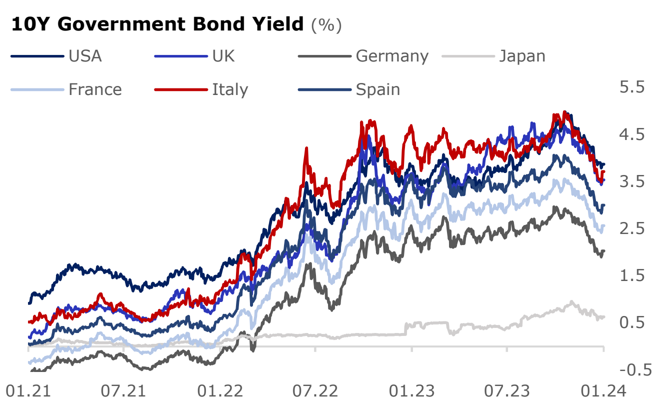
Source: Refinitiv Datastream, Reuters Poll (Median Forecast)
*As of 02-01-2024

Unprecedented pace of tightening and geopolitical risks severely limited the risk appetite towards emerging markets while the flow of funds to emerging markets weakened. Funds instead flowed to safe instruments such as the dollar and gold, fueled partly by the fear of credit/counterparty risk.

With these expectations and central banks' guidance, government bond's yields were at record high level almost all over the world until last quarter of 2023.

Recently, pullback in inflation, especially with the support of energy prices, has changed market expectations towards monetary expansion at an earlier date than expected before. Thus, global government bond yield has been starting to decrease from record high level.

Considering major central banks' guidance, we, as JCR-ER, do not expect to initiate monetary expansion until in the second half of 2024.

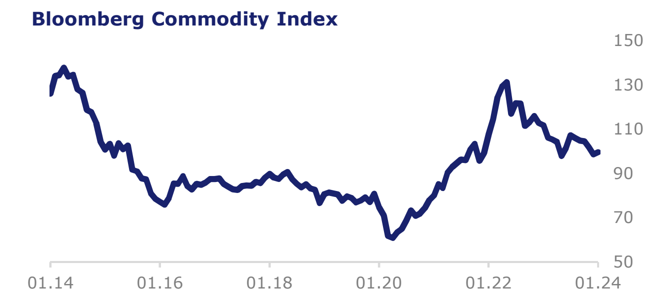


Source: Refinitiv Datastream

Following post-pandemic reopening, China took full advantage of its massive and integrated manufacturing sector, government subsidies to boost exports. On the other hand, domestic consumption is still weak after decades of investment/manufacturing focused policies. Therefore, for Chinese economy, the way forward is through shifting manufactured goods abroad, its long-term and global implications notwithstanding.

In this sense, we would expect China to double-down on any obstacle to its exports, as boosting domestic consumption requires a long and painful adjustment whereas boosting investment and consumption is more straightforward in the short run. In fact, as leading export indicators for China deteriorate, we would expect more aggressive policies to compensate for this. Therefore, Turkish companies face significant export competition from a global powerhouse.

Source: Refinitiv Datastream



Source: Refinitiv Datastream

While normalization in freight rate continues in the post-pandemic period, a new geopolitical risk was added due to existing tensions created by Israel-Hamas conflict recently. Following the Houthi attacks to shipping vessels passing through the Red Sea, certain shipping companies suspended trade through the Suez Canal, increasing shipping costs and distressing the global supply chain. According to Bloomberg, approximately 12% of global trade is carried out through the Suez Canal, which connects the Mediterranean to the Red Sea, offers the shortest route between Europe and Asia, and has been in operation for 154 years.

Following the ongoing Israel-Hamas conflict, Yemen's Houthis attacked some ships in the Red Sea, causing international shipping companies to suspend their voyages in the Red Sea and avoid passage through the Suez Canal. The old, long-distance trade route between Europe and Asia is on the agenda again, as companies direct commercial ships to the southern tip of Africa via the Cape of Good Hope without entering the Red Sea. Diverting the route of the ships to the Cape of Good Hope in the south of Africa means extending the travel time and covering 4 thousand nautical miles further. In this way, a longer journey creates extra fuel costs, while insurance costs and delivery time also increase.

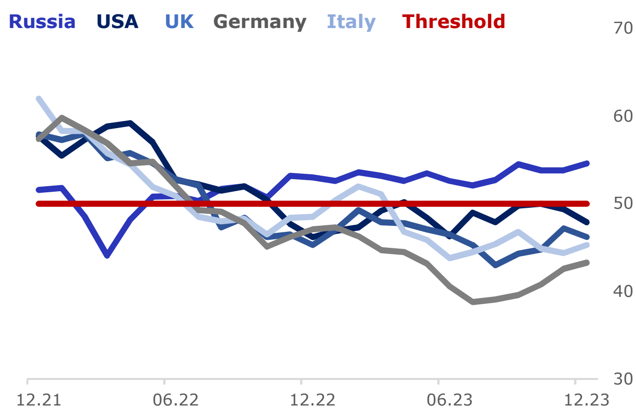
This cyclical development, which has the potential to create uncertainties in transportation, energy, supply chains and therefore commodity prices, will be closely monitored by JCR-ER.

On the other hand, a new geopolitical risk is added to existing tensions created by Israel-Hamas conflict. Following the Houthi attacks to shipping vessels passing through the Red Sea, certain shipping companies suspended trade through the Suez Canal, increasing shipping costs and distressing the global supply chain.

Global slowdown's impact on Türkiye

As of November 2023, last twelve months of Turkish export to EU realized as USD 104.34bn which was USD 103.05bn in FY2022. Besides all these effects mentioned before, it is quite possible that the slowdown in economic activity in Europe (especially in Germany), our largest trade partner, will adversely affect the Turkish economy through the trade channel.

Top 5 Export Market's Manufacturing PMI

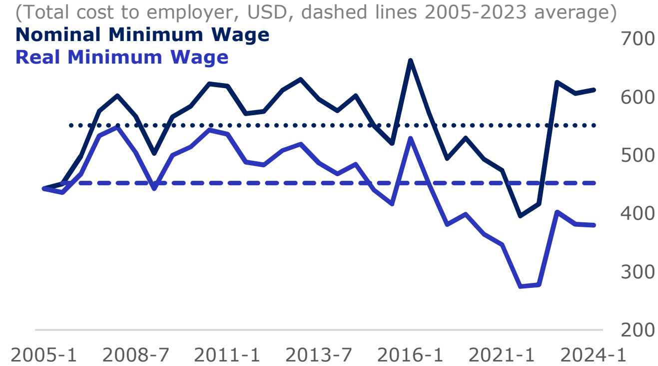


Source: Refinitiv Datastream

Further pressurizing the Turkish exporters are cost factors, mainly in terms of wages and energy prices. Minimum wage increased to TRY 23,502.94, including total costs to the employer (gross: TRY 20,002.50, net: TRY 17,002.12) for 2024. The latest increase in minimum wage pushed the total cost to employers to USD 610, using expected average USDTRY for the aforementioned year. Therefore, the expected level of minimum wage would realize above the average and would pressurize small scale businesses with labor intensive manufacturing and domestic focus. On the other hand, adjusting for US CPI, real minimum wage in USD terms is actually below the average, implying export focused companies should be able to manage these levels of increasing minimum wage.

Türkiye Minimum Wage

(Total cost to employer, USD, dashed lines 2005-2023 average)

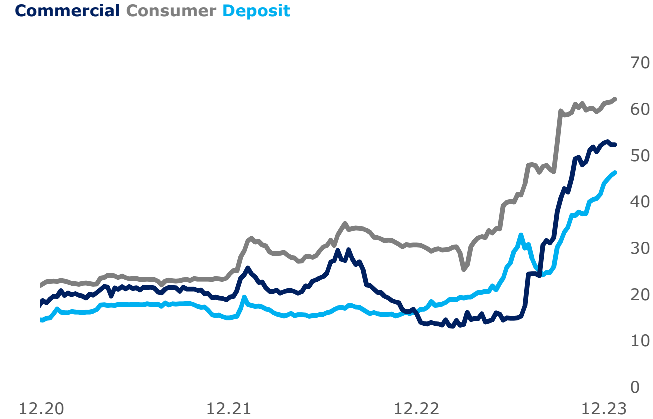


Source: Ministry of Labor and Social Security, Refinitiv, JCR-ER Research
Nominal minimum wage for 2024 is calculated using expected average USDTRY for the given year.

Domestic financial conditions are tightening, particularly in credit costs

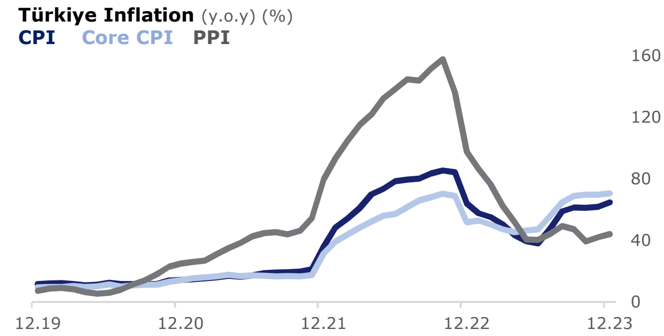
Current economic program entails high interest rates at a level that would curb leveraged consumption and inventory hoarding as carrying costs rise. On the fiscal side, tax regulations aim to support the efforts to limit consumption. Moreover, long list of previously announced macroprudential regulations in the banking system are lifted, liberating banks to pursue more independent asset-liability management. This resulted in much higher credit interest rates.

TRY Lending and Deposit Rates (%)



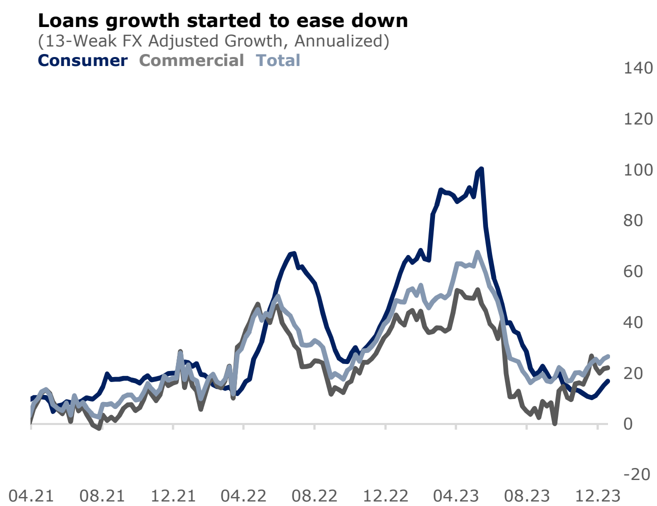
Source: CBRT, JCR-ER

Despite the commitment to fight inflation, CBRT's realistic projection comprises an inflation path peaking in May with circa. 70%, and ending the year with 36%. We note that most firms had been able to pass through the production costs to the consumers, though efforts to limit consumption and suppress real income could break this mechanism.

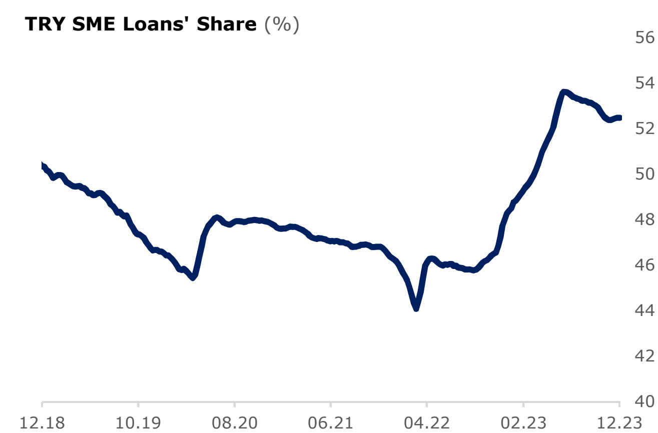


Source: Turkstat

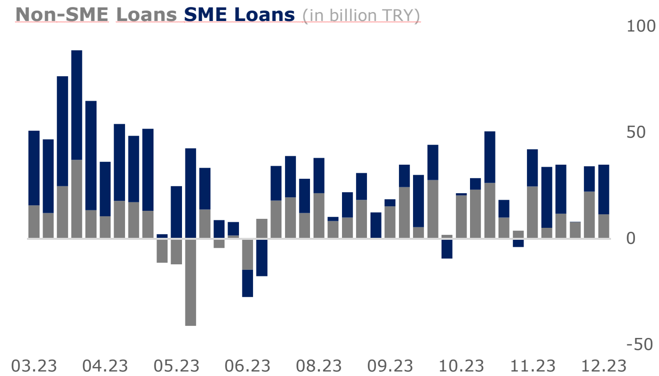
Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration. Thus, firms which had relied on easy access to finance at low rates face significant financing costs and might need to rapidly deleverage.



Source: BRSA, JCR-ER



Source: BRSA, JCR-ER



Source: BRSA, JCR-ER

Access to finance and the cost of financing is still a substantial topic affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech and SMEs have resulted in a divergence in financial conditions. In fact, CBRT recently announced "Advance Loans Against Investment Commitment" framework to support investments with adequate Technology/Strategy scores, providing them with affordable loans up to 10 years of maturity. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other hand, for other companies, high loan rates (especially considering expected inflation trend) and moderating credit growth would translate into tighter credit standards.

Tightening financial conditions, expected slowdown in consumer spending and weak outlook in major export markets will likely result in a lower growth rate in 2024 compared to last year. In fact, economic administration expects a negative output gap in 2024, implying an annual growth rate of 2-2.5%. On the other hand, government expenditures and still relatively resilient consumption might push the growth a bit higher.

With respect to the factors mentioned above, JCR Eurasia Rating has revised the Long-Term National Issuer Credit Rating of Kontrolmatik from **'A+ (tr)'** to **'A (tr)'** and the Short-Term National Issuer Credit Rating from **'J1+ (tr)'** to **'J1 (tr)'** in JCR Eurasia Rating's notation system.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Group's Long-Term International Issuer Credit Ratings are affirmed at **'BB'**.

2. Rating Outlook

Kontrolmatik's outlook is determined with respect to sustained revenue growth, shareholder structure, diverse customer base with expanding orders booked amount, capability to access funding resources, high earning potential with new contracts and ongoing investments, acceptable level of compliance with Corporate Governance Practices as well as high indebtedness level, profitability and negative EBITDA generation, negative FOCF in 3Q2023, the effect of negativities in repayments on profitability and geopolitical risks-driven uncertainties.

JCR Eurasia Rating has affirmed a "**Stable**" outlook on the National Long and Short-Term Issuer Credit Rating perspectives of Kontrolmatik, taking into consideration the Group's proven track record, global market conditions of the sector. Kontrolmatik reflects an agile differentiated operation diversity through its services and competitive structure which are expected to strengthen its market position.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspectives of Kontrolmatik Teknoloji have been affirmed as '**Negative'** in line with the sovereign rating outlooks of the Türkiye.

Significant factors that may be taken into consideration for any future change in ratings and outlook status:

Factors that Could Lead to an Upgrade

- Steady growth in sales volume and revenues with increasing contract amount preserving diversification,
- Continuation of steady EBITDA generation capacity,
- Cash capital injections,
- Further improvement in profitability indicators,
- Notable decrease in financial borrowings,
- Improvement of the operating environment in the domestic and international markets,
- Upgrades in Türkiye's sovereign ratings and economic growth prospects.

Factors that Could Lead to a Downgrade

- Sharp degradation in operational efficiency and decrease in customer demand,
- Suspension/termination of ongoing projects,
- Deterioration in the EBITDA margin and other profitability indicators,
- Weakening of indebtedness indicators and liquidity profile, as well as accessing external financial resources,
- Decreasing asset quality along with increasing share of doubtful receivables,
- Significant increase in indebtedness level and financial leverage,
- Changes in the sovereign rating level of Türkiye represent the factors that might affect the outlooks.

JCR Eurasia Rating will monitor developments in the periods to come with regard to the proposed projections by the Company management including particularly improvement in profitability and impact of the ongoing and possible changes in regulations.

3. Projections

The consolidated projection for 2024, 2025, 2026 and 2027 provided by the Company is presented in the table below.

(USD mn)	2024	2025	2026	2027
Net Sales Revenue	646,0	1.506,3	1.522,9	1.521,6
EBITDA	160,0	382,0	394,0	390,0
EBITDA Margin (%)	24.8	25.4	25.9	25.6

**This projection includes EPC,IoT-Controlix, Batary, Robotics activities.*

In the projection and budget studies for the next period, the Company expects revenue to increase significantly. Taking into consideration the Company's past growth, ongoing projects size and future projections relating to the between FYE2024 and FYE2027 we, as JCR Eurasia Rating, are of the opinion that the Group shall fulfil the obligations in a timely manner and without distress as long as it preserves its current market shares, business mix and efficiency along with no deterioration in the general macro-economic context and sector dynamics.

4. Company Profile & Industry

a. History and Activities

Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. was established in 2008 with the partnership of Sami Aslanhan and Ömer Ünsalan as Kontrolmatik Bina Yönetim Sanayi ve Dış Ticaret Ltd. In 2004, the Company changed its type from LTD to A.Ş and in 2020, the Company had current title of Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. The Company went public in Borsa Istanbul (BIST) in 2020. The Company currently provides solutions to companies with engineering, contracting and technology solutions.

Headquartered in Esenler / Istanbul, the Company has a factory that produces mobile solutions for the energy sector with an area of 8,000 m2 in Kahramankazan / Ankara. With this factory, it produces portable energy generation, transmission and distribution equipment such as E-House, Energy Storage Systems, Mobile Hybrid Energy Production Units.

Electromechanical productions, Mobile Transformer Substations, Hybrid container production started in the factory with a closed area of 4,000 m2, which was rented in Ankara in April 2021.

In 2021, Kontrolmatik added a new one to its immovable properties and acquired a new facility with a land area of 100,000 m2 in Polatlı/Ankara. Phase 1 of the facility was completed in 2023/August. In this facility, it is planned to produce Lithium Ion battery cells and high technology communication devices. With this facility, these products will be offered first to Türkiye, then to the European, Asian, African and American markets, and the region will be turned into a technology base by increasing its capacity with new investments.

Kontrolmatik provides strategic solutions including facility design, electrification, mechanical, instrumentation, automation, IoT and civil works with its experienced and educated teams. The solutions and sectors offered by Kontrolmatik are as follows;

- ✓ Balance of Plant: Kontrolmatik provides specific solutions for all kinds of power plants that are nuclear, conventional and renewable.
- ✓ Automation: Automation and control systems enable efficient and safe operation of industries, production processes and power plants by minimizing the risks.
- ✓ E-House & Compact Mobile Solutions: There are ready to Use, Cost and Time Effective Mobile Systems.
- ✓ Digitalization: These are Smart Factories, Efficient Workflows, Secure Data, Fast Adaptation, Robotic Solutions, Fully Integrated Facility and Systems.
- ✓ Energy Storage Systems: Energy Storage Systems are the future of the world and Kontrolmatik produces these systems as a turnkey.
- ✓ ICS Cybersecurity: Expanding connectivity linking IT and OT with digital and cyber-physical systems means that there is no longer a singular perimeter.
- ✓ Electrification: Facilities and power plants need qualified and trained human power, large investment expenses and technologies in order to meet the increasing demand for energy. At this point, smart and efficient electric infrastructure is now an indispensable need.
- ✓ EPCM Solutions: Kontrolmatik provides comprehensive project services as an EPC. Whether it is the design or construction of a new plant or modernization of the existing plants, we offer our value-added services to meet the specific requirements of worldwide procurement, international financing and computer communication networking.
- ✓ High Voltage Tests for Cables and GIS: With their Mobile High Voltage Test Truck, they successfully perform underground cable and GIS substation tests up to 600 kV voltage level all over the world.
- ✓ Low Voltage Panel: A world brand in panel manufacturing and installation with their years of experience.
- ✓ IOT and Data Analytics: With IoT and Data Analytics solutions, Kontrolmatik aims to gain better visibility for your assets. Experience gained through various projects makes us your reliable and preferred partner along this journey. In partnership with the world giants in the IT and OT sectors, Kontrolmatik offers tailored solutions with state-of-the-art software and hardware.
- ✓ Instrumentation: These are instrumentation and Control Solutions That Increase Efficiency and Safety.

Kontrolmatik ranked 37th in the Worlds Largest System Integrators list published by Control Engineering in 2020, becoming one of the youngest companies in the most prestigious list of the industry. Also, the Company reached to 28th level/degree in 2021. Kontrolmatik, which had been ranked 28th for twelve years, rose to 22nd place in the publication's latest evaluation in 2023. The Company aims to be one of the first 10 companies worldwide by increasing this success in the following years.

The number of people employed across the Group is 832 as of 30.09.2023. (31 December 2022: 496).

b. Shareholders, Subsidiaries & Affiliates

Kontrolmatik's shareholder structure is shown below.

Kontrolmatik's Shareholder Structure

TRY	September, 2023		December,2022	
Shareholders Name	Amount-TRY	%	Amount-TRY	%
Sami Aslanhan	57,926,444	28.96	58,181,444	29.00
Ömer Ünsalan	57,926,444	28.96	58,181,444	29.00
Other (Publicly Held)	84,147,112	42.08	83,637,112	42.00
Total	200,000,000	100.00	200,000,000	100.00

The Company's public offering was approved by the Capital Markets Board on September 24, 2020. The Company started to be traded on BIST on 19 October 2020. The Company's capital reached TRY 200.000.000 after the public offering from internal resources.

Kontrolmatik's current BoD is listed below in the chart:

Board of Directors	Duty
Sami ASLANHAN	Chairman
Ömer ÜNSALAN	Deputy Chairman
Murat TANRIÖVER	Board Member
Burhanettin Koray TUNÇALP	Independent Board Member
Bikem KANIK	Independent Board Member

Kontrolmatik has 11 subsidiaries as of 30.09.2023 and there are shown below in the chart:

Subsidiaries of Kontrolmatik Teknoloji Enerji Ve Mühendislik A.Ş.

Title	%
Pomega Enerji Depolama Tekno. A.Ş.	89.00
Progresiva Enerji Yatırımları A.Ş.	95.00
Enwair Enerji Teknolojileri A.Ş.	50.10
Mcfly Robot Teknolojileri A.Ş. (Mcfly)	75.00
Kontrolmatik Toshkent LLC (Kontr Taşkent)	100.00
Pomega Energy Storage Technologies Inc. (Pomega USA)	50.00
Kontrolmatik Technologies Inc. (Kontrolmatik USA)	100.00
Llc Controlmaticrus	100.00
Kontrolmatik Libya	100.00
Nextopia Enerji Üretim A.Ş. (Nextopia)	100.00
Prolectric Enerji Üretim A.Ş. (Prolectirc)	100.00
Üç Yıldız Antimon Madencilik A.Ş. (Üç Yıldız)	50.10

Pomega Enerji Depolama A.Ş: Pomega Enerji was established on 8 December 2021. Pomega Enerji's business activities include ensuring operatings in the field of battery technologies, and engaged in operating electrochemical energy storage cell production facility, energy storage cell production, battery pack production, energy storage system design and turnkey solution activities using lithium ion and other advanced technologies. As of 30.09.2024, the Company has 61 employees.

The subsidiary of the Group with 100% effective ownership interest, Pomega Enerji Depolama Teknolojileri Anonim Şirketi (Pomega) has increased its current share capital amounting to USD 210.000.000 following the relevant decisions are as follows:

- ✓ İş Portföy Yönetimi A.Ş. - Renewable Energy Technologies Venture Capital Fund ("İş Portföy") has an effective ownership interest at the rate of 10% through paid-in share capital increase amounting to USD 21.000.000 which is considered as transfer of fund under "emmission premium",
- ✓ Rubellius Nucleus Investments SARL ("Rubellius") has an effective ownership interest at the rate of 1% through paid-in share capital increase amounting to USD 2.100.000 which is considered as transfer of fund under "emmission premium".

Accordingly, the relevant capital increase was made in accordance with the signed the "Shareholders Agreement". After the registration of the aforementioned paid-in share capital increase on 9 December 2022, Kontrolmatik's effective ownership interest rate has increase to 89% following the capital increase in Pomega Enerji.

Progresiva Enerji Yatırımları A.Ş.: Progresiva was established on 17 December 2021. Progresiva's business activities include ensuring the purpose of wholesale and retail sales activities and the establishment and operation of a separate electricity storage facility in Türkiye and abroad; establishing related facilities, operating and leasing the established facilities, and engaging in the trade of electrical energy. In addition, Progresiva is operating in wholesale, retail sales, import and export activities within the framework of the legislation related to trading electrical energy and/or capacity in accordance with the relevant legislation regarding the electricity market. Progresiva operates in accordance with the provisions of other legislation related to the electricity market, including the "Electricity Market Licensing Regulation". As of 30.09.2023 personnel employed by Progresiva is 3.

Enwair Enerji Teknolojileri A.Ş.: As of 01.07.2022, the Company has purchased 50,1% of Enwair shares for a price of TRY 6.2mn. Enwair; is an R&D company that develops anode and cathode material technologies for battery technologies. 1 Kosgeb, 1 Tübitak 1501, 1 European Union Era Net project has been completed and 1 Tübitak 1501 and and 1 "Tubitak 1501" and 1 "Era-Net project of European Union project are currently ongoing. Furthermore, 1 PCT and 1 TR patents have been registered, and there exists 3 ongoing studies in the patent process. The Company personnel employed is 8 as of 30.09.2023.

Prolectric Enerji Üretim A.Ş (Prolectric): Prolectric was established on 9 December 2022. Progresiva is the ultimate controlling party of Prolectric with 100% effective ownership interest and its business activities include operating in the development of solar and wind power plant projects. Prolectric has no personnel employed as of 30.09.2023.

Nextopia Enerji Üretim A.Ş.(Nextopia): Nextopia was established on 1 December 2022. Progresiva is the ultimate controlling party of Nextopia with 100% effective ownership interest and Nextopia's business activities include operating in the development of solar and wind power plant projects. Nextopia has no personnel employed as of 30.09.2023.

Mcfly Robot Teknolojiileri A.Ş. (Mcfly): Mcfly was established on 17 October 2022. The Group has 75% effective ownership interest in Mcfly and the current issued share capital of Mcfly is amounting to TL 10.000.000. Mcfly's business activities include operating in the production and integration of all kinds of robots, robot grippers, robot end elements. As of 30.09.2023., personnel employed by Mcfly is 27.

Fc Kontrolmatik Toshkent Llc(Kontr. Taşkent): Fc Kontrolmatik Toshkent was established in Uzbekistan, in 2021. Kontrolmatik is the ultimate controlling party of Fc Kontrolmatik Toshkent with 100% effective ownership interest. Fc Kontrolmatik Toshkent's business activities include providing engineering activities and services of all kinds of electrical and mechanical systems, equipment and automation systems for industrial facilities, mining facilities, oil and gas facilities, transportation systems, smart buildings, power plants, gas insulated transformer centers required for electricity transmission and distribution, open switchgear substations. In addition, Fc Kontrolmatik Toshkent provides project design, technological designs, research and development activities, installation and relevant services.

Üç Yıldız Antimon Madencilik A.Ş. (Üç Yıldız) : As of 01.08.2023, the Group has been operating in various industries, mainly energy storage acquired 50.1% shares of Üç Yıldız, which is engaged in the production of Antimony, Lead, Zinc and Copper ore used in the production of Antimony, Lead, Zinc and Copper. has been acquired. Üç Yıldız Mining Company's 783 hectare antimony field and flotation plant in Göynük Village, Gediz District, Kütahya Province is located. The plant has an annual processing capacity of 75,000 tonnes of lapping antimony ore with an antimony flotation line with a daily capacity of 250 tonnes/hour. in the Gediz province. Üç Yıldız Mining, which also holds licences for 11 mining sites in various provinces, produces 1,500 tonnes of antimony trioxide and 1,000 tonnes of antimony trioxide annually at its Gediz plant. operates with a production capacity of tonnes of antimony metal. The company also has a daily flotation capacity of 500 tonnes/hour for lead, zinc and copper. The plant has an annual operating capacity of 200,000 tonnes of lead, zinc and copper run-in and its installation and commissioning is ongoing.

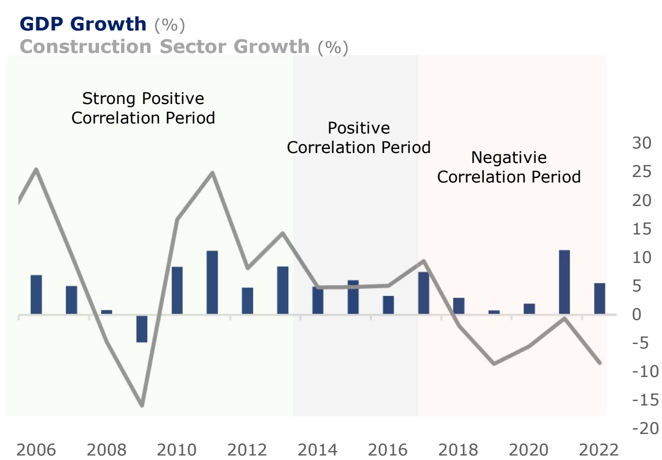
c. Industry Assessment

Architectural and Engineering Activities; Technical Testing and Analyzing

Architectural and engineering activities has a strong relationship with construction industry. Construction industry plays a critical role in Türkiye's economic development with a multiplier effect. According to the Turkish Contracting in The International Market Reports published by Turkish Contractors Association, construction industry accounts for nearly 6% of GDP and employs almost 1.5 million people and with the direct and indirect impacts on other sectors the share of the construction sector in the Turkish economy reaches 30%.

The relation between GDP and construction growth had three different periods in the last two decades: 2005-2013, 2014-2017 and 2018-2021. The first phase is characterized by its strong correlation, meaning notable outperformance of construction sector compared to GDP when economy was booming and more severe contraction during the recessions. In the second period, correlation persist yet its amplitude is muted. In the last phase, positive correlation has disappeared and construction sector recorded negative growth where economic growth rate were positive.

The economic activity was clearly affected by Covid-19 pandemic though growth was restored in 2021. However, construction industry did not benefit from recovery. While GDP growth reached 11% YoY in 2021, construction industry economic output declined by 0.9% in Türkiye. Serious and persisting problems in the sector had continued to put pressure on overall sectoral performance, despite the strong recovery of the Turkish economy with the positive contributions of other sectors.



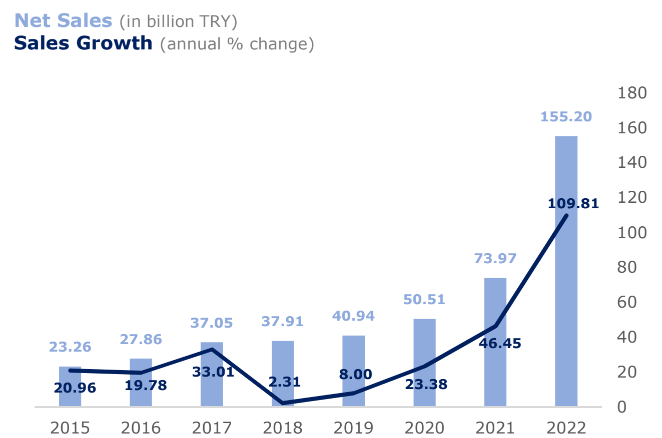
Source: Turkstat, JCR-ER

Negative correlation between GDP and construction sector growth continued in 2022. Overall economic activity stood strong and recorded solid growth with 5.57%, construction industry shrunk by %8.40. However, the industries' four consecutive quarters contraction ended in Q42022 where industry expanded by 2%. On the other hand, construction industry outperformed the GDP growth in 3Q2023 while GDP recorded 5.9% growth, construction industry grew by 8.1%.

The devastating earthquake struck 11 provinces in the South Anatolia affected more than 800 thousand independent buildings and 279 thousand of them are currently overthrown, hard-hit, or moderate damaged. Accordingly, the industry has initiated reconstruction efforts in the region. On the other hand, re-construction in other regions in seismic zone especially in Istanbul could supplement to industries' outlook and will turn it from negative to positive.

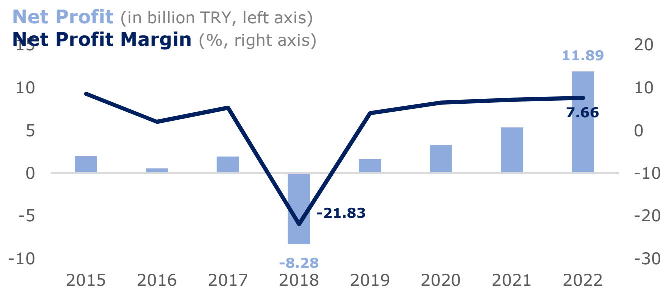
According to the Company Accounts data of the joint work of Turkish Statistical Institute and The Central Bank of the Republic of Türkiye (CBRT), there are 35,537 companies engaged in architectural and engineering activities (technical testing and analyzing) in Türkiye and 202,736 employees are employed as of 2022. This group includes the provision of architectural services, engineering services, technical drafting services, building inspection services and topography and mapping services and etc.

These companies recorded TRY 155.20bn of net sales and TRY 11.89bn of net profit with an annual increase of 109.81% and 122.52% as of FY2022, respectively.



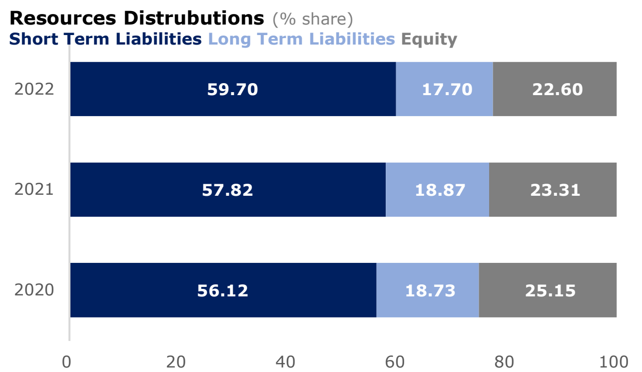
Source: CBRT, Company Accounts Statistic for 2009-2022, JCR-ER

At FYE2018, architectural and engineering companies had TRY 8.28bn of net loss due to high level of FX loss stemming from TRY depreciation and recorded -21.83% net margin. However, At FYE2021, thanks to increasing net sales, the net profit climbed to TRY 5.30bn, while the net profit margin rose to 7.22%. At FYE2022, the net profit surged to its highest level at TRY 11.89bn, which can be attributable to the high inflation, while the net profit margin rose slightly to 7.66%.



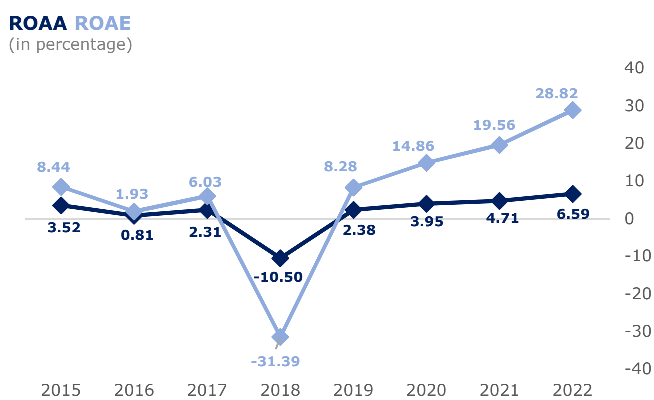
Source: CBRT, Company Accounts Statistic for 2009-2022, JCR-ER

High short-term liabilities stand out in the consolidated balance sheets of companies operating in the field of architecture and engineering. As of FYE2022, the short-term liabilities mainly consisted of trade and other payables.



Source: CBRT, Company Accounts Statistic for 2009-2022, JCR-ER

According to the consolidated financial statements, the net profit margin increased from 7.22% to 7.66% whilst the indicators of Return on Average Assets (ROAA) and Return on Average Equity (ROAE) which are based on average asset and equity values of the last two financial years, increased from 4.71% and 19.56% to 6.59% and 28.82% at FYE2022, respectively.



Source: CBRT, Company Accounts Statistic for 2009-2022, JCR-ER

5. Additional Rating Assessments

Credit, market, operational and liquidity risks represent the major categories of risks for Kontrolmatik resulting from its operations. Kontrolmatik is exposed to a variety of financial risks, including the effects of changes in debt and capital market prices, foreign exchange rates and interest rates.

The Company's risk management program focuses on the unpredictability of financial markets and targets to minimize the potential negative effects on the financial performance of the Company. Credit, market, liquidity and operational risks are monitored by the Company. The Board of Directors is responsible for the necessary.

Credit Risk

Credit risk concerns the risk that a loss will be suffered due the inability of the counterparty to meet its obligations. A financial loss which may occur due to the inability to fulfil their outstanding commitments of either parties of a financial instrument is defined as credit risk. Therefore, trade receivables, other receivables, bank deposits and cash and cash equivalents are the major items that make the Company be exposed to credit risk. The Credit risk consist of cash and cash equivalents, trade receivables and bank deposits.

As stated in the audit report, the principle items exposed to credit risk include trade receivables, other receivables and cash equivalents which collectively amounted to TRY 1.74bn at 3Q2023 with a decrease from the previous year's figure of TRY 2.16bn due to interim period. Total credit risk exposure comprised 20.69% and 49.41% of total asset size as of 3Q2023 and FYE2022, respectively. On the other hand, cash and cash equivalents significantly decrease from TRY 1.25bn to TRY 350.39mn in 3Q2023.

	3Q2023	2022
Total Credit Risk ('000 TRY)	1,738,697	2,162,809
Credit Risk to Total Asset (%)	20.69	49.41

The Company allows full provision for its impaired receivables that minimizes the negative effects of non-collected receivables on the equity. The doubtful trade receivables have maintained at levels amounted with TRY 36.79mn as of 3Q2023 (doubtful receivables correspond to 2.79% total of trade and other receivables) whereas the total receivables were TRY

1.32bn at 3Q2023. The credit risk of the Company is scattered due to the fact that the Company works with many customers and this situation is evaluated positively. The Company had undertaken the project on a turnkey basis.

Market Risk

Market risks stem from fluctuations in the value of a financial instrument which could potentially impact the Company's future cash flows. These include foreign currency risk, interest rate risks and risks relating to changes in the prices of financial instruments and commodities.

Foreign Currency Risk:

The Company's foreign currency-based assets and liabilities mainly consist of foreign currency trade receivables, trade payables and financial liabilities. The Company is exposed to market risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, mainly in EUR and USD. Due to the high level of foreign currency denominated trade receivables and other financial assets, the Company operates with long FX position in 3Q2023 due to the increase in long-term financial liabilities.

The distribution of foreign currency assets and liabilities as of 30.09.2023 and 2022 year-end are shown below.

FX Position		
(TRY)	**3Q2023**	**2022**
Assets	1,814,143,841	1,794,394,663
Liabilities	1,630,849,783	-746,604,405
Net FX Position	**183,294,058**	**1,047,790,258**

Interest Rate Risk:

The interest rate risk is managed by carrying interest rate sensitive financial assets in response to short-term financial instruments. At 3Q2023, the Company carries an interest rate risk arising from the fixed and variable interest rate among the bank loans. Total monetary value of the liabilities exposed to interest rate risk was TRY 2.02bn at 3Q2023. TRY 1.78bn is fixed rate financial liabilities and TRY 238.40mn is floating rate financial instruments.

The distribution based on interest rate financial instruments as of 30.09.2023 and FYE2022 year-end are shown table below:

'000 TRY	3Q2023	FYE2022
Fixed Interest Rate Financial Instruments	1,781,825	1,526,996
Variable Interest Rate Financial Instruments	238,396	238,396
Total	**2,022,222**	**1,765,393**

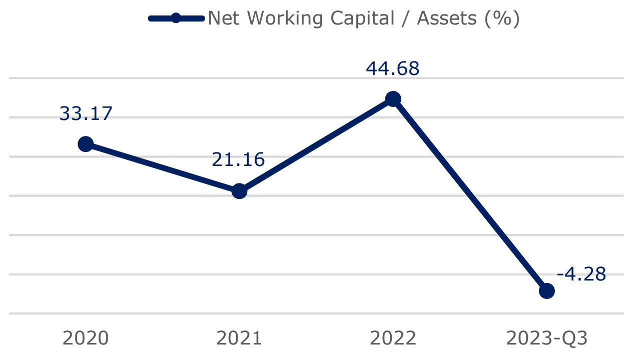
At 3Q2023, if interest rates on USD and EUR denominated borrowings had been higher by 100 base point with all other variables held same, profit before income taxes would have been TRY 18.33mn lower, principally as a result of high interest expense on floating rate borrowings.

Moreover, the Company is exposed to financial risks related to price risk, changes in interest rates and exchange rates due to its activities. In this context, the distribution of incomes and expenses according to foreign currency types and the distribution of debts according to foreign currency types and with variable and fixed interest rates are followed by the Company management.

Liquidity Risk

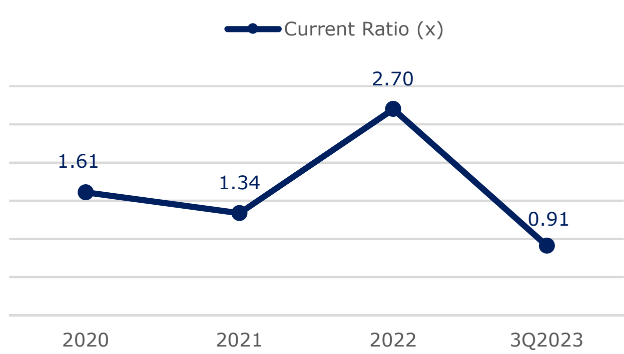
Liquidity risk refers to the possible inability to fund payment obligations. It arises in the general funding of the Company's activities and in the management of positions. The principle responsibility for liquidity risk management rests with the Company's Board which formulated an appropriate risk management policy for the short, medium, and long-term funding and liquidity requirements. The probable and real cash flows are monitored on a regular basis and through matching the maturities of financial assets and liabilities whilst maintaining access to adequate funds and debt reserves.

The Company's NWC decreased by 118.38% and realized as TRY 359.55mn in 3Q2023 compared to previous year's figure of TRY 1.96bn. Also, the Company's net working capital to assets ratio also realized as -4.28% in 3Q2023.



While the reason for the significant increase in net working capital in FYE2022 was mainly bank deposits, this deposit amount decreased in 3Q2023. However, when each period is analyzed, it is seen that the sharp increase in FYE2022 is a one-off. In addition, the Company's trade payables also increased significantly in 3Q2023, putting pressure on the short-term borrowing structure. For this reason, 2023 year-end amounts of cash and trade payables are important for measuring the true value of the Company's liquidity ratio.

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. As of 30.09.2023, the Company's current ratio level realized as 0.91x.



As of 13.02.2024, credit lines of the Company were provided by 25 different financial institutions worth circa TRY 6.29bn and 66.25% of this total line was used.

TRY mn	Credit Line	Credit Risk
Cash	3,265	1,878
Non-Cash	4,622	2,287
Total	**6,288**	**4,166**

Operational, Legal Regulatory & Other Risks

Operational risk is the risk of direct or indirect loss arising from operational activities and other processes related with the Company's activities which are prone to certain risks associated with the Company's processes, personnel, technology, and infrastructure. In the event that necessary precautions are not taken in time, these risks cause a loss and may dampen the brand value of the institutions. The senior management carries out duties to avoid probable operational risks when required as well as with a specific unit.
Kontrolmatik is acting with a human-oriented risk perception, prioritizes the health and safety of its employees and focuses on measures in this direction. In this period, OHS (Occupational health and safety) trainings and precautions given utmost importance. Thus, the firm creates and implements policies to prevent risks and minimize their effects.

Although the use of high technology and automation has a large place in the industry today, it is seen that there are still areas where manpower is needed and these activities bring some operational risks in terms of occupational health and safety. The Company's sensitivity to occupational health and safety is a positive reference in terms of operational and reputational risk management.

Coordinated by the Board of Directors and senior management to create scenarios for foreseeable and unforeseen risks and to develop preventive and protective strategies against these scenarios. Especially collection, resource management, budget balance, cash flow, currency risk, pandemic, work accident, etc. measures are being developed against risks.

On the other hand, The Internal Audit and Control Mechanism at the Company operates especially budget controls of projects, control of expenditures and audit, compliance law and regulations and also on many subjects. Early Detection of Risk Committee was established on 08.03.2021 pursuant to CMB Legislation.

All these issues are among the important operational risks for the Company, and Kontrolmatik carries out its operations in accordance with national and international standards to mitigate such risks.

As of the balance sheet date, a provision amounting to TRY 419,125 (prior period: TRY 27,400) as of the balance sheet date.

KONTROLMATİK TEKNOLOJİ ENERJİ VE MÜHENDİSLİK ANONİM ŞİRKETİ

Balance Sheet (000' TRY) (Consolidated Financials)

	3Q2023	2022	2021
TOTAL ASSETS	**8,402,979**	**4,376,863**	**940,426**
CURRENT ASSETS	**3,584,446**	**3,108,475**	**778,898**
Cash and Cash Equivalents	351,239	1,182,097	77,149
Financial Investments	3,351	134,898	40,979
Trade Receivables	1,188,222	835,359	393,794
Other Receivables	128,993	80,669	36,308
Contract Assets	197,345	33,228	4,097
Derivative Instruments	214	0	0
Inventories	771,685	408,767	133,991
Prepaid Expenses	784,756	406,969	71,985
Current Tax Assets	287	7,150	673
Other Current Assets	158,354	19,338	19,922
FIXED ASSETS	**4,818,533**	**1,268,388**	**161,528**
Financial Investments	130,717	7,113	2,109
Other Receivables	70,242	0	0
Investments Valued by Equity Method	99,905	45,030	4,789
Investment Properties	75,397	89,123	46,374
Tangible Fixed Assets	2,611,034	627,574	65,829
Right-of-Use Assets	75,959	1,189	788
Intangible Fixed Assets	665,052	38,270	22,607
Prepaid Expenses	32,455	292,325	11,576
Deferred Tax Asset	499,966	167,764	7,456
Other Non-Current Assets	557,806	0	0
TOTAL LIABILITIES & EQUITY	**8,402,979**	**4,376,863**	**940,426**
SHORT TERM LIABILITIES	**3,943,994**	**1,152,679**	**579,885**
Short Term Borrowings	500,234	390,068	179,060
Short Term Portion of Long Term Borrowings	980,329	100,949	42,514
Trade Payables	1,416,190	473,489	157,818
Employee Benefits	61,396	13,797	2,929
Other Payables	477,723	5,411	4,449
Contract Liabilities	9,266	38,235	2,047
Deferred Income	438,476	82,337	175,210
Current Tax Liabilities	47,406	36,362	10,264
Short Term Provisions	12,752	2,678	1,224
Other Short Term Liabilities	222	9,353	4,370
LONG TERM LIABILITIES	**2,403,171**	**1,925,303**	**74,141**
Long Term Borrowings	885,890	688,881	67,942
Other Payables	1,472,798	1,201,855	0
Long Term Provisions	6,874	2,701	1,294
Deferred Tax Liabilities	37,609	31,866	4,905
EQUITY	**2,055,814**	**1,298,881**	**286,400**
Share Capital	200,000	200,000	38,063
Repurchased Shares (-)	0	-14,150	0
Share Premium (Discount)	400,502	438,588	59,332
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss	150,441	151,647	32,855
Other Accumulated Comprehensive Income (Expenses) to be Reclassified to Profit or Loss	40,920	3,542	469
Restricted Reserves	9,321	11,129	1,617
Other Reserves	164,267	0	0
Previous Years Profits or Losses	415,348	18,917	23,574
Net Profit or Loss	553,692	469,061	130,668
Non-Controlling Shares	121,323	20,147	-178

- *Including JCR Eurasia Rating's adjustments where applicable,*

KONTROLMATİK TEKNOLOJİ ENERJİ VE MÜHENDİSLİK ANONİM ŞİRKETİ

Income Statement (000' TRY) (Consolidated Financials)

	3Q2023	2022	2021
Revenue	1,801,834	1,791,154	611,808
Cost of Sales	-1,574,111	-1,308,889	-446,449
GROSS PROFIT (LOSS)	**227,723**	**482,265**	**165,359**
General and Administrative Expenses	-170,737	-55,923	-18,237
Marketing Expenses	-62,831	-42,376	-27,125
R&D Expenses	-92,228	-13,620	-4,405
Other Operating Income	626,395	331,197	179,221
Other Operating Expenses	-286,955	-202,967	-126,232
OPERATING PROFIT (LOSS)	**241,367**	**498,576**	**168,581**
Income from Investment Activities	332,743	126,768	65,079
Expenses from Investment Activities	-142,255	-9,389	-902
Shares of Investments' Profits (Losses) Valued by Equity Method	3,621	-259	-158
OPERATING PROFIT (LOSS) BEFORE FINANCING ACTIVITIES	**435,476**	**615,696**	**232,600**
Financing Income	163,968	39,168	3,454
Financing Expenses	-255,437	-232,484	-87,152
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**344,007**	**422,380**	**148,902**
Tax Income Expense from Continuing Operations	**245,723**	**61,412**	**-18,348**
Current Tax (Expense) Income	-80,333	-87,049	-23,481
Deferred Tax (Expense) Income	326,056	148,461	5,133
NET PROFIT FROM CONTINUING OPERATIONS	**589,730**	**483,792**	**130,554**
NET PROFIT (LOSS) FOR THE PERIOD	**589,730**	**483,792**	**130,554**

- *Including JCR Eurasia Rating's adjustments where applicable,*

KONTROLMATİK TEKNOLOJİ ENERJİ VE MÜHENDİSLİK ANONİM ŞİRKETİ

Key Ratios & Metrics

	2022	2021	2020
PROFITABILITY			
EBITDA Margin (%)	21.52	20.02	13.35
EBIT Margin (%)	20.68	18.89	12.47
CFO Margin (%)	19.08	-22.12	-28.58
Return on Average Assets (ROaA) (%)	18.20	20.71	9.67
Return on Average Equity (ROaE) (%)	61.04	62.15	27.24
Net Profit Margin (%)	27.01	21.34	11.93
Operating Profit Margin (%)	27.84	27.55	15.73
Gross Profit Margin (%)	26.92	27.03	23.65
LIQUIDITY			
FFO Debt Service Coverage (x)	0.72	0.55	0.51
Current Ratio (x)	2.70	1.34	1.61
Net Working Capital / Assets (%)	44.68	21.16	33.17
LEVERAGE			
FFO / Adjusted Net Debt (%)	NM	59.89	688.12
Adjusted Net Debt / EBITDA (x)	CS	1.73	0.15
FOCF / Adjusted Net Debt (%)	NM	CS	NM
Adjusted Debt / Capital (%)	47.60	50.27	29.54
Adjusted Short-Term Net Debt / EBITDA (x)	CS	1.18	CS
EFFICIENCY			
RoC (Return on Capital) = EBIT / Avg. Capital (%)	24.25	30.19	19.15
Working Capital Turnover Ratio (x)	1.66	4.01	3.27
Operating Ratio (%) = OPEX / Net Sales	6.25	8.13	11.18
Equity Turnover (x)	2.26	2.91	2.28
Cash Conversion Cycle (days)	113	133	79.49
Account Receivables Turnover (x)	2.91	2.41	2.37
Inventory Turnover (x)	4.82	4.61	4.47
Payables Turnover (x)	4.15	3.73	2.34
COVERAGE			
EBITDA / Adjusted Interest (x)	13.56	13.34	6.82
FFO Interest Coverage= (FFO) / Adjusted Interest Paid (x)	13.17	13.85	6.95
CFO / Capex (x)	4.78	-2.41	NM
FOCF Dividend Coverage=FOCF (t-1) / Dividends Paid (t) (x)	NM	NM	NA
GROWTH			
Sales Growth (%)	192.76	204.17	7.78
EBITDA Growth (%)	214.65	356.33	-2.84
Asset Growth (%)	365.41	193.82	81.86

NM: Not Meaningful

CS: Cash Surplus

NA: Not Applicable

- *Including JCR Eurasia Rating's adjustments where applicable,*

Rating Info

Rated Company:	KONTROLMATIK TEKNOLOJI ENERJI VE MÜHENDISLIK A.Ş. Huzur Mahallesi Ahmet Bayman Caddesi no:2 Sarıyer / İstanbul Telephone: +90 (212) 659 24 81
Rating Report Preparation Period:	19.02.2024 – 06.03.2024
Rating Publishing Date:	11.03.2024
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Audited Financial Statements:	FYE2022-FYE2021-FYE2020 | Consolidated
Previous Rating Results:	22.03.2023 / Long Term National Scale / "A+ (tr)" / Stable Other rating results for the Company are available at www.jcrer.com.tr
Rating Committee Members:	Ş. Güleç (Executive Vice President), Ç. Küçükbakırcı (*Manager),* B. Pakyürek (Manager)

Disclaimer

The ratings revised by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure
e, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short Term National Local Ratings, unless otherwise stated.

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This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

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