Corporate Credit Rating

☐New ☒Update

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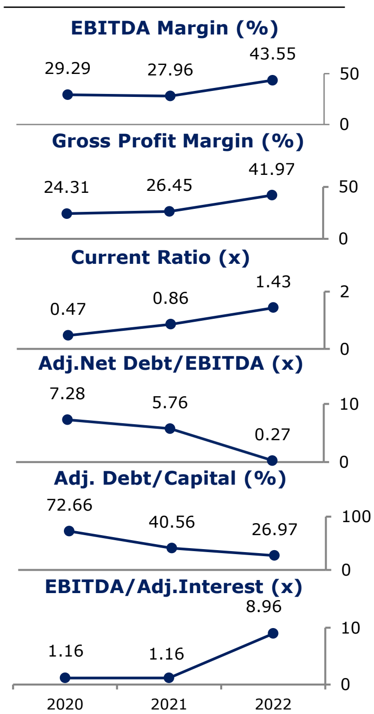
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A- (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific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

** Assigned by JCR on August 18, 2022*



ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **"Odaş Elektrik Üretim Sanayi Ticaret A.Ş."** (referred to as "the Company" or "Odaş Elektrik") in the investment-level category and upgraded the Long-Term National Issuer Credit Rating from **'BBB+ (tr)'** to **'A- (tr)'** and the Short-Term National Issuer Credit Rating from **'J2 (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 assigned as **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

Odaş Elektrik is a consolidated group operating in electricity generation, distribution and mining. The Company is founded in 2010 and embarked on various investments ranging from energy generation to mining projects. The Company was listed on Borsa Istanbul on May 21, 2013. Also, the Company's subsidiary Çan2 Termik A.Ş. was listed on Borsa Istanbul on April 30, 2021.

The Company's electricity generation line consists of a diversified portfolio of base load coal fired power plant ("CFPP") with a capacity of 340 MWm in Çanakkale and a natural gas combined cycle ("NGCC") power plant investment of 174 MW in Uzbekistan. The flagship operation is Çan2 CFPP, which is operating stable and generating the vast majority of revenue stream. Çan2 CFPP investment started in 2014 and completed in 2018. Between August/2018 and March/2019 test generations were made and since April/2019 power plant has started stable generation. Throughout 2022, the power plant was operating at a capacity utilization rate (CUR) of 80%, while in 2021 of 69%. The NGCC plant investment in Uzbekistan is a relocation project of the plant previously located in Şanlıurfa. The investment was started in 2021 and as of 2022/July, 158 MW of it is active. The remaining part will be gradually activated. According to the Public Disclosure Platform notification dated November 28,2022, the Company's Board of Directors has decided to evaluate investment opportunities in the fields of tourism and marina in order to expand the business segments.

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

Strengths	Constraints
• Improvement in leverage indicators thanks to high EBITDA generation in 2022 • Remarkable liquidity metrics owing to long-term weighted borrowing structure • Commissioning of the power plant in Uzbekistan and increased energy generation that contributes to operational performance • Natural hedge opportunity against FX currency risk in a certain extent thanks to USD denominated revenue from power plant in Uzbekistan • Low collection risks due to nature of energy market • Structural support to domestic coal fuelled power plants via capacity-based subsidy mechanism • Precious off-balance mining assets • High level of compliance with the corporate governance practices as a publicly listed company	• Repression of the profitability due to the maximum settlement price application, started in 2022 and still continues • The suppression of liquidity and leverage metrics due to the cash outflow within the scope of Energy Market Regulatory Authority ("EMRA") decision regarding the maximum settlement price application • Pressure of ESG factors on coal power plants • Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, the Company's the Long-Term National Rating has been upgraded from **'BBB+ (tr)'** to **'A- (tr)'**. The Company's leverage indicators, liquidity metrics and high collection ability have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as **'Stable'**. Sustainability of the Company's profitability performance, changes in market share and equity level together with the trends in financing opportunity and energy sector are going to be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.