

ANNUAL REPORT



Table of Contents

EXECUTIVE SUMMARY	4
ABOUT US	8
MILESTONES	10
SHAREHOLDING STRUCTURE	12
JAPAN CREDIT RATING AGENCY, LTD (JCR)	14
BOARD OF DIRECTORS - SENIOR MANAGEMENT	16
OUR POSITION IN THE SECTOR	18
SUMMARY FINANCIAL INFORMATION	20
RATING ACTIVITIES IN 2023	22
METHODOLOGY, MODELLING, AND VALIDATION ACTIVITIES	28
ECONOMIC RESEARCH ACTIVITIES.....	32
INTELLIGENCE AND MONITORING ACTIVITIES	34
CUSTOMER RELATIONS ACTIVITIES	36
COMMITTEES	38
INFORMATION ON HUMAN RESOURCES ACTIVITIES	38
INFORMATION TECHNOLOGIES ACTIVITIES	40
BASIC PRINCIPLES, INTERNAL CONTROL, AND QUALITY ASSURANCE SYSTEM ...	44
SUSTAINABILITY	46
INDEPENDENT AUDIT REPORT OF 2023	49



Executive Summary

Dear Stakeholders and Financial Communities,

While reviewing the final version of our 2023 annual report, I realized that, as members of the JCR Avrasya Derecelendirme family, we are all proud to leave behind another year full of success. We are as excited about seizing the day as we are committed to our brand values. Thanks to our innovative approaches in our financial services, as well as our principles and our work ethic adhering to international auditing standards, we play an increasing role in protecting indispensable values such as transparency, accuracy, and independence in financial markets. As JCR Avrasya Derecelendirme, we continued also this year to fulfill the great responsibility we shoulder, with the awareness of the effects of each step we take on the world and with our work carried out in the light of science. We made a strong entrance into the Turkish Century with the inspiration we received from our country's growth and strengthening momentum, and since our establishment, we have continued our activities by adopting knowledge as our motto in every step we take while advancing towards our goals with stability and success. We share with you the happiness of achieving growth as a transparent, accurate, and reliable organization in the finance sector, which focuses on people and forms an integral part of society.

In our developing and changing world, our priorities are constantly updated. Today, "sustainability" has become our most prioritized concept. The financial sector's connection with sustainability is also of great importance at this point. As JCR Avrasya Derecelendirme, we have a perspective that has internalized the meaning of "thinking about tomorrow from today". We are aware that we are not the ultimate owners of the world and that we only use it for safekeeping for a while before passing it on to future generations. Therefore, it is essential

for all sectors to act in harmony with nature, humanitarian aid, solidarity, and sustainability with a mass movement to increase the environmental security of future generations. We believe that all stakeholders operating in the financial sector should fulfill their responsibilities towards nature and society by adopting the principle of sustainability. As JCR Avrasya Derecelendirme, we are proud to be developing by contributing to sustainability with our strategies that aim to transform our natural and financial resources into social and economic value, our stance that minimizes environmental destruction, and our activities in the light of both national and international regulations. Accordingly, we aim to increase the impact of our sustainability-oriented work in the coming years and to continue our work in line with Türkiye's sustainable development goals. In this process, as JCR Avrasya Derecelendirme, we shape our current course by adopting ESG methodology's environmental, social, and governance models. In 2024, as in previous years, we plan to increase our sustainability-oriented contributions to the financial ecosystem and hope to see the beneficial results of our work. In order to make our contributions even more efficient, we closely follow all national and international environmental regulations and comply with them quickly. While we are taking firm steps towards Türkiye's sustainable development goals, as JCR Avrasya Derecelendirme, we embrace our values for the safe future of nature and people from today.

The environment of insecurity and uncertainty that has almost taken over the world since the pandemic has left humanity faced with a situation that it has not experienced for a long time. Contrary to the atmosphere of uncertainty and hesitation that prevails around the world, Türkiye's growth and momentum in fields such as industry, exports, tourism, and agriculture should be considered as an indicator of our country's importance and value on a global scale.

When evaluated from this perspective, the importance of credit rating activities, especially the work they put in to reduce uncertainties for investors and establish an environment of trust in financial markets, is once again revealed. As JCR Avrasya Derecelendirme, we continue to add new ones to our studies that clearly demonstrate the support we provide to the Turkish economy and our belief in the growth potential of our country. We show with every step we take that we will continue to contribute sensitively to our country's future goals and vision, with the responsibility of being involved in the processes with our professional business discipline before large-scale investments. We know that we will continue to increase the value of our stakeholders and our national economy with our work that we will carry out by adopting sustainability as a principle. As we move towards this goal, we have undertaken to provide more transparent, more accountable and more efficient services to our investors with our financial solutions integrated with innovative technologies and digital transformation. By taking advantage of the unique opportunities offered by digitalization, we are constantly improving our technological infrastructure in order to accelerate financial processes and increase investor confidence. With this determination and vision for the future, as JCR Avrasya Derecelendirme, we will continue to put forth all our efforts also tomorrow to build a stronger, sustainable and bright future together with you, our valued stakeholders.

Sincerely,

Metin Recep ZAFER
Chairperson of the Board of Directors

Executive Summary

- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023



Executive Summary

Dear Stakeholders and Financial Communities,

As JCR Avrasya Derecelendirme, we are happy and proud to have successfully completed 2023 by maintaining our commitment to international auditing standards, our innovative business models, and all the principles we have adopted. In 2023, we continued to create value in all areas of life with our financial services, and made significant contributions to preserving transparency, accuracy, and independence in financial markets with the products, services, and solutions we offered to our stakeholders. While making our professional decisions, we maintained the course of knowledge and never compromised on our values. With our perspective of building a sustainable bridge between tradition and future as our motto, we continued the Turkish Century with great dedication and channeled all our energy to contribute to the rise of our country on a global scale. We continue to build our future step by step by bringing together the strong commercial cultural heritage we have with the innovative face of the digitalizing world.

It is a known fact that Anatolia, the cradle of civilizations, has guided the flow of trade throughout history. Domination of the Silk and Spice Roads, a tolerant culture and communication environment, skill in maintaining friendly relations, honesty, reliability, and advancing common goals with a people-oriented approach have been the basic principles that have shaped our trade culture for centuries. Despite the crisis that the world is going through and the atmosphere of panic prevailing in all global economies, the 4.5% growth of the Turkish economy throughout 2023 is a result of this perspective that brings tradition and future together. Today, as we move towards the goal of Turkish Century, we have taken it upon ourselves to realize our vision of "being a globally referenced, regionally effective, transparent,

independent, and reliable rating agency", together with these values that we have brought from the past and which are now ingrained in our cells. On this path, we are proud to be one step closer to our goal in 2023 and to signal the successes we aim for in the coming years with our customer base of more than 2000 and our business volume increasing day by day.

Sustainability from Tradition to the Future

The atmosphere of anxiety caused by the increasing world population, limited resources, and economic difficulties has placed the concept of sustainability, which is on the agenda today, as the common goal of humanity. Undoubtedly, sustainability is among our top priorities under the JCR Avrasya Derecelendirme umbrella. The ESG road map created from a methodological perspective clearly draws the path to be followed in environmental, social, and governance areas. At this point, the biggest advantage that Türkiye has is that the perspective and practices targeted by sustainability mean prioritizing the values that already exist in the Anatolian culture and the Turkish people. Accordingly, an application that adapts to sustainability means a return to the essence for this geography. For this reason, the Turkish Century heralds a Turkish economy that evaluates these values we have brought from tradition in the light of today's sustainability norms and methodologies, benefits from all the blessings of technology, rides high with an environment of trust and predictability, and grows continuously.

As JCR Avrasya Derecelendirme, we carefully follow all national and international regulations and within the framework of these norms, we work hard to benefit the financial ecosystem both locally and globally with sustainability-oriented approaches. However, we do not ignore that real success is possible with

a more holistic effort, and we do not hesitate to express the need for all other sectors to adopt this approach. We are aware that true sustainability is only possible with an understanding of responsibility towards both contemporary and future generations. In this sense, it is of great importance that Türkiye takes the lead in sustainability movements due to its responsibility arising from the heritage of these lands, which have built civilizations throughout their history and inspired many cultural and technological developments. For this reason, as JCR Avrasya Derecelendirme, we continue and will continue to proudly fulfill our pioneering duty by shedding light on the path of investors.

Growing Together

Today, we are faced with a global market that has understood that local scales are only a part of the whole and that the main thing is to leave good legacies to the future with a holistic strategy and is in the phase of rebuilding itself. Accordingly, with the awareness that adopting and implementing sustainability only with a local focus will not take humanity anywhere, we, as the JCR Avrasya Derecelendirme family, believe that we will lead to positive changes all over the world, thanks to the example we will set and the collaborations we will be involved in, while being a stakeholder of major projects for new investments. With our perspective and energy that does not consider yesterday, today, and tomorrow separate from each other, we will continue to work with sensitivity and in the light of our perspective from tradition to the future, in every activity that will elevate the Turkish economy in line with the goals of the Turkish Century.

Sincerely,

Prof. Dr. Feyzullah YETGİN

Vice Chairperson of the Board of Directors
General Manager

Executive Summary

About Us

Milestones

Shareholding
Structure

Japan Credit Rating
Agency, Ltd (JCR)

Board of Directors and
Senior Management

Our Position in the
Sector

Summary Financial
Information

Rating Activities in
2023

Methodology,
Modelling, and
Validation Activities

Economic Research
Activities

Intelligence and
Monitoring Activities

Customer Relations
Activities

Committees

Information on Human
Resources Activities

Information
Technologies Activities

Basic Principles,
Internal Control, and
Quality Assurance
System

Sustainability

Independent Audit
Report of 2023

About Us

We have been actively carrying out rating activities in Türkiye since the very first day of our operations started with the mission of improving the functioning of the markets globally and locally, providing convenience in borrowing for countries and companies by measuring the risk of credits, informing investors, and creating value. Having changed with the participation of Turkish financial institutions on January 17, 2020, our shareholding structure expanded the vision of JCR Eurasia Rating to its current limits.

Our agency, **JCR Eurasia Rating (JCR-ER)** in short, which is an international rating agency, today is a founding member of the European Association of Credit Rating Agencies (EACRA) and the Association of Credit Rating Agencies in Asia (ACRAA). In addition, we are a rating agency **authorized by both the CMB and the BRSA** to operate in the capital markets.

As an agency with a distinguished portfolio which has announced the rating of many companies and financial institutions operating in different sectors in recent years, we inform our stakeholders with a focus on the principles of transparency and impartiality. We are a global reference point for analysis reports that are an integral part of our rating services. We believe in providing our customers with **fast and high-quality solutions** specific to the sector and establishing long-term business partnerships. With a solution-oriented approach, we support the financial development of our stakeholders.

The diversity of our customers and employees is our most important wealth. We use our creativity and different way of thinking to improve our products, services, and processes. We are working to continuously improve and to get better results. In light of all these developments, we were awarded the "Gold" award at the ARC Awards, which was held for the 37th time this year and is known as the Oscar of annual reports. We remain true to our mission to improve the functioning of markets globally and locally and to our vision of being a transparent, independent, and reliable organization.

Our fields of activity include country rating, banks, financial institutions, insurance companies, public institutions, rating of corporate, industrial, and commercial companies, SMEs, local administrations, issuances in the field of bond and structured financing, and potential rating groups and corporate governance services to apply to project areas.

Behind all the successful results we have achieved, lies the devoted work of our family and the collaborations we have with all our stakeholders. Ensuring the objective, independent, and systematic measurement of risks, especially credits, our role supports our stakeholders in growing and turning towards investment.

As JCR Avrasya Derecelendirme, we continue our work with the principle of commitment to our values and continuity for our shared future in order to carry our sectoral role and vision to the future.

Having changed with the participation of Turkish financial institutions on January 17, 2020, our shareholding structure expanded the vision of JCR Eurasia Rating to its current limits.



Executive Summary

About Us

Milestones

Shareholding Structure

Japan Credit Rating Agency, Ltd (JCR)

Board of Directors and Senior Management

Our Position in the Sector

Summary Financial Information

Rating Activities in 2023

Methodology, Modelling, and Validation Activities

Economic Research Activities

Intelligence and Monitoring Activities

Customer Relations Activities

Committees

Information on Human Resources Activities

Information Technologies Activities

Basic Principles, Internal Control, and Quality Assurance System

Sustainability

Independent Audit Report of 2023

Milestones

<p>The company capital was increased from TRY 30,000,000 to TRY 50,000,000. ISO9001, ISO27001, and ISO10002 audits were successfully completed.</p>	<p>2023</p>	
<p>2021</p> <p>ISO 9001, ISO 27001, and ISO 10002 Quality Certificates were obtained.</p>	<p>The company capital was increased from TRY 1,000,000 to TRY 30,000,000. The JCR-ER Analytics Rating Software, in which the rating process is carried out end-to-end, started to be used. The Economic and Analytical Research Unit was established.</p>	<p>2022</p>
<p>Pursuant to the Banking Regulation and Supervision Agency's (BRSA) Resolution dated September 10, 2020, companies with a total risk of TRY 500 million were required to obtain a rating from an authorized rating agency in order to get credit. As a result of the "Share Transfer Agreement" adopted at the General Assembly dated January 17, 2020, our new partnership structure was formed.</p>		<p>2020</p>
<p>2018</p>	<p>A Memorandum of Understanding (MoU) was signed by A Memorandum of Understanding (MoU) on November 14, 2018 and November 19, 2018 by Japan Credit Rating Agency, Ltd (JCR), our agency JCR Eurasia Rating (JCR-ER), and Credit Rating Mongolia LLC (CRM) based in Mongolia in order to establish future cooperation and exchange technical and legal information.</p>	
<p>A partnership and cooperation agreement was signed on September 11, 2017 with Accuratio Credit Ratings ECR SA (currently JCR LATAM), which is based in Peru and operates in South American countries.</p>		<p>2017</p>
<p>2016</p>	<p>On May 13, 2016, BRSA authorized the "rating of financial institutions other than banks and the instruments they issue". In addition, its powers were extended to "national and international rating to be given to domestic and foreign institutions" instead of just a national rating.</p>	
<p>2015</p> <p>On April 17, 2015, it joined ACRAA (The Association of Credit Rating Agencies in Asia), of which 33 rating agencies operating in 15 Asian countries are members.</p>	<p>2013</p> <p>With the BRSA Board Resolution dated April 25, 2013, its authority was renewed by BRSA based on the application dated June 21, 2012.</p>	

<p>2012</p>	<p>On June 21, 2012, an application was made to the Banking Regulation and Supervision Agency for the renewal of the rating license.</p>	
<p>On October 5, 2010, it was authorized by the Undersecretariat of Treasury for the rating of reinsurer companies in accordance with the third paragraph of Article 8 of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance, and Pension Companies. On April 29, 2010, it received the Corporate Governance Compliance Rating License from the Capital Markets Board.</p>		<p>2010</p>
<p>2009</p>	<p>It was authorized as an Independent Rating Agency (ECAI's External Credit Assessment Institutions) by the BRSA with the Board Resolution dated October 1, 2009 and numbered 3368.</p>	
<p>It started its rating activities by announcing its first rating report on May 7, 2008.</p>		<p>2008</p>
<p>2007</p>	<p>On November 12, 2007, the partnership structure with JCR was registered, and the name of the organization was changed from Avrasya Derecelendirme A.Ş. to JCR Avrasya Derecelendirme A.Ş. A partnership agreement was signed with Japan Credit Rating Agency, Ltd (JCR) on November 5, 2007. On June 15, 2007, it received a credit rating license from CMB. On February 20, 2007, it was registered in the trade registry and started its activities as Avrasya Derecelendirme A.Ş.</p>	

Executive Summary

About Us

Milestones

Shareholding Structure

Japan Credit Rating Agency, Ltd (JCR)

Board of Directors and Senior Management

Our Position in the Sector

Summary Financial Information

Rating Activities in 2023

Methodology, Modelling, and Validation Activities

Economic Research Activities

Intelligence and Monitoring Activities

Customer Relations Activities

Committees

Information on Human Resources Activities

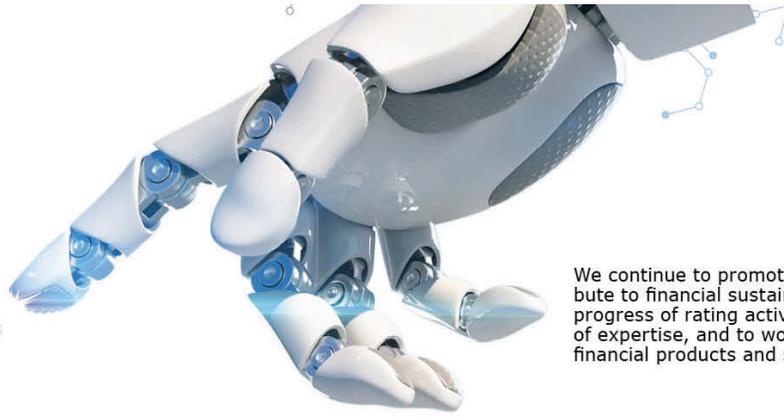
Information Technologies Activities

Basic Principles, Internal Control, and Quality Assurance System

Sustainability

Independent Audit Report of 2023

Shareholding Structure



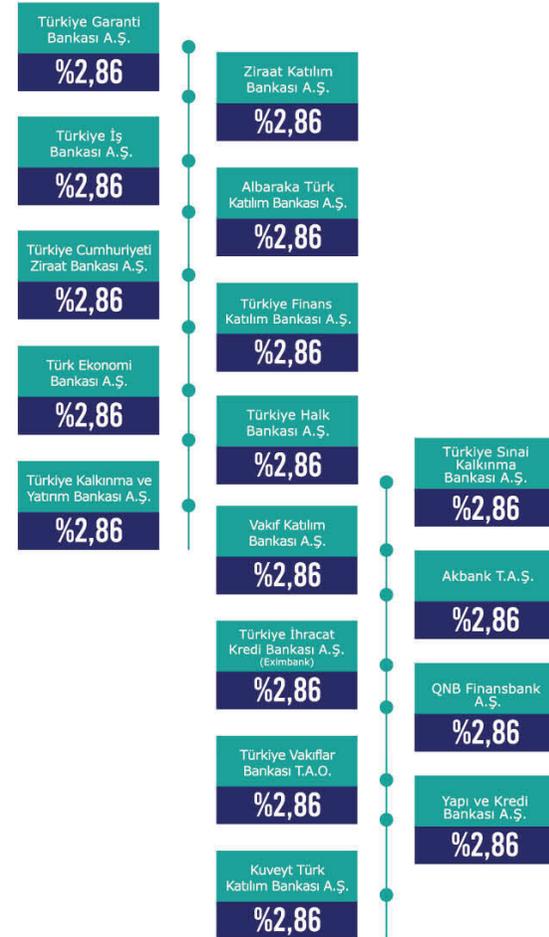
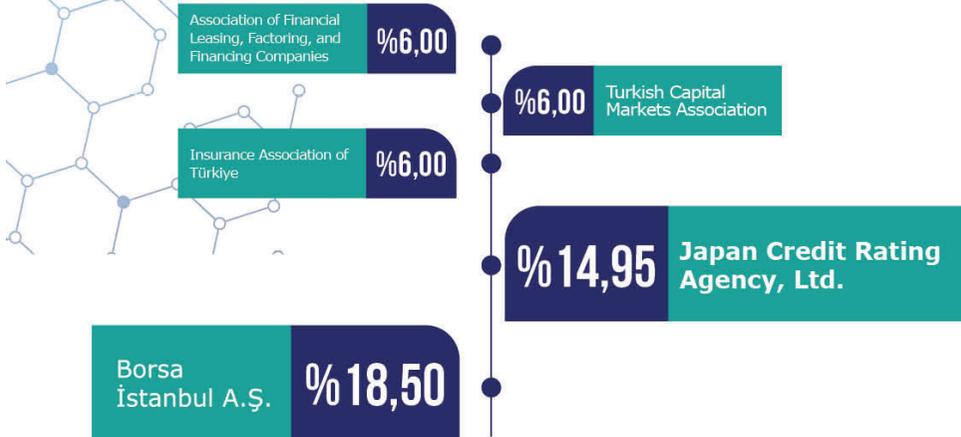
We continue to promote practices that contribute to financial sustainability for the healthy progress of rating activities, which is our area of expertise, and to work collectively to produce financial products and services accordingly.

Working with a comprehensive and visionary perspective to contribute to the deepening of the financial sector and to position rating activities in a broad perspective, our agency has a strong shareholding structure that supports sustainable and profitable growth.

The common goal of promoting economic growth and development in Türkiye is at the heart of our stakeholdership. One of the most important benefits of our partnership structure, which aims to create a more stable, efficient, and transparent financial system that supports businesses and individuals through cooperation across the country, is to be able to turn the strengths and expertise of each organization into sectoral benefits.

Accordingly, our cooperation with Borsa İstanbul A.Ş., which has a strong innovation and market development history, Japan Credit Rating Agency, Ltd (JCR), Turkish Capital Markets Association, Insurance Association of Türkiye, Financial Institutions Association, and strong institutions of the banking sector, is a reflection of our commitment to collaboration in the financial sector.

Our partners' experience in the capital markets and their transparency in terms of accountability both contribute to the establishment of an environment of trust in rating activities and to the creation of a sustainable financial ecosystem.



Executive Summary

About Us

Milestones

Shareholding Structure

Japan Credit Rating Agency, Ltd (JCR)

Board of Directors and Senior Management

Our Position in the Sector

Summary Financial Information

Rating Activities in 2023

Methodology, Modelling, and Validation Activities

Economic Research Activities

Intelligence and Monitoring Activities

Customer Relations Activities

Committees

Information on Human Resources Activities

Information Technologies Activities

Basic Principles, Internal Control, and Quality Assurance System

Sustainability

Independent Audit Report of 2023

Japan Credit Rating Agency, Ltd (JCR)

JCR, one of our main partners, is an international rating agency established in Tokyo and authorized by the Japanese FSA (Financial Services Agency) and recognized by the US SEC (Securities and Exchange Commission). It is also authorized by ESMA (European Securities and Markets Authority).

JCR's rating services cover a wide range of financial products such as medium and long-term bonds, priority debts, and financing bills. In addition, JCR rates life and non-life insurance companies' ability to meet their obligations and structured finance transactions, including asset-backed securities.

JCR is a rating agency supported by the preeminent group of institutional investors in Japan. JCR's partners include Japan's leading insurance companies and banks.

Japan Credit Rating Agency, Ltd (JCR) received a credit rating agency certification on January 11, 2011, within the framework of the European Union's regulations on credit rating agencies.

Accordingly, JCR's ratings are certified to be used by credit agencies, investment firms, insurance undertakings, professional pension schemes, etc., under the legislation within the borders of the European Union. In addition, JCR's ratings are defined in tariffs as credit ratings given by a credit rating agency approved by the European Union.

JCR is recognized as an authorized ECAI not only in Japan but also in the EU, UK, Türkiye, and Hong Kong. With this ECAI status under BIS regulations, JCR's ratings are eligible to be used for the purpose of calculating capital adequacy ratios (credit risk weighting based on a standardized approach) by banks headquartered in Japan, EU, UK, Türkiye, and Hong Kong.



Japan Credit Rating Agency, Ltd (JCR) received credit rating agency certification on January 11, 2011.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)**
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Board of Directors and Senior Management

Our Board of Directors consists of a total of seven people, including a chairperson, a vice chairperson, and five members.

Financial Rights

In 2023, the total amount of payments made to the Members of the Board of Directors and Senior Executives of our agency is TRY 20,713,516.77. There are no transactions that may cause a conflict of interest, such as direct or indirect lending by the company to the Members of the Board of Directors or the Company's Senior Managers, granting credits, or giving guarantees in their favor.

Board of Directors

✓	Metin Recep ZAFER Chairperson of the Board of Directors
✓	Prof. Dr. Feyzullah YETGİN Vice Chairperson of the Board of Directors, General Manager
✓	Dr. Aydın GÜNDOĞDU Member
✓	Yalçın MADENCİ Member
✓	Mehmet TURGUT Member
✓	Prof. Dr. Server DEMİRCİ Member
✓	Atsushi MASUDA Member



Senior Management

✓	Prof. Dr. Feyzullah YETGİN General Manager
✓	Dr. Fikret ŞENTÜRK Assistant General Manager for HR, Financial and Administrative Affairs
✓	Şevket GÜLEÇ Assistant General Manager for Rating
✓	Zeki Metin ÇOKTAN Assistant General Manager for Rating

Executive Summary
About Us
Milestones
Shareholding Structure
Japan Credit Rating
Agency, Ltd (JCR)

Board of Directors and Senior Management

Our Position in the Sector

Summary Financial Information

Rating Activities in 2023

Methodology, Modelling, and Validation Activities

Economic Research Activities

Intelligence and Monitoring Activities

Customer Relations Activities

Committees

Information on Human Resources Activities

Information Technologies Activities

Basic Principles, Internal Control, and Quality Assurance System

Sustainability

Independent Audit Report of 2023

Our Position in the Sector

We are the first credit rating agency established and operating in Türkiye with Turkish capital after obtaining a Credit Rating License from the CMB on 15.06.2007. With the advantage of being the first agency to take action, we strengthened our current position by partnering with JCR, one of the largest rating agencies operating worldwide.

In the field of credit rating, our agency maintains its leading position in a field that includes companies established in Türkiye and authorized by the CMB, and companies established abroad, all of which have foreign capital and are authorized for rating activities in Türkiye.

On April 29, 2010, our agency received the Corporate Governance Compliance Rating License from the Capital Markets Board. In the field of corporate governance compliance rating, our agency operates within the framework of the authority it received from the CMB.

Our privileges, our developing customer portfolio, and our range of services confirm the leading role and strong sectoral position of our agency, JCR Avrasya Derecelendirme, in the field of rating.

Pursuant to the BRSA Resolution dated 10.09.2020 and numbered 9133, in order for companies, other than banks and financial institutions whose total risk in the banking sector is TRY 500 million and above including the requested credit according to the latest information at the Risk Center of the Banks Association of Türkiye, to get credit, they must have a rating from a rating agency, authorized by the Agency.

Within the scope of this regulation, JCR Avrasya Derecelendirme A.Ş. is the only rating agency authorized by the BRSA to give credit ratings in Türkiye. The credit rating ratings given by our agency on a national scale can be taken into account in calculating the capital adequacy ratio of banks.

The leading company of the sector, JCR Avrasya Derecelendirme A.Ş. makes a significant contribution to the development of financial markets by penetrating the vast majority of companies in the banking system.



JCR Avrasya, Derecelendirme A.Ş.

is the *Only*

rating agency authorized by
the BRSA to give credit
ratings in
Türkiye.

Executive Summary
About Us
Milestones
Shareholding Structure
Japan Credit Rating Agency, Ltd (JCR)
Board of Directors and Senior Management

Our Position in the Sector

Summary Financial Information

Rating Activities in 2023

Methodology, Modelling, and Validation Activities

Economic Research Activities

Intelligence and Monitoring Activities

Customer Relations Activities

Committees

Information on Human Resources Activities

Information Technologies Activities

Basic Principles, Internal Control, and Quality Assurance System

Sustainability

Independent Audit Report of 2023

Summary Financial Information

The sales revenue of our agency, whose business volume continued to increase in 2023, reached TRY 636.7 million. With the revenue we have obtained since the change in the shareholding structure in 2020, we

have focused on technological infrastructure, software, and human resources investments, and these investments have been financed with internal resources without using loans.

Turkish Liras	31.12.2021	31.12.2022	31.12.2023
Sales Income	293.750.675	441.744.929	636.782.517
Net Profit for the Period	159.221.875	135.992.663	48.014.030
Current Assets	197.088.750	280.947.439	332.419.297
Fixed Assets	33.401.881	38.033.061	41.943.005
Paid-up Capital	1.000.000	30.000.000	50.000.000
Equities	183.295.564	258.815.945	285.061.185
Total Assets	230.490.631	318.980.500	374.362.302

*Financial Data adjusted according to TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector

Summary Financial Information

- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

inflation, consumer/producer price indexes, money supply, Central Bank efficiency and activities, monetary policies, international official reserves, balance of payments, statistics on insurance-reinsurance companies (number of companies, premiums, etc.), capital issues (by countries and sectors), financial leasing, factoring, statistics on consumer finance companies, gold

exchange, lenders and usury (even if not legal), treasury receivables data, banking data, treasury cash balance and realizations, foreign debt formation and savings, debt statistics (principal, interest, maturity), and comparison of debts with domestic values are taken into account.



Credit Rating Activities

The rating in the finance literature is a tool that measures, under the specified criteria, the obligor's or debtor's willingness to pay the principal, interest, and other additional obligations in a timely and full manner in accordance with the credit agreement, whether there is such an ability, in short, the level of the ability to pay. In other words, rating is an analytical and at the same time subjective process designed as an indicator of non-payment risk (default risk). The grade categories determined in this process are an important source of information for both investors and all other parties, expressing an independent judgment to determine the quality and reliability of the investment and investment instrument. However, although a rating is not a recommendation to make or

not to make an investment in the relevant field, to lend or not to lend to the relevant person and/or institution, it cannot be denied that it affects the decisions and preferences of the investors, or the market prices and marketability.

In rating, certain categories are used, and these categories are expressed with symbols formed by letters, numbers, or combinations thereof. Generally, higher grades are defined as "investment categories", and those with more risky or speculative characteristics as "risk categories".

Corporate Governance Rating Activities

Corporate governance rating is the evaluation of companies' management structure, management quality, method processes, internal control mechanisms, efficiency, integrity, and all company culture in terms of qualitative aspects, according to the criteria of accuracy, transparency, accountability, responsibility, and fairness. It includes the chain of processes that concern non-financial

data and determine the principles of relations between shareholders, the board of directors, senior management, and stakeholders, the distribution and organization of areas of authority and responsibility, that make reliability and transparency a prerequisite, and that act with a social, ethical, legal, and environmental concept.

Project Rating Activities

JCR Avrasya Derecelendirme makes analysis under 8 headings for project evaluations and rating analyses as follows:

- Project Owners & Sponsors,
- Project Structure,
- Completion Risk,
- Operating and Technology Risks,
- Market Risk,
- Funding & Financing Risks,
- Political & Regulatory Risk,
- Force Majeure Risks

and the results are transformed into a grading system in terms of thresholds.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023**
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Methodology, Modelling, and Validation Activities

The Methodology and Modeling Directorate works on developing the necessary process flow or procedures for the effective management of the development framework of methodology and models, preparation of relevant documents, development of rating methodologies and models in accordance with corporate policies and good practices, back-testing of rating, preparation of regular analyses on performance and results, determination of areas that need improvement, and correcting the deficiencies identified.

A modernized and user-friendly rating infrastructure was introduced with **JCR-ER Analytics**. The necessary systemic infrastructure was established to enable fast and flexible management of other analytical products and rating models. In addition, thanks to the advanced and **flexible reporting infrastructure, support was provided for strategic targets that would enable our agency to become the leading rating agency in the region.**

Studies are ongoing to review and develop existing methodologies and models, taking into account international best practices. Accordingly, priority was given to the credit rating methodologies of corporate firms within the scope of the requirement for companies that meet the criteria determined in the Board Resolution taken by the Banking Regulation and Supervision Agency (BRSA), in accordance with the 3rd paragraph of Article 8 of the Regulation on Banks' Credit Transactions, to obtain a rating from a rating

agency. For this purpose, Corporate Rating Methodologies were implemented in 2022 simultaneously with JCR-ER Analytics. Corporate rating methodologies, developed taking into account the most up-to-date approaches and in line with the best international practices, are constantly monitored, and necessary actions are taken. Within the scope of the monitoring studies carried out in 2023, necessary revisions were made in corporate methodologies with the contribution of the increasing number of data.



Along with the development and improvement of the **existing infrastructure, the JCR-ER Analytics product**, which allows the entire rating process to be managed systematically from end to end, covering all rating services provided by the agency, has been used within the company since 2022. With the applications listed below, **activities related to analytical modeling processes**, reporting activities, decision support systems, and product and process management applications are carried out.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities**
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Corporate rating methodologies are hybrid models that are dominated by expert opinion, as the companies within their scope have a low number of defaults. Corporate methodologies basically organize the entire process of analyzing and evaluating companies and divide the process into several sub-factors, taking into account all the critical issues required to create a rating. The business risk profile of the companies to be rated is analyzed, the financial risk profile is evaluated, and then these factors are combined to determine the basic risk profile for the company. The business risk profile evaluation combines industry risk and firm positioning analysis. Leverage, coverage, profitability, and productivity rate analyses cover the company's financial risk profile. Then, the analysis is continued by taking into consideration the criteria called modulators that can change the basic risk profile.

As a result of each stage of the three-stage modulator assessment, the company's underlying risk profile may be increased or decreased by one or more points. These may also have no effect. As a result of the modulator analysis, the independent risk profile of the company is reached. After the independent risk profile is determined, the agency credit rating result of the company is achieved as a result of the group or public support impact assessment, if available. Support or negative influence from the public or group is taken into account in the assessment. Support or negative influence can affect both business and financial risk factors. In case of export of the companies, the export rating is achieved by taking into consideration the export-specific evaluation factors. In cases where the information to be provided cannot explain the creditworthiness of the firm or the information in the methodology cannot be accessed specifically for the firm due to the sector and unique situation of the rated firm, the missing information is taken into account at the Rating Committee, and the final rating of the firms is decided.

The corporate rating methodologies in question are closely monitored, and these monitoring studies are carried out regularly. In case of a need for changes in the methodology and models, the necessary processes are run, and the relevant updates are made.

The updating of the methodologies and models related to structured financing and financial institutions continue, and most of the methodologies included in the said scope are planned to be revised in 2024.

Model validation activities, which can be defined as determining to what extent the models used within the scope of the rating methodology represent the realizations, using precision, accuracy, and consistency measures, and evaluating the robustness of other elements of the methodology, are carried out by the Controller unit, which operates under the Internal Audit Committee, by taking into account the legislation of the Capital Markets Board (CMB) and the Banking Regulation and Supervision Agency (BRSA) regarding rating activities and the good practices of the sector. Validation studies start in parallel with the development process of the models and continue throughout the period of use of the models.

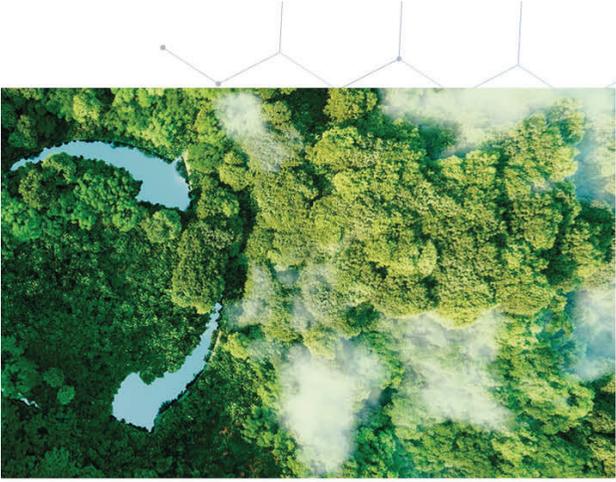
Accordingly, "Initial Validation" is carried out before the models are implemented, and "Periodic Validation" is carried out at least once a year upon the implementation of the models. In addition to these studies, it is planned to prepare a "Model Monitoring Report" at least every six months, starting from 2023, in order to monitor the performance and stability of the model and to identify possible revision needs within the scope of our Validation Procedure. Accordingly, the validation reports regarding the models are submitted to the senior management of the agency and the BRSA.

Our validation studies consist of qualitative and quantitative evaluations. Qualitative evaluations start with the preparation of the data and include the documentation and recording of the end-to-end process until the final score is obtained, and an understanding of the rating architecture used in constructing the model. On the other hand, quantitative evaluations include processes such as checking the accuracy, consistency, and significance of the mathematical and statistical infrastructure.



Corporate Rating: Comprehensive Business and Financial Risk Profile Analysis with **Up-to-Date and Accurate Methodologies**

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities**
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023



The Sustainability Bulletin, published monthly by the Economic Research Directorate in order to keep all employees up to date on important issues in terms of closely monitoring the risks and opportunities that may affect the main business line, is one of the new applications we launched in the field of sustainability in 2023. While the bulletin includes developments that may affect companies, sectors, and the general economy, the latest developments in the field of sustainable finance are also evaluated. We take care to fulfill our duties and responsibilities for a sustainable world in coordination with all our internal and external stakeholders. Our efforts to preserve our existing sustainability-oriented approach and develop it in parallel with developments will continue in the future, as it has been until today.



- Executive Summary
- Abdullahi'da
- Milestones
- Organizational Structure
- Japan Credit Rating Agency, Ltd. (JCR)
- Board of Directors and Management
- Our Business
- Özet Finansal Bilgiler Summary-Financial Information
- Rating Activities in 2023
- Methodology, Modeling and Validation Activities
- Economic Research Activities
- Investment and Monitoring Activities
- Customer Relations Activities
- Committees
- Human Resources
- Information Technologies
- Internal Control and Quality Assurance System

Quality Management Systems:

In 2023, the Surveillance Audit for quality certification of Quality Management System, ISO 27001:2013 Information Management System, and ISO 10002:2018 Customer Management System was successfully completed.

Legal Disclosures:

There is no lawsuit filed against our organization or organization's financial situation and activities.

Disclaimer:

Within the framework of the information we have and responsibilities in our agency, we agree, declare that the 2023 Annual Report does not contain any explanation, or deficiencies that may create a material issue, and that the financial and other information is true as of the period of the report.

For and on behalf of the Board of Directors,

Prof. Dr. Feyzullah YETGİN

Vice Chairperson of the Board of Directors | General Manager

Metin
Chairperson of the Board of Directors

Rating Activities in 2023

Among **2,415 rating processes completed** as of 2023, 2,343 of them were completed within the scope of corporate credit rating, 38 within the scope of financial institutions, 28 within the scope of structured financing rating, and 6 within the scope of corporate governance.



Type of Analysis	2021	2022	2023
Corporate (Companies)	866	1,689	2,343
Financial Institutions	34	33	38
Structured Financing	11	23	28
Corporate Governance Rating	6	6	6
Other	4	5	-
Grand Total	921	1,756	2,415

Country Rating Activities

Under the country rating activities, the local/foreign currency debts and the risk probable to arise due to economic operations are taken into consideration as primordial, and the local/foreign currency debts of the relevant country and its ability to pay its financial liabilities, as well as its effort to pay, are measured. Within the scope of country rating activities, the additional risk premium to be reflected on the capital and investment costs and profit rates due to the economic and political risks are determined. During the rating process, it is observed that the risk premiums of the countries decrease with the decrease in the default probability determined for the countries, or the risk premiums increase with the increase in the default probability.

Within the scope of country ratings, **political, social, and economic criteria are basically analyzed for the countries evaluated, taking into account the minimum 5-year data, and rating grades are assigned for countries.** The basic criteria are provided below.

While the political system and foreign relations are taken into account within the scope of political risks, population, housing and demographic factors, social security and health factors, income distribution, consumption and poverty, education, culture and sports, work-employment-unemployment, environment and energy situation, science, technology, and informatics are basically the criteria taken into account. Within the scope of economic risks, many criteria such as countries' income generation capacity, GNP-GDP data, productivity rates (compared to all previous years), general balance of the economy, growth trends, industrial production indices, manufacturing industry capacity utilization rates, fixed capital investments, fixed capital incentive policies, construction licenses granted, SME incentive applications, automotive, white goods, electronic production-export-import data, financial and budget policies, public finance and budget realizations (central government and consolidated), debt analysis, exports, agriculture (crop production, livestock, aquaculture, tools and machinery, prices), tourism, transportation, communication and traffic, financing status and needs of operators and their ratio to GNP, profit/loss status of operator SOEs and their ratio to GNP, indebtedness status of operator SOEs and their ratio to GNP, efficiency of SOEs and their place/importance in the economy, liquidity indicators, price stability,

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023**
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023



Structured Financing Rating Activities

For the asset-backed securities rating studies carried out within the scope of structured financing, JCR Avrasya Derecelendirme assesses interest rates and spreads by analyzing asset financing fund (SPV-Special Purpose Vehicle), Trustee, Promoter, Guarantor, Issuer, Custodian, Transferor, and Insurer as the parties to the transaction.

In addition, the homogeneity and multiplicity of the pool of credits that forms a basis to export, default rates, collateral structure that increases the collection ability, exposure to market risks, immunity structure of cash flows, legal status, ability to renew the assets in case of early payment, and guaranteed amounts are also evaluated.

Our fields of activity include country rating, banks, financial institutions, insurance companies, public institutions, rating of corporate, industrial, and commercial companies, SMEs, local administrations, issuances in the field of bond and structured financing, and potential rating groups and corporate governance services to apply to project areas.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023**
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Economic Research Activities

The Economic and Research Directorate was established to meet the needs of our agency with qualified global and local macroeconomic research and sector research, and to provide impact analyses and economic indicator forecasts. Our Research Unit carries out thematic studies both at regular intervals and based on needs.

In 2023, by providing our stakeholders with our analyses, reports, and evaluations, we aimed to both support the work of our stakeholders and contributed to the improvement of the quality of rating studies.

Macroeconomic Research Studies

Since our establishment, we started to share our Weekly Economic Developments and monthly Global and Local Economic Developments bulletins within the company.

Our weekly bulletins include fundamental economic indicators such as gross domestic product (GDP) growth, inflation developments, balance of payments, and employment market, as well as financial factors such as bond yields, money market, and monetary policy. In addition, we also share the developments in global economies, especially in the USA and the EU, with our stakeholders.

On the other hand, our monthly Global and Local Economic Developments Bulletin addresses issues such as global supply and demand balances, commodity markets, geopolitical developments, supply chains, and the direction and effects of monetary policies. With our Bank and Credit Developments Bulletin, we visualize the current regulations regarding the banking sector and their effects, credit growth and course, and show the credit momentum in terms of both type and currency.

In addition, in 2023, we made available to our stakeholders our Sustainability Bulletin, which we publish monthly and includes important issues regarding sustainability, as well as developments regarding sustainable finance practices. With our bulletin, we will continue to provide information from a sustainable development perspective by addressing economic dynamics in the environment, social, and governance context.

In 2023, our interface that allows monitoring sector-based spending trends by purifying weekly credit card data from price increases was completed. In addition, we completed the technical work of our interface, where

developments in the banking sector can be followed up to date. We will make these two new interfaces available to our internal stakeholders in 2024.

Modeling and Prediction Studies

In 2023, we also continued to build our activities on expanding our data sources and providing periodic flow in order to closely follow macroeconomic and sectoral developments. In addition to our forecast models for basic macroeconomic indicators, we modeled the course of domestic consumption, which has recently provided the most significant impact on growth, with indicators obtained from alternative data sources. We continued to examine the effects of domestic and international developments on the real sector and financial markets with various indices.

By updating the model we used to model the Turkish GDP series, we ensured that the new financial condition dynamics were better reflected. In addition, we focused on closely monitoring the main trend by carrying out studies on alternative "core" inflation indicators.

In addition, we examine the effects of factors such as exchange rate, input prices, and inertia, which are determinants of inflation, with various impact-response and transitivity analyses.

In 2024, we will continue to work on modeling sub-breakdowns such as investment expenditures and durable consumer goods.

Besides the traditional econometric models, we also use various machine learning models to predict data in time series and table format, with the development of our data sources. In 2024, we will continue to estimate series such as energy demand and production, domestic consumption, investment demand, sectoral production figures, and food and energy inflation with these methods.

Sector Research

For the sectors determined within the scope of our agency's methodology, we issue reports to be used in rating studies.

For our sector reports, we prepare them based on indicators such as production, sales, import/export structure of the sector in question, employment effect, credit

developments, confidence indices, capacity utilization rates, volume indices, in other words, data. In addition, we ensured that the sector reports we prepare in coordination with our Information Technologies Directorate were included in the rating workflow.

In order to support our sector research activities, we provide data flow/supply from publicly available data sources with various methods and information-sharing protocols, if necessary. Thus, we enable the collection and processing of alternative, big data class data in addition to traditional data sources. Accordingly, in addition to our sector reports, which are periodically updated and used in rating processes, we started to publish our Sectoral Indicators and Outlook Bulletin every 2 months at the beginning of 2023. Additionally, after the publication of our report, we organize our Sectoral Indicators and Outlook Webinar to strengthen mutual information exchange. We opened our Sectoral Indicators Interface,

which allows sector-related developments to be monitored interactively, for the use of all our employees in 2023.

In the coming period, we aim to increase the scope of our e-interactive reports and enable our stakeholders to view verified, edited, and refined data x series in raw and processed form.

Thematic Research

Apart from the scheduled and planned studies, we prepared and will continue to prepare thematic reports in which we examine and interpret the effects of important issues, trend shifts, or structural transformations caused by current global and local developments.

In the upcoming period, we will continue to examine the reflections of unexpected developments on our country and companies and share our findings.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities**
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Intelligence and Monitoring Activities

The Intelligence and Monitoring Department carries out intelligence and monitoring activities as part of the rating activities within the framework of the rules determined by the Senior Management.

Intelligence is the activity of collecting information on risk factors during the first rating phase for the companies with which we have signed a credit rating agreement and making the collected information usable in the strategic decision phase. The course of the credit transactions of the companies subject to the rating reports with the banks, the control of bad check records, the identification of group companies, and the scanning of the news

reflected in the press about the companies and their partners constitute the basis of intelligence activities.

On the other hand, the monitoring activity consists of the studies carried out in accordance with the corporate policies and strategies after the rating of the companies is published. With the daily, weekly, and monthly reports issued, the analytical team and Senior Management are regularly informed about developments that may positively or negatively affect the company's creditworthiness.

The main reports that constitute the basis of our monitoring activities are as follows:



JCR Avrasya Derecelendirme's intelligence activities are conducted during the initial rating process for companies that have signed a credit rating agreement; the monitoring activity consists of the studies carried out after the rating of the companies is published.

Combined Report of Risk Center of the Banks Association of Türkiye:

The main purpose of the report, which is prepared regularly every month, is to provide early warning signals for possible negative developments that may occur in the financial structure of companies. For this purpose, the development trend of companies' bank credit limits and risks, limit occupancy rates, credit debts under administrative or legal follow-up and interest accrual records, the development trend of factoring risks, if any, credit restructuring records, foreign currency credit risk ratios of companies, and sectoral risks are regularly monitored. The Senior Management and analytical team are informed about these matters.

Individual Inquiry Report of Risk Center of the Banks Association of Türkiye:

Overdue credit payments of each customer we actively work with are followed up daily. The analytical team and the Senior Management are informed every week about the high amount and long-term delays in credit repayments and the credit records tracked, if any. When necessary, the analytical team is requested to obtain information from the companies about the reasons for the delays. Depending on the content of the information received, early warning alarms caused by delays in credit repayment are either closed, or a monitoring record is started for the company.

Trade Registry Gazette Inquiries:

Announcements of all our customers published in the Trade Registry Gazette on important issues such as capital increase/decrease, merger/splitting, address, shareholding structure, trade name and type changes, bankruptcy, bankruptcy suspension, and pre-arranged bankruptcy decision are followed up. It is ensured that the analytical team and Senior Management, and the Customer Relations and Business Development Department, when necessary, are informed of these developments.

International Sanction Lists:

It is regularly monitored whether the companies we actively work with and their partners are included in the international sanction lists. These are reported to the Senior Management and analytical team. In addition, a Country Risk Rating Report is prepared twice a year, in January and July every year, and the analytical team and Senior Management are informed about the developments in the political, economic, and social risks of the countries, and attention is drawn to possible investment risks.

In order to detect early adverse situations that may pose financial and operational risks for companies, the lists of companies whose electricity, natural gas, fuel distribution, and production licenses have been revoked as published by EMRA, daily PDP notifications of our customers traded in Istanbul Stock Exchange, penal sanction records in the weekly bulletin published by the Capital Markets Board are followed up. In addition, the upcoming bond redemption maturities of our customers, for which we have given a rating, are listed on a monthly basis, so that the analytical team can regularly monitor the repayment performance of the companies we have given an issue rating.

The intelligence activities of JCR Avrasya Derecelendirme consist of the studies carried out for the companies with which credit rating agreements are signed for the first time during the rating phase, while the monitoring activity consists of the studies carried out after the rating of the companies is published.

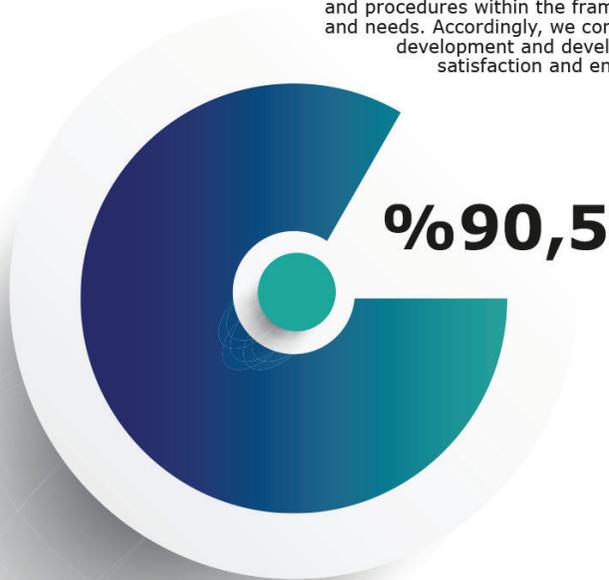
- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities**
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Customer Relations Activities

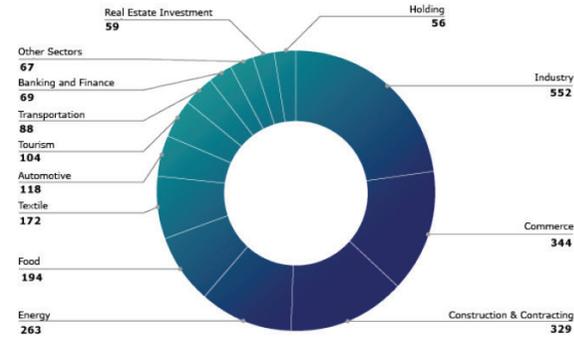
Contract Type	2023 New Contract	2023 Renewal Contract	2023 Total Contract
Credit Rating	873	1.718	2.591
Corporate Governance Rating	-	6	6
Structured Financing	31	-	31
Grand Total	904	1.724	2.628

Among 2,628 rating processes signed as of 2023, 2,591 of them were completed within the scope of credit rating, 31 within the scope of structured financing rating, and 6 within the scope of corporate governance.

In the current survey conducted as a result of the Customer Relations Satisfaction Research, the satisfaction rate was 90.5%. We consider increasing satisfaction rates from all angles and continue process and procedure improvements. Our agency is based on the continuous development of processes and procedures within the framework of today's conditions and needs. Accordingly, we constantly and effectively monitor development and develop solutions to maximize satisfaction and ensure sustainability.



2,415 Contracts by Sectors



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities**
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Committees

Committees were established within our agency, taking into account the regulations of both the Capital Markets Board and the Banking Regulation and Supervision Agency.



Information on Human Resources Activities

The most important value for us in the development of our agency is our employees. Our **Human Resources Policy** is designed and continuously improved in order to recruit, motivate and continuously develop the employees needed to achieve the agency's goals.

In accordance with the needs of the company and the workforce plan, individuals who have graduated from the relevant fields of at least a four-faculty, have high moral values, and have the qualifications and competencies required by the position to be recruited are recruited.

Accordingly, the number of employees, which was 169 in 2022, reached 200 in 2023.

57 hours of training per employee
Number of employees increased compared to the previous year: **18.3%**

The number of employees working within the scope of rating activities in our agency increased to 134 in 2023, and the number of employees working in IT-Methodology and Modeling units increased to 24. In 2023, 31% of the employees working in our agency had a doctorate or master's degree, 65% had a bachelor's degree, and 4% had a high school or associate degree.

In order to contribute to the personal and professional development of our employees in 2023, an average of 57 person/hours of training per person was provided under 88 main headings.

Within the scope of the **Analyst Training Program started in 2022, 11 analyst candidates were appointed Assistant Analyst in 2023.** Almost 200 hours of training were provided to these employees who were fresh university graduates.

The training program is designed to prepare employees who have just started their professional life for their new duties and is compiled from training topics that will ensure the continuity of their development. Within the scope of the program, 20 analyst candidates are planned to be appointed Assistant Analysts in 2024.

On 23 Mart-11 Nisan 2023, an Employee Satisfaction and Common Culture Management Survey was conducted by a research company in order to strongly support our vision and strategies, to determine business conduct and relationship styles with the participation of employees, and also to obtain data on employee satisfaction. 90 percent of our employees participated in the survey.

As a result of the survey, the JCR-ER Culture Index was at the highest level.

As a result of the analysis of the sub-fractions that form the components of the culture index, the JCR-ER Culture Index was determined as a "common and strong culture to be proud of". Employees are proud to work in this organization and generally believe that their goals are common.

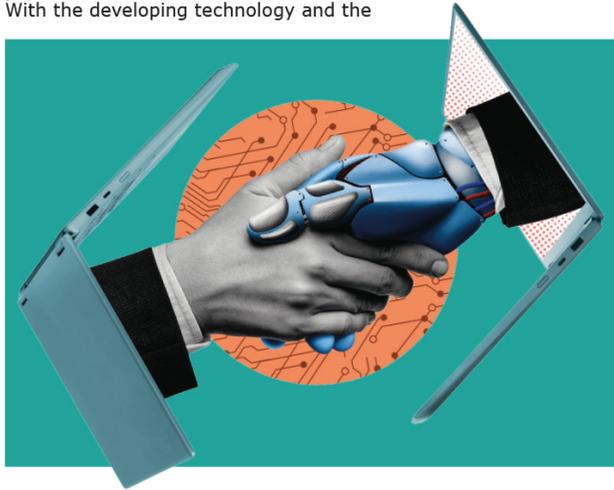
	2020	2021	2022	2023
Total Number of Employees	46	102	169	200
Rating Group Personnel	25	67	115	134
IT-Methodology and Modeling Personnel	8	15	21	24
Head Office and Administrative Employees	13	20	33	42

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees**
- Information on Human Resources Activities**
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Information Technologies Activities

We follow current technologies and innovations in order to achieve corporate goals and increase digitalization in our information technologies infrastructures. Being aware of the importance of information security and data in line with our goals, we constantly improve and mature our systems and processes established. With the developing technology and the

widespread use of digital media, the behavior of internal and external users is also changing, and the cybersecurity risks experienced as a result of these behaviors are increasing. In order to minimize these risks, information security infrastructure and layers are constantly renewed.



System Infrastructure

To ensure data security and business continuity, a virtualization architecture was created by re-projecting the backup infrastructure in a hyper-integrated infrastructure architecture and combining storage, network, and information processing structures in a single channel.

With our developing data structures and growing data in our hyper-integrated backup infrastructure, the backup capacity in our data center was increased and backup data was instantly sent to the Ankara location.

Along with our growing business volume, our virtualization platform and server capacity grew by 35%. Server hosting capacity was increased in the Disaster Recovery Center.

2023 ODM testing procedures were successfully completed within the framework of the emergency and business continuity plan for the Disaster Recovery Center in order to check that synchronization and data transfers are carried out properly according to the criticality levels of the systems.

All our systems and logs were made traceable. Necessary warning and message infrastructures were established for situations that may occur in monitored systems. System and application updates and server updates of all our users were applied after the controls, and in-house versions were standardized.

Network and Security

In line with the increasing needs within the institution, internet access speed was increased and improvements were made in the network topology. The updates of our network devices were followed up and added to our periodic update calendar, and the transition to the latest version was ensured. An isolated high-security environment was provided to store privileged account

information, control access to them, and control, manage, monitor, and record access to critical assets. In order to take data center security to the next level, ensuring traceability and security in accordance with national and international regulations was increased. In the IT security infrastructure' e-mail security was taken to the next level and protection was provided against unknown attacks.

Information Security and Risk Management

Penetration tests were conducted twice during the year, and verifications were made. Vulnerability scans were carried out at weekly and monthly intervals depending on the criticality levels of the systems within the company.

Within the scope of information security, information security awareness training was provided to 186 employees, and an information security bulletin was shared on a monthly basis.



Support Service Processes

ITIL processes were taken as basis in determining, managing, and improving service processes.

98% of the records received by our support services were resolved within the SLA period.

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities**
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

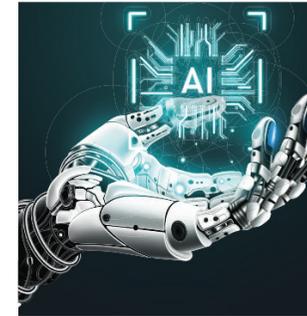
Software Processes

In 2023, we included many improvements, new processes and External and Official Institution integrations in our JCR-ER Analytics application, where we carry out our credit rating processes uninterruptedly from end to end, develop and update it with our own team, and mature day by day.

In all our development processes, we implemented the planning, analysis, development, testing, and go-live stages in accordance with our software development procedures. Static code analyses of the written codes and code reviews over the version management system were carried out, and their controls were made.

Business Intelligence Data Analytics

We increased our data quality and diversity by continuing to make various integrations from official sources in order to meet the increasing data need. We initiated and are carrying out the Data Warehouse ETL Project in order to deduplicate data and provide reporting needs to business units.



Applications and Innovations

- We completed the project of making notifications of all credit rating scores, which we manually report in monthly periods carried out with the Risk Center of BAT, in instant (daily) periods and by integrating them into the system and notifying them to the Risk Center of BAT. Thus, we provided the member organizations (banks, other financial institutions, etc.) of the Risk Center of BAT with instant access to the Credit Rating Information given by our agency, the validity dates of the notes, etc.
- By integrating our file sharing application into our JCR-ER Analytics system, we ensured that all processes of the information and documents we request from our companies are carried out securely through our application.
- By creating screens through our system, we enabled business plans to be made and reported easily.
- By integrating the Trade Registry Gazette and bill service data for our Intelligence and Monitoring Unit, we ensured monitoring, tracking, and taking necessary actions within our system

- By designing a comprehensive screen where our customers' peer group comparisons are made, we enabled company comparisons to be made in much more detail.
- By gathering credit rating workflow processes on a platform, we made it easier to measure the process stages and work effort.
- We went live by providing the necessary flows and processes for demand management of different units on the Electronic Document Management System.
- We prepared the requested reports in line with the needs of the units.

- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities**
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability
- Independent Audit Report of 2023

Basic Principles, Internal Control, and Quality Assurance System

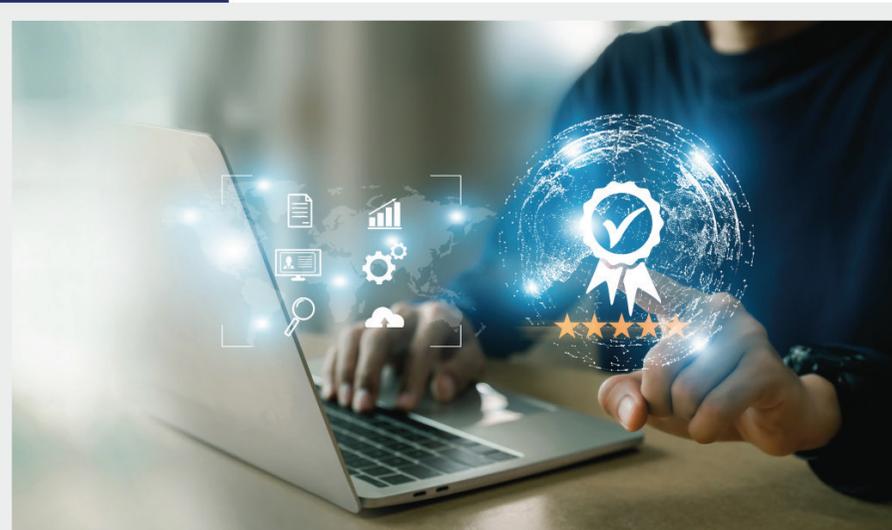
JCR Avrasya Derecelendirme A.Ş. shaped its organization with the sensitivity of establishing a control, internal audit, and quality assurance system compatible with the scope and structure of its activities and implementing these systems effectively, under the procedures and principles specified in the relevant legislation, in order to monitor and control the risks experienced.

Our company carries out its activities in full compliance with the "Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies" of the Banking Regulation and Supervision Agency (BDDK) and the "Communiqué the

Principles Regarding Rating Activity and Rating Agencies in the Capital Markets" of the Capital Markets Board (CMB), as well as the issues specified in other legislation. In addition, it adopted the "Basic Principles of Management Rules for Credit Rating Agencies" published by IOSCO (International Organization of Securities Commission) and continues its activities accordingly.

Accordingly, our Company established control and quality assurance systems independent of the rating process as stipulated in the legislation in order to ensure that the rating process is carried out independently and effectively in line with the basic principles of impartiality, transparency, accountability, and confidentiality, to control the accuracy of the ratings given, to ensure compliance with internal and external legislation, to create physical and reliable environments for the protection of customers' confidential information in accordance with confidentiality principles, to protect and develop company values, to increase the degree of compliance with ethical rules and professional principles, and it established the Internal Audit/Quality Assurance System Committee, consisting of two Board members, to serve to oversee the functioning and efficiency of these mechanisms.

In our organization, we have a Controller unit that operates to check the compliance of our organization and our employees with the rating methodology, code of conduct, and relevant rating legislation provisions, including internal regulations, to carry out model validation studies and report the results to the Board of Directors, and there are four full-time employees working in the relevant unit. In addition, to monitor compliance with our Company's goals, strategies, and policies, as well as other relevant legislation and internal regulations, and to contribute to our Organization's achievement of its goals, there is also an Internal Audit unit, employing two full-time employees, who evaluate the institution's risk management, control, and corporate governance processes, improve these processes and report their findings to the Audit Committee.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System**
- Sustainability
- Independent Audit Report of 2023

Sustainability

JCR-ER Economic and Analytical Research Sustainability Studies

While the missing parts of the ecosystem continued to be completed in 2023 in sustainability studies that are becoming more visible day by day, the highest attention was given to national and international regulations. While inter-field integration was gaining momentum, institutions took more concrete steps in the name of sustainability, closely following the regulations and spending significant time on integration into business plans.



Some of the regulations we followed in 2023 are as follows:

- 

• The International Financial Sustainability Standards Commission (ISSB), established within the International Financial Reporting Standards (IFRS), completed its work on sustainability reporting standards and published IFRS S1 and IFRS S2.
- 

• The European Financial Reporting Advisory Group (EFRAG) published the European Sustainability Reporting Standards (ESRS) and determined the scope of reporting.
- 

• The Public Oversight Authority (POA) published the Turkish Sustainability Reporting Standards (TSRS) by adapting IFRS S1 and IFRS S2 to our country.
- 

• The Global Reporting Initiative (GRI) made updates to sectoral reporting.
- 

• The process of transition to the European Union Carbon Border Adjustment implementation started.

As JCR Avrasya Derecelendirme, following the developments closely and incorporating the practices into the current business plan became one of our priorities, especially in the field of sustainability, where international standards have been established as the duties of the regulatory and supervisory authorities have begun to become clear. Accordingly, we continue our efforts to effectively manage the resources required to keep the current capacity within the company up to date.



The Sustainability Bulletin, published monthly by the Economic Research Directorate in order to keep all employees up to date on important issues in terms of closely monitoring the risks and opportunities that may affect the main business line, is one of the new applications we launched in the field of sustainability in 2023. While the bulletin includes developments that may affect companies, sectors, and the general economy, the latest developments in the field of sustainable finance are also evaluated. We take care to fulfill our duties and responsibilities for a sustainable world in coordination with all our internal and external stakeholders. Our efforts to preserve our existing sustainability-oriented approach and develop it in parallel with developments will continue in the future, as it has been until today.



- Executive Summary
- About Us
- Milestones
- Shareholding Structure
- Japan Credit Rating Agency, Ltd (JCR)
- Board of Directors and Senior Management
- Our Position in the Sector
- Summary Financial Information
- Rating Activities in 2023
- Methodology, Modelling, and Validation Activities
- Economic Research Activities
- Intelligence and Monitoring Activities
- Customer Relations Activities
- Committees
- Information on Human Resources Activities
- Information Technologies Activities
- Basic Principles, Internal Control, and Quality Assurance System
- Sustainability**
- Independent Audit Report of 2023

Quality Management Systems:

In 2023, the Surveillance Audit for quality certificates of ISO 9001:2015 Quality Management System, ISO 27001:2013 Information Security Management System, and ISO 10002:2018 Customer Relationship Management System was successfully completed.

Legal Disclosures:

There is no lawsuit filed against our organization that may affect our organization's financial situation and activities.

Disclaimer:

Within the framework of the information we have in our duties, authorities, and responsibilities in our agency, we agree, declare and undertake that the 2023 Annual Report does not contain any false information, explanation, or deficiencies that may create a misleading opinion on material issues, and that the financial and other information reflects the truth as of the period of the report.

For and on behalf of the Board of Directors,

Prof. Dr. Feyzullah YETGİN

Vice Chairperson of the Board of Directors | General Manager

Metin Recep ZAFER

Chairperson of the Board of Directors | Director of Directors





**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of JCR Avrasya Derecelendirme A.Ş

1. Opinion

We have audited the annual report of JCR Avrasya Derecelendirme A.Ş (the "Company") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 30 May 2024 on the full set financial statements for the 1 January - 31 December 2023 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

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- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Company's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

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"

Özge Arslan Yılmaz, SMMM
Independent Auditor

Istanbul, 30 May 2024



JCR AVRASYA DERECELENDİRME A.Ş.

**FINANCIAL STATEMENTS
ON 1 JANUARY – 31 DECEMBER 2023 AND
INDEPENDENT
AUDITOR'S REPORT
"Convenience translation of a report originally
issued in Turkish"**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of JCR Avrasya Derecelendirme A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of JCR Avrasya Derecelendirme A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue Recognition</p> <p>The Company has obtained sales revenue of TL 636,782,517 during the period from January 1, 2023, to December 31, 2023. Explanations regarding the Company's accounting policies and amounts related to revenue are provided in Note 2 and Note 14.</p> <p>The Company's revenue consists of income from credit and corporate governance rating services. Due to the nature and size of the Company's operations, there is a risk that revenue may not be recognized when service obligations are fulfilled and may not be recorded in the correct period.</p> <p>According to the above mentioned explanations, the revenue recognition has been determined as a key audit matter in accordance with the accrual principle of sales, volume of sales and the risk of being not recorded in the correct period.</p>	<p>During our audit, the following procedures were applied to ensure the completeness and accuracy of revenue recognition:</p> <ul style="list-style-type: none"> - Contracts with customers were reviewed, and the impact of contract terms on revenue recognition was evaluated. - Within the scope of our audit work, service sales data and records were tested on a sample basis. Additionally, substantive procedures and data analytics tools were used to perform correlation and analysis procedures related to the relevant accounts. - To test the integrity and accuracy of the data used, data obtained from accounting systems was compared with collection information. - Test of details has been performed to ensure that transactions recognized as revenue occurring just before and after the reporting period were recorded in the correct period in accordance with the accrual principle. - The adequacy and consistency of the related footnotes in the financial statements were checked.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>IAS 29 "Financial Reporting in Hyperinflationary Economies"</p> <p>According to IAS 29, financial statements must be restated at the end of the reporting period to reflect the current purchasing power. Therefore, transactions in 2023 and non-monetary balances at the end of the period have been restated to reflect the purchasing power as of December 31, 2023. The application of IAS 29 results in comprehensive and significant changes to many items in the Company's financial statements. Preparing financial statements using the current purchasing power approach and obtaining accurate results require a series of complex procedures, calculations, and reconciliations related to the restatement of many balance sheet items and current period transactions. Due to the complexity of the methodologies and calculations applied in the restatement process and the risk of historical data being incomplete or incorrect, the application of IAS 29 has been identified by us as a key audit matter.</p>	<p>The following audit procedures have been applied regarding the implementation of IAS 29 "Financial Reporting in Hyperinflationary Economies":</p> <ul style="list-style-type: none"> - The Company's relevant processes and accounting policies have been reviewed. - Detailed lists of non-monetary items were obtained, and their original costs and purchase dates were checked against supporting documents. - It was verified whether the classification of monetary and non-monetary items made by management was in compliance with IFRS. - By checking the methods used and general price index rates, the re-preparation of non-monetary items, the statement of changes in equity, the income statement, and the cash flow statement were tested in terms of the effects of inflation. - The adequacy and consistency of the relevant notes in the financial statements were checked.



4. Responsibilities of management and those charged with governance for the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5. Auditor's responsibilities for the audit of the financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other matters

The unconsolidated financial statements of the Company as at and for the year ended 31 December 2023 were audited by another independent audit firm that expressed an unqualified opinion results in the audit report dated 15 March 2023.

C. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

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Serbest Muhasebeci Mali Müşavirlik A.Ş.

Özge Arslan Yılmaz, SMMM
Independent Auditor

Istanbul, 30 May 2024

JCR AVRASYA DERECELENDİRME A.Ş.

CONTENTS	PAGES
STATEMENTS OF FINANCIAL POSITION.....	1-2
STATEMENT OF PROFIT OR LOSS.....	3
STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
STATEMENT OF CHANGES IN EQUITY.....	5
STATEMENT OF CASH FLOW.....	6
NOTES OF FINANCIAL STATEMENTS.....	7-31

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023
(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

		Audited	Audited
	Notes	31 December 2023	Restated 31 December 2022
Assets			
Current assets			
Cash and cash equivalents	4	265.750.529	224.673.925
Financial investments	5	7.436.260	9.329.492
Trade receivables			
- Trade receivables from third parties	6	52.378.445	43.368.611
Other receivables			
- Other receivables from third parties	7.a	57.243	1.205
Prepaid expenses	7.b	6.796.820	2.663.526
Other current assets		-	910.680
Total current assets		332.419.297	280.947.439
Non-current assets			
Financial investments	5	333.565	549.624
Property, plant and equipment	8.a	13.805.858	15.056.920
Right of use assets	8.b	6.436.821	-
Intangible assets	9	14.586.566	12.775.828
Prepaid expenses	7.b	1.224.288	757.908
Deferred tax assets	19.b	5.555.907	8.892.781
Total non-current assets		41.943.005	38.033.061
Total assets		374.362.302	318.980.500

The accompanying notes are an integral part of these financial statements

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023
(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

		Audited	Audited
	Notes	31 December 2023	Restated 31 December 2022
LIABILITIES			
Current liabilities			
Short term liabilities	11	288.589	52.225
Lease payables	11	6.578.030	-
Trade payables	6	2.267.207	1.855.501
Employee benefit obligations	10.a	21.890.454	20.375.401
Period profit tax liability	19.a	29.807.971	25.752.167
Other current liabilities	12	14.076.486	3.149.373
Total current liabilities		74.908.737	51.184.667
Non-current liabilities			
Long term provisions			
- Provisions for employee benefits	10.b	14.392.380	8.979.888
Total non-current liabilities		14.392.380	8.979.888
EQUITY			
Company shareholders' equity			
Share capital	13.a	50.000.000	30.000.000
Share capital adjustment differences		40.739.674	37.703.454
Other comprehensive income (loss) not to be reclassified to profit or loss			
- Actuarial gain / loss arising from defined benefit plans	13.b	(5.691.811)	(427.805)
Reserves on retained earnings	13.c	19.933.522	11.388.646
Prior period profits/losses		132.065.770	44.158.987
Net profit for the year		48.014.030	135.992.663
Total equity		285.061.185	258.815.945
Total liabilities		374.362.302	318.980.500

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STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Revenue	14	636.782.517	441.744.929
Cost of sales (-)	14,15	(337.997.960)	(161.956.163)
Gross profit		298.784.557	279.788.766
General and administrative expense (-)	15	(88.241.734)	(55.193.999)
Marketing, sales and distribution expenses (-)	15	(10.579.864)	(5.001.978)
Other operating income	16	1.201.023	1.499.582
Other operating expenses (-)	16	(39.909.278)	(856.415)
Operating profit		161.254.704	220.235.956
Operating profit before financing income (expense)		161.254.704	220.235.956
Financial income	17	81.644.191	29.340.689
Financial expense (-)	17	(197.247)	(33.225)
Gain/Loss on net monetary position	18	(139.099.425)	(36.708.586)
Profit before taxation		103.602.223	212.834.834
Current period tax expense (-)	19.a	(61.613.239)	(56.192.486)
Deferred tax income (expense)	19.a	6.025.046	(20.649.685)
Net profit for the year		48.014.030	135.992.663

The accompanying notes are an integral part of these financial statements

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

STATEMENT OF OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Audited 1 January 31 December 2023	Audited 1 January 31 December 2022
Net profit for the year		48.014.030	135.992.663
Other comprehensive income(expense)			
Items not to be reclassified to profit or loss	10.b	(5.264.006)	(704.469)
Defined benefit plans' actuarial gains(losses)		(7.952.178)	(939.292)
Tax related other comprehensive expenses not to be re-classified through profit or loss		-	-
Tax Effect	20	2.688.172	234.823
Other income/loss		-	-
Other comprehensive income(expense), (after-tax)		(5.264.006)	(704.469)
Total comprehensive income		42.750.024	135.288.194

The accompanying notes are an integral part of these financial statements

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

	Share capital	Capital share adjustment differences	Actuarial gain / loss	Retained earnings		Net profit for the year	Total equity
				Legal reserved	Accumulated profit		
Previously reported at 1 January 2022	1,000,000	-	640,253	1,043,194	8,155,351	58,824,699	69,663,497
Previous period restatements	-	7,107,280	(363,589)	4,379,694	2,111,505	100,397,176	113,632,066
Restated 1 January 2022	1,000,000	7,107,280	276,664	5,422,888	10,266,856	159,221,875	183,295,563
Dividends paid	-	-	-	-	(59,767,812)	-	(59,767,812)
Capital Increase from Internal Resources	29,000,000	30,596,174	-	-	(59,596,174)	-	-
Transfers	-	-	-	5,965,758	153,256,117	(159,221,875)	-
Total comprehensive income	-	-	(704,469)	-	-	135,992,663	135,288,194
Balance at 1 January 2023	30,000,000	37,703,454	(427,805)	11,388,646	44,158,987	135,992,663	258,815,945
Restated at 1 January 2023	30,000,000	37,703,454	(427,805)	11,388,646	44,158,987	135,992,663	258,815,945
Dividends paid	-	-	-	-	(28,795,276)	-	(28,795,276)
Capital Increase from Internal Resources	20,000,000	3,036,220	-	-	(23,036,220)	-	-
Transfers	-	-	-	8,544,876	127,447,787	(135,992,663)	-
Total comprehensive income	-	-	(5,264,006)	-	-	48,014,030	42,750,024
Increase/decrease due to other changes	-	-	-	-	12,290,492	-	12,290,492
Balance at 1 December 2023	50,000,000	40,739,674	(5,691,811)	19,933,522	132,065,770	48,014,030	285,061,185

The accompanying notes are an integral part of these financial statements

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed as of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Audited	Audited
		1 January-31 December 2023	1 January-31 December 2022
Net profit for the year		48.014.030	135.992.663
Adjustments to depreciation and amortization expense for intangible assets	8,9	13.395.558	9.209.490
Adjustments to provision for employee termination benefits	10	2.412.088	3.730.194
Adjustments to provision for doubtful receivables	6	-	-
Interest income	17	(74.630.587)	(29.340.689)
Profit on sale of property, plant and equipment	18	-	-
Adjustments to tax income (expense)		-	-
Adjustments for monetary gain/loss		156.297.881	150.307.684
Operating profit before changes in working capital		(7.423.754)	(31.621.951)
Changes to increase/decrease in trade receivables		(26.058.229)	(23.822.720)
Changes to increase/decrease in other receivables		(56.513)	50.730
Changes to increase/decrease in other current assets		21.677.484	(15.598.650)
Changes to increase/decrease in trade payables		2.267.207	(1.207.336)
Changes to increase/decrease in other debts		(2.584.807)	1.842.382
Changes in prepaid expenses		(4.599.674)	(2.079.281)
Change in financial investments		(1.774.233)	2.366.424
Change in other liabilities		10.199.718	(8.616.753)
Provisions for employee termination benefits		(6.494.607)	15.443.253
Cash flow provided by operations		(56.117.723)	(35.542.800)
Severance pay paid	10.b	(529.630)	-
Tax refunds (payments)		(55.588.193)	(35.542.800)
Net cash provided by operating activities		(56.117.723)	(35.542.800)
Cash flows from investing activities		(11.301.762)	(3.782.686)
Purchase of tangible fixed assets	8	(5.488.672)	(5.173.245)
Purchases of intangible assets	9	(5.861.663)	(3.384.074)
Income from sale of tangible assets		24.286	11.069
Income from sale of intangible assets		24.287	4.763.564
Net cash used in investing activities		46.460.805	(62.145.737)
Cash flows from financing activities		117.106.436	136.806.167
Interest received	17	74.630.588	-
Capital increase		-	-
Dividends paid		(28.795.276)	(59.767.812)
Cash inflow/outflow resulting from borrowing		215.834	(3.692)
Other		409.659	(2.374.232)
Monetary gain/(loss) impact on cash and cash equivalents		(79.859.694)	(58.519.081)
Net change in cash and cash equivalents		37.246.742	78.287.086
Cash and cash equivalents at the beginning of the period		222.627.452	144.340.366
Cash and cash equivalents at the end of the year	4	259.874.194	222.627.452

“Convenience translation of a report originally issued in Turkish”
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

1. ORGANIZATION AND NATURE OF ACTIVITIES

JCR Avrasya Derecelendirme Anonim Şirketi (“Company”), was established on February 20, 2007, Istanbul, for rating of credit and corporate governance. The Company is the first local capitalized company which authorized by Capital Market Board in credit rating sector. The company became partner with Japan Credit Rating Agency Ltd. (JCR) on November 12, 2007 and the Company changed its title as JCR Avrasya Derecelendirme A.Ş.

Also, the Company is authorized by BRSA for conducting obligatory rates on October 1, 2009. The company has made an application on June 21, 2012 and based on this BRSA’s renewed the authorization of the Company on April 25, 2013.

The Company received “Corporate Governance Compliance Rating” license from Capital Market Board on April 29, 2010.

In March 2010, the Company became the founder of EACRA- European Association of Credit Rating Agencies, which was ocured of 16 different countries in EU – European Union and nearby.

According to 8th entry’s 3rd section of Regulations for measuring Insurance, Reassurance and Retirement Companies’ Capital Adequance, the rating of Reassurance Companies are involved to authorized rating boards list by Sereteriat of Treasury’s B.02.1.HZN.0.10.03.01-46974 numbered publish, dated October 6, 2010.

The Company has joined ACRAA- The Association of Credit Rating Agencies in Asia which operates in 15 Asia country with 33 credit rating company members on April 17, 2015. On January 17, 2020, under the leadership of Borsa Istanbul A.Ş., Turkey’s leading banks and financial institutions bought 85.05% the shares of JCR Avrasya A.Ş.

February 21, 2020 date and the banking regulation and supervision board decision No. 8876 “ in accordance with Article 8 of the regulation on loan transactions of banks, accurate measurement of the risk by expanding the rating activities, and increasing the transparency of financial sector depth, in order to reduce credit costs and use capital effectively, companies with a turnover of 500 million Turkish Lira and above must obtain a rating rating from an authorized rating agency by June 30, 2021 in order to use loans.” By the decision of the banking regulation and supervision board dated September 10, 2020 and numbered 9133, the turnover criterion was changed to 500 million TL credit risk.

JCR Avrasya Derecelendirme A.Ş. is the only organization authorized by the BRSA.

By decision of the banking regulation and supervision board dated on February 21, 2020 and numbered 8875, JCR Avrasya Derecelendirme A.Ş. has been decided to match the credit rating ratings of the banks for use in capital adequacy calculations.

The company's General Directorate is located at Maslak Mahallesi Taşyonca Sokak No:1/F F2 Blok Kat: 2 34485 Sarıyer/Istanbul/Turkey. Partnership structure of the company is in Note 13. The Company has 200 employees as of December 31, 2023 (31 December 2022:169).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, “Principals of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on June 13, 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS” / “TFRS”) and its addendum and interpretations (“IFRIC”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Board. It is also presented in accordance with the 2023 TFRS taxonomy published by the Public Oversight Authority (POA).

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The Company maintain their accounting records and prepares their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost convention in TL. These financial statements are based on the statutory records, which are maintained under historical cost conversion, with required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

January 1- December 31, 2023 The financial statements for the period of the accounts were approved at the meeting of the Board of Directors dated May 30, 2024 and it will be finalized upon approval at the General Assembly on June 6, 2024.

Financial reporting in hyperinflationary economy

The Company prepared its financial statements as at and for the year ended 31 December 2023 by applying TAS 29 “Financial Reporting in Hyperinflationary Economies” in accordance with the announcement made by POA on November 23, 2023 and the “Implementation Guide on Financial Reporting in Hyperinflationary Economies”.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The company has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of December 31, 2023.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year End	Index	Conversion Factor	Three-year Compound Inflation Rate
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

The main elements of the Firm’s adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 “Impairment of Assets” and IAS 2 “Inventories” are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

In order to make the necessary adjustments to the financial statements in accordance with TAS 29, assets and liabilities are first separated into monetary and non-monetary items, and non-monetary assets and liabilities are further separated into those measured at current value and those measured at cost. Monetary items (except for those linked to an index) and non-monetary items measured at their current values at the end of the reporting period are not subject to inflation adjustment since they are currently expressed in terms of the measuring unit current at December 31, 2023. As of December 31, 2023, non-monetary items that are not expressed in terms of the measuring unit current on December 31, 2023 are restated for inflation by using the relevant coefficient. Where the inflation-adjusted value of a non-monetary item exceeds its recoverable amount or net realisable value, the carrying amount is reduced by applying the relevant TFRS. In addition, all components of equity and items in the statement of profit or loss and other comprehensive income have been restated for inflation.

The application of TAS 29 has necessitated adjustments arising from the decline in the purchasing power of the Turkish lira and presented in the Net Gains (Losses) on Monetary Position in the profit or loss section of the statement of profit or loss and other comprehensive income. During an inflationary period, the purchasing power of entities carrying monetary assets in excess of monetary liabilities weakens and the purchasing power of entities carrying monetary liabilities in excess of monetary assets increases, unless the value of monetary assets or liabilities depends on changes in an index. The net gain or loss on monetary position is derived from the restatement differences of non-monetary items, equity, items in the statement of profit or loss and other comprehensive income, and index-linked monetary assets and liabilities.

In addition, in the reporting period in which TAS 29 is applied for the first time, the provisions of the Standard are applied assuming that there will always be hyperinflation in the relevant economy. Therefore, the statement of financial position as at 1 January 2022, which is the beginning of the earliest comparative period, has been adjusted for inflation to provide a basis for subsequent reporting periods. As at January 1, 2022, the inflation adjusted amount of retained earnings/accumulated losses in the statement of financial position as at January 1, 2022 is derived from the balance sheet equivalence that should exist after the inflation adjustment of the other items of the statement of financial position.

2.2 Measurement currency and reporting currency

Financial statements are presented in TL, which is the functional and reporting currency of the company.

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will realize the benefits from its assets and settle its liabilities within the next year and in the normal course of business.

2.4 Comparable financial information and reclassification of prior year financial statements

The company's December 31, 2023 December 31, 2022 as at the date of Financial Position Statement of financial position prepared as of the date of the table and ending on December 31, 2023 for the accounting period ending on December 31, 2022 the table, the profit or loss statement profit or loss for the accounting period January 1 – December 31, 2023 cash flow statement and the statement of changes in equity for the accounting period January 1 – December 31, 2022 financial statements with the relevant period for the accounting period comparatively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 New and amended standards and interpretations

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/ TFRS and IFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

New Standards, amendments and interpretations applicable as at December 31, 2023:

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after January 1, 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Company's financial position and performance is being assessed.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** Effective from annual periods beginning on or after January 1, 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Company's financial position and performance is being assessed.
- **The amendment to IAS 12, “International Tax Reform”;** Temporary Exception,” is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023. The impact of this amendment on the Company's financial position and performance is being assessed.
- **IFRS 17, “Insurance Contracts”;** effective from annual periods beginning on or after January 1, 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Company's financial position and performance is being assessed.

However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (POA) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2025

The above mentioned changes and improvements do not have a significant impact on the financial position and performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 New and amended standards and interpretations (Continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

- **Amendment to IFRS 16- Leases on sale and leaseback;** effective from annual periods beginning on or after January 1, 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Company’s financial position and performance is being assessed.
- **Amendment to IAS 1- Non-current liabilities with covenants;** It is valid for annual reporting periods beginning on or after January 1, 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information the entity provides regarding obligations subject to these conditions.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** It is valid for annual reporting periods beginning on or after January 1, 2024. These changes require disclosure to increase transparency around supplier financing agreements and their impact on businesses’ liabilities, cash flows and liquidity risks. Disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier financing agreements are not sufficiently clear and hinder investors’ analysis.
- **Amendments to IAS 21- Lack of Exchangeability;** It is valid for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose. A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction; occurs through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** It is valid for annual reporting periods beginning on or after January 1, 2024. This standard contains the basic framework for disclosing all serious risks and opportunities a company is exposed to regarding sustainability within its value chain.
- **IFRS S2, ‘Climate-related disclosures’;** It is valid for annual reporting periods beginning on or after January 1, 2024. This standard is the first to establish disclosure requirements for companies about climate-related risks and opportunities.

Moreover, in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

New standards, amendments and interpretations that will be valid as of January 1, 2024 are not expected to have a significant impact on the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Netting / Offset

Financial assets and liabilities are shown at their net values in the balance sheet if there is a legal right to offset them, if they can be paid or collected on a net basis, or if the acquisition of the asset and the fulfillment of the liability can occur simultaneously.

2.7 Accounting evaluation, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates. Estimates are reviewed periodically, adjusted if necessary, and are reflected in the income statement in the period in which they are realized.

Interpretations that may have a significant effect on the amounts recognized in the financial statements and assumptions and evaluations made by considering the main sources of estimates that exist at the balance sheet date or that may be realized in the future:

- Property, plant and equipment and intangible assets (except for rating software programs) are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on a straight-line basis over the useful lives of the assets. Useful lives are based on management’s best estimates, reviewed at each balance sheet date and adjusted if necessary.
- The allowance for doubtful receivables reflects the amounts that the Company management believes will cover future losses on receivables that exist as of the balance sheet date but that have a risk of not being collected under current economic conditions. In assessing whether receivables are impaired, the past performance of debtors other than related parties and key customers, their creditworthiness in the market, their performance from the balance sheet date to the date of approval of the financial statements and the renegotiated terms are also taken into consideration. In addition to the collaterals obtained as of the balance sheet date, the collaterals obtained during the period until the approval date of the financial statements are also taken into consideration while determining the provision amount. Provisions for doubtful receivables as of the related balance sheet date are disclosed in Note 6.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the accompanying financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows, cash and demand deposits with maturities of 3 months or less than 3 months from the date of purchase, and are convertible to cash without a substantial change in value that have high liquidity risk other short-term investments.

Financial Assets

"Financial assets at fair value through other comprehensive income" consist of equity instruments and debt instruments. The Company measures these financial assets at fair value. Gains or losses arising from the related financial assets, other than foreign exchange gains or losses, are recognised in other comprehensive income. When the equity instruments are sold, the valuation differences recognised in other comprehensive income are reclassified to retained earnings. When debt instruments are derecognised, gains and losses previously recognised in other comprehensive income are reclassified from equity to the income statement.

"Financial assets at fair value through profit or loss" consist of financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income. Gains and losses arising from the

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade receivables / payables

Trade receivables/trade payables arising from the company arising directly from the service/sale to a borrower/buyer within the main subject of activity were evaluated at their discounted cost using the effective interest method. Short-term trade receivables/trade payables that do not have a specified interest rate are assessed from the invoice amount if the interest accrual effect is negligible.

The company allocates doubtful accounts receivable for related accounts receivable if there is an objective finding that there is no possibility of collection. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the resulting commercial receivables. If the amount of impairment decreases due to a situation that will occur after writing down a loss, this amount is reflected in other income in the current period.

Financial investments

“Financial assets measured at amortized cost”, held under a business model that aims to collect contractual cash flows and the balance due on specific dates and principal only principal in the terms of the contract, cash flows, including interest payments where there are non-derivative financial assets. Financial assets of the company accounted for at amortized cost, “cash and cash equivalents”, “trade receivables”. Related assets at their fair value at their initial entry into the financial statements; in subsequent accounting, it is measured at discounted prices using the effective interest rate method. Gains and losses incurred as a result of the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

“Financial assets whose fair value difference is reflected in other comprehensive income” consists of equity-based financial assets and debt instruments. The Company measures these assets at fair value. Gains or losses arising from related financial assets, other than exchange rate difference income or expenses, are reflected in other comprehensive income. In the case of the sale of equity-based financial assets, valuation differences classified into other comprehensive income are classified into past year profits. In the case where debt instruments are excluded from the financial statement, gains and losses previously recognized in comprehensive income are classified from equity to income statement.

“Financial assets with fair value difference reflected in profit or loss” are financial assets other than financial assets measured at amortized cost and whose fair value difference is reflected in other comprehensive income. Gains and losses resulting from the valuation of these assets are recognized in the income statement.

Tangible assets

Property, plant, and equipment (vehicles, flooring, and fixtures) are shown at their registered values at their net value after deducting accumulated depreciation and impairment, if any. Depreciation is divided by the adjusted values of tangible assets over their useful lives using the linear depreciation method. Tangible fixed assets generally consist of furnishings and fixtures and their estimated useful lives are between 4-10 years.

Intangible assets

Intangible assets consist of rating software programs, website, and other specific rights. Intangible assets are amortized on the basis of their useful lives are between 4-15 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental Transactions

The Company applies “IFRS 16 - Leases” standard in the accounting of lease transactions. In accordance with “IFRS 16 - Leases”, the Company calculates the amount of “right of use” based on the present value of the lease payments of the leased fixed asset at the beginning of the lease and includes it in “property, plant and equipment”.

The lease liability consists of lease payments and payments to be made for the right to use the underlying asset during the lease term and which are not paid at the commencement date of the lease. The Company measures the lease liability at the commencement date at the present value of the lease payments that have not been paid until that date. Lease payments are discounted using an alternative borrowing interest rate. The alternative borrowing interest rate is the market interest rate for the company at that date. The calculated amount is recognised under “Lease Liabilities” in the financial statements. Interest expenses related to lease liabilities are recognised under “Lease Interest Expenses” in the income statement under interest expenses and foreign exchange differences are recognised under “Foreign Exchange Gains/Losses”.

Effect of Foreign currency change

Transactions in foreign currencies during the period have been translated into TL at the exchange rates prevailing at dates of these transactions. Financial position items denominated in foreign currencies have been translated at the exchange rates prevailing at the financial position dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income or expense accounts as appropriate.

As of the financial position dates, the major foreign exchange rates used by the Company are given below;

	31 December 2023	31 December 2022
US Dollar	29,4382	18,6983
EUR	32,5739	19,9349
GBP	37,4417	22,4892

Impairment of assets

The company evaluates whether there is any indication of an asset's depreciation at each balance sheet date. If such an indicator exists, the recoverable amount of that asset is estimated. If the carrying amount of that asset or any cash-generating unit of that asset is higher than the amount to be recovered through use or sale, an impairment has occurred.

The recoverable amount is determined by selecting the net sale price of the asset and the one higher than the use value. Use value is the estimated present value of cash flows that are expected to be derived from the continued use of an asset and its disposal at the end of its useful life. Impairment losses are recognized in the income statement.

Revenue and cost of Service

Income is accounted for when it is possible to provide an economic return to the company in relation to the activities and when it is possible to measure the return reliably. Income is measured at the fair value of receivables and offers net receivables for goods and services provided in the normal flow of business, after deducting discounts and sales-related taxes. Service revenues are not recorded at the time the services are provided.

Sales, delivery of a product or provision of services, product-related risks and benefits of the transfer to be made, the amount of revenue can be reliably determined, and it is likely that economic benefits associated with the transaction will be obtained by the company upon the fair value of the consideration received or to be received on an accrual basis are recorded. The company's revenues generally consist of commissions from ticket sales and are shown net in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023**

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

In the presence of one of the following criteria, the party shall be deemed to be associated with the company:

- The party in question, directly or indirectly, through one or more intermediaries:
 - Control, control, or co-control the business with the business (including parent partnerships, subsidiaries, and subsidiaries in the same business branch)
 - Have a share that will have a significant impact on the company, or
 - Have joint control over the company;
- The party is a subsidiary of the company;
 - The party in question, directly or indirectly, through one or more intermediaries:
 - Control, control, or co-control the business with the business (including partnerships, subsidiaries, and subsidiaries in the same business)
 - Have a share that will have a significant impact on the company, or
 - Have joint control over the company;
 - The party is a subsidiary of the company;
 - Party is a business partnership in which the company is a co-entrepreneur;
 - Be a member of the key executive staff of the party, the company or its parent partnership;
 - The party is a close family member of any individual mentioned in (a) Or (d) ;
 - A party is a business controlled, jointly controlled or under significant influence, or in which any individual referred to in (d) or (e) directly or indirectly has significant voting rights;

Employees of a party, business, or business that is a party associated with the business must have benefit plans provided after retirement.

Employee benefits

According to applicable law, the company is obliged to pay a certain lump sum to employees whose employment is terminated due to retirement or for reasons other than resignation and behavior specified in the labor code. These payment amounts are calculated based on the severance pay ceiling effective as of the balance sheet date. Provision for severance pay, the amounts of liabilities arising in the future due to the retirement of all employees are calculated according to their current net value and reflected in the accompanying financial statements.

Taxation

Tax expense / (income) consists of current period tax expense / (income) and deferred tax expense / (income). Corporate tax liability is calculated on the basis found after the period result is adjusted taking into account expenses and discounts that are not accepted by law.

Tax provision was calculated by taking into account the profit for the period and deferred tax was taken into account in the calculation.

Deferred tax assets and liabilities are caused by significant timing differences (future taxable timing differences) as a result of different treatment of accounting and taxation and are calculated at the current tax rate using the “borrowing” method.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January, 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2022 and 2023 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated December 31,2023, and the profit/loss difference arising from the inflation adjustment will be shown in

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023**

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

As of December 31,2023, the corporate income tax rate applied in the financial statements is 30%. In accordance with the Law numbered 7316 published in the Official Gazette dated April 22, 2021, starting from the declarations that must be submitted starting from July 1,2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. With the publication of Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate has been permanently increased to 25%, and the respective alteration will be valid for declarations submitted after July 1, 2022. Therefore, as of the first quarter of 2022, the tax rate to be considered for corporate tax calculations is 23%, while for cumulative earning of 2022 in the second quarter and subsequent periods, the tax rate to be applied is considered as 25%. In accordance with Article 21 of Law No. 7456 published in the Official Gazette dated July 15, 2023, and numbered 32249, starting from October 1, 2023, for the declarations that need to be submitted, the corporate income tax rate applicable to the gains obtained in the fiscal year 2023 and subsequent fiscal periods for banks and other institutions mentioned in the law has been increased from 25% to 30%. As of December 31,2023, the corporate income tax rate applied in the financial statements is 30%.

A deferred tax asset is recorded only when it is expected that a taxable profit will occur in the future, where this asset can be redeemed. Net deferred tax assets arising from timing differences are reduced in relation to tax deductions in cases where it is not certain that they can be used in the coming years in the light of the available data.

The company calculates and accounts deferred tax for the temporary differences between the applied accounting policies and valuation principles and the tax base value determined in accordance with the tax legislation, in accordance with TAS 12 “Income Taxes Standard”.With the Law No. 7394 on the Amendments of Treasury-Owned Immovable Property Valuation and the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, with Article 26 of the Law No. 5520 With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate was rearranged for the corporate earnings of the 2022 taxation period and it was stated that the tax rate would be applied as 25% for the banks. In accordance with Article 21 of Law No. 7456 published in the Official Gazette No. 32249 dated July 15, 2023, starting from the declarations that must be submitted as of October 1, 2023; The corporate tax rate to be applied to the profits of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	-	15
Bank deposits		
- Demand deposit	35.274	498.509
- Time deposit	265.715.255	224.175.401
Cash and cash equivalents shown in cash flow statements	265.750.529	224.673.925
Interest income accruals from cash and cash equivalents	(5.876.335)	(2.046.473)
Total cash and cash equivalents included in the cash flow statement	259.874.194	222.627.452

The maturity of the futures business is January and April 2024. As of December 31, 2023, annual interest rates for TL time deposits are in the range of 34%-47% for TL deposits. (31 December 2022: %18-%28.)

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

5. FINANCIAL INVESTMENTS

Short-Term Financial Investments

Short-Term Financial Investments	31 December 2023		31 December 2022	
	Nominal	Fair Value	Nominal	Fair Value
Financial investments at fair value through profit or loss	7.436.260	9.329.492		
Government Bond	5.747.741	7.436.260		
			7.436.260	
31 December 2022	Nominal	Fair Value		
Government Bond	5.747.787	9.329.492		
			9.329.492	

Long Term Financial Investments

Long Term Financial Investments	Affiliate Rate (%)		Amount	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Jcr Latam Empresa Clasificado De Riesgo S.A.*	%15	%15	333.565	549.624

(*) At the board meeting held at the headquarters of the company on 03.08.2017; Accuratio Credit Ratings ECR S.A., which is located in the Republic of Peru and accredited in Chile, Panama, Colombia, Argentina, Ecuador and Paraguay, has decided to sign a business partnership agreement and become a 15% partner in order to strengthen the quality of economic and financial integration between Latin American economies and Turkey, to reduce information asymmetry, to contribute to the strengthening of capital and fund flows between Latin America and the Countries of the Region has been reached. The company in question was established after this decision.

6. TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Current trade receivables		
Trade receivables		
- Related parties	-	-
- Third parties	52.378.445	43.368.611
- Doubtful trade receivables	270.595	470.171
	52.649.040	43.838.782
Provision for doubtful receivables (-)	(270.595)	(470.171)

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

6. TRADE RECEIVABLES AND PAYABLES (Continued)

The movements of the provision for doubtful trade receivables during the period are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Opening balance, 1 January	470.171	295.182
Free provisions in the current period Note (16)	(14.750)	174.989
Monetary gain/loss	(184.826)	-
Closing balance, 31 December	270.595	470.171
Short-term trade payables	31 December 2023	31 December 2022
Current trade payables		
- Other trade payables	2.267.207	1.855.501

7. OTHER RECEIVABLES AND PAYABLES

7.a Other Short-Term Receivables	31 December 2023	31 December 2022
- Other receivables from unrelated parties	57.243	1.205

7.b Prepaid Expenses

	31 December 2023	31 December 2022
Prepaid Expenses – short term		
Prepaid insurance and other expenses (*)	6.796.820	2.663.526
Prepaid Expenses – Long Term		
Prepaid insurance and other expenses (*)	1.224.288	757.908

(*) It consists of the professional liability, health insurance expenses and consultancy service invoice received regarding the risk model application that the Company paid in advance in 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

8. TANGIBLE ASSETS AND RIGHT OF USE ASSETS

8.a Propert, plant and equipment

The details of tangible fixed assets are as follows:

	1 January 2023	Additions	Disposal	31 December 2023
Cost				
Fixtures	25.687.554	5.488.672	(24.286)	31.151.940
Special Costs	146.690	-	-	146.690
	25.834.244	5.488.672	(24.286)	31.298.630
Accumulated depreciation (-)				
Fixtures	10.679.531	6.683.487	(16.936)	17.346.082
Special Costs	97.793	48.897	-	146.690
	10.777.324	6.732.384	(16.936)	17.492.772
Net book value	15.056.920			13.805.858
	1 January 2022	Girişler	Çıkışlar	31 December 2022
Cost				
Fixtures	20.525.378	5.173.245	(11.069)	25.687.554
Special Costs	146.690	-	-	146.690
	20.672.068	5.173.245	(11.069)	25.834.244
Accumulated depreciation (-)				
Fixtures	4.930.136	5.752.074	(2.679)	10.679.531
Special Costs	24.448	73.345	-	97.793
	4.954.584	5.825.419	(2.679)	10.777.324
Net book value	15.717.484			15.056.920

8.b Right of use assets

Details of right-of-use assets are as follows:

Cost	Right of use assets	Total
1 January 2023 Opening	-	-
Purchases	9.056.423	9.056.423
31 December 2023 Closing	9.056.423	9.056.423
Accumulated depreciation		
1 January 2023 Opening	-	-
Term Expense	2.619.602	2.619.602
31 December 2023 Closing	2.619.602	2.619.602
Net book value	6.436.821	6.436.821

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

9. INTANGIBLE ASSETS

	1 January 2023	Additions	Disposal	31 December 2023
Cost				
Construction in progress	20.409.371	5.861.663	(24.287)	26.246.747
Other	-	-	-	-
	20.409.371	5.861.663	(24.287)	26.246.747
Accumulated depreciation (-)				
Construction in progress	7.633.543	4.043.573	(16.935)	11.660.181
Other	-	-	-	-
	7.633.543	4.043.573	(16.935)	11.660.181
Net book value	12.775.828			14.586.566
	1 January 2022	Additions	Disposal	31 December 2022
Cost				
Construction in progress	25.172.935	-	(4.763.564)	20.409.371
Other	-	-	-	-
	25.172.935	-	(4.763.564)	20.409.371
Accumulated depreciation (-)				
Construction in progress	8.391.401	3.384.071	(4.141.929)	7.633.543
Other	-	-	-	-
	8.391.401	3.384.071	(4.141.929)	7.633.543
Net book value	16.781.534			12.775.828

10. EMPLOYEE TERMINATION BENEFITS

10.a Employee Benefit Obligations

	31 December 2023	31 December 2022
Employee benefit obligations		
Social security premiums payable	11.432.109	7.258.662
Payables to employees	125.813	80.315
Other	10.332.532	13.036.424
	21.890.454	20.375.401

10.b provisions for employee benefits

	31 December 2023	31 December 2022
Provision for employment termination benefits	6.318.727	2.677.507
Provision for employment vacation	8.073.653	6.302.381
	14.392.380	9.079.888

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

10. EMPLOYEE TERMINATION BENEFITS(Continued)

In accordance with the current labor law in Turkey, the company is obliged to pay a certain amount to employees who leave their jobs due to retirement or are terminated for reasons other than resignation and bad behavior. The company accounts for its obligations related to severance pay and leave rights in accordance with the provisions of the “Turkish Accounting Standard for Employee Benefits” (“TAS 19”) and classifies it in the “Employee Rights Obligation Equivalent” account on the balance sheet. According to the current labor law in Turkey, the company is obliged to pay a certain lump sum to employees who are terminated due to retirement or resignation and for reasons other than the behavior specified in the Labor Law. The provision for severance pay is calculated at its present value using certain actuarial estimates and recognized in the financial statements. Actuarial losses and gains incurred after January 1, 2013 are accounted for under equity in accordance with the revised TAS 19 Standard.

One of the basic assumptions is that the severance pay ceiling, which is valid for each year of service, will increase in proportion to inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, as of December 31, 2023, the ceiling of full TL 35,058.58 effective from January 1, 2024 has been taken into consideration in calculating the reserve for employment termination benefits of the company. (December 31, 2022, the ceiling of full TL 19,982.83 effective from January 1, 2023 has been taken into consideration in calculating the reserve for employment termination benefits of the company.)

TAS 19 “Employee Benefits” requires companies to estimate the present value of the future probable obligation by using statistical valuation methods. Accordingly, the present value of the Company’s contingent liability has been calculated using the assumptions in the table below.

	31 December 2023	31 December 2022
Discount rate (%)	2,72	0,93
Turnover rate to estimate the probability of retirement (%)	95,48	94,21

The basic assumption is that the ceiling provision for each year of service increases in proportion to inflation. Thus, the discount rate applied represents the real rate, adjusted for the expected effects of inflation.

Movement table of the liability for employment termination benefits is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance, 1 January	2.677.507	1.465.756
Current service cost	3.697.720	780.781
Interest cost	2.251.387	228.175
Paid	(529.630)	-
Actuarial Gain/Loss	(7.952.178)	(939.292)
Monetary Gain/Loss	6.173.921	1.142.087
Closing balance, 31 December	6.318.727	2.677.507

11. BORROWINGS

	31 December 2023	31 December 2022
Short Term Debts		
Short term loans	288.589	52.225
Leasing liabilities	6.578.030	-
	6.866.619	52.225

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

11. BORROWINGS (Continued)

	1 January- 31 December 2023	1 January- 31 December 2022
Leasing liabilities		
Opening balance, 1 January	-	-
Current additions	8.521.273	-
Payments made during the period	(2.235.724)	-
Interest cost	242.670	-
Monetary Gain/Loss	49.811	-
Closing balance, 31 December	6.578.030	-

12. OTHER LIABILITIES

	31 December 2023	31 December 2022
Other current liabilities		
Taxes and dues payable	14.076.486	3.149.373
	14.076.486	3.149.373

13. EQUITY

13.a Paid in capital

As of balance sheet date, the composition of shareholders and their respective percentage ownership are summarized as follows:

	Share (%)		Amount	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Borsa İstanbul Anonim Şirketi	%18,50	%18,50	9.250.000	5.550.000
Japan Credit Rating Agency, Ltd	%14,95	%14,95	7.475.000	4.485.000
Türkiye Sermaye Piyasalar Bir.İkt.İşl.	%6,00	%6,00	2.999.950	1.799.970
Finansal Kurumlar Birliği	%6,00	%6,00	2.999.950	1.799.970
Finansal Kiralama Fakt. Ve Fins. Şirk. Bir.	%6,00	%6,00	2.999.950	1.799.970
TC. Ziraat Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye Halk Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye Vakıflar Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Vakıf Katılım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Ziraat Katılım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye Kalkınma ve Yatırım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye İhracat Kredi Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Akbank T. A.Ş.	%2,86	%2,86	1.427.950	856.770
QNB Finansbank A.Ş.	%2,86	%2,86	1.427.950	856.770
Türk Ekonomi Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye Garanti Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye İş Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
TSKB A.Ş.	%2,86	%2,86	1.427.950	856.770
Yapı ve Kredi Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Albaraka Türk Katılım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Kuveyt Türk Katılım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Türkiye Finans Katılım Bankası A.Ş.	%2,86	%2,86	1.427.950	856.770
Total	%100	%100	50.000.000	30.000.000
Capital Inflation Adjustment			40.739.674	37.703.454
Total Capital			90.739.674	67.703.454

As of March 31, 2024, the nominal capital of the Company is TL 50.000.000, which is fully paid in. On the other hand, at the Ordinary General Assembly of the Company held on August 4, 2023, it has been resolved to increase the paid-in capital of the Company from TL 30.000.000 to TL 50.000.000 and the General Assembly Resolution has been registered and announced in the Trade Registry Gazette dated August 28, 2023 and numbered 10902. This time, the entire capital of TL

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

13. EQUITY (Continued)

13.b Actuarial gain / loss

	31 December 2023	31 December 2022
Actuarial gain / (loss) arising from defined benefit plans	(5.691.811)	(427.805)
	(5.691.811)	(427.805)

13.c Reserves on retained earnings

	31 December 2023	31 December 2022
Legal reserves	19.933.522	11.388.646
	19.933.522	11.388.646

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the retained earnings are exhausted.

At the Ordinary General Assembly Meeting of the Company held on August 4, 2023, it was resolved to set aside TL 5,068,644 as First Legal Reserves from the Company's net profit of TL 135,337,104 for the year 2022, to distribute a dividend of TL 25,000,000 TL dividend to all shareholders who are entitled to receive dividend, and to set aside TL 2,350,000 of Second Legal Reserves corresponding to 10% of the portion of the total dividend to be paid exceeding five per cent of the Company's current paid-in capital, and to transfer the remaining TL 20,000,000 to retained earnings to be used in bonus issue capital increase.

13.d Retained Earnings

As of December 31, 2023, the company's accumulated retained earnings amount to 132,065,770 TL (December 31, 2022: 44,158,987)

14. REVENUE AND COST OF SALE

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	637.327.428	443.462.249
Overseas sales	1.081.410	1.190.120
Sales returns (-)	(1.626.321)	(2.907.440)
Net sales revenue	636.782.517	441.744.929
Cost of sales (-)	(337.997.960)	(161.956.163)
Gross profit	298.784.557	279.788.766

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

15. NATURE OF EXPENSES

Nature of expenses comprised sum of cost of services rendered and general administrative expenses.

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	393.828.701	187.418.536
Depreciation and amortization expenses	13.395.558	9.209.490
Rent expenses	1.282.604	3.708.613
Vocation provision	5.398.055	5.684.194
Traveling expenses	2.119.915	738.103
Consulting expenses	2.024.159	2.135.841
Accommodation expenses	6.129.862	1.255.809
Maintenance and repair expenses	248.882	337.705
Office expenses	334.834	314.831
Energy expenses	373.522	335.423
Outsourcing benefits and services	389.027	184.543
Communication expenses	302.341	124.642
Taxes paid	245.716	49.083
Other	10.273.137	10.380.059
	436.819.558	222.152.140

16. OTHER OPERATING INCOME AND EXPENSE

	1 January - 31 December 2023	1 January - 31 December 2022
Other operating income		
Other (**)	1.186.273	1.499.582
Terminated provisions (*)	14.750	-
	1.201.023	1.499.582

(*) The collections made during the period arise from.

(**) Adjustment of differences between the carrying values of fixed assets and their carrying values.

	1 January - 31 December 2023	1 January - 31 December 2022
Other operating expenses		
Suspicious trade receivables provision expense	-	(174.989)
Other (*)	(39.909.278)	(681.426)
	(39.909.278)	(856.415)

(*) Non-allowable expenses consist of expenses for which no documents have been received, vehicle overheads and other expenses.

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

17. FINANCIAL INCOME AND EXPENSE

	1 January - 31 December 2023	1 January - 31 December 2022
Financing revenues		
Interest Income (*)	80.506.922	29.340.689
Foreign exchange gains	1.137.269	-
	81.644.191	29.340.689

(*) As of the current period, interest income amounting to TL 66.091.037 is obtained from related parties (Prior period: TL 20.719.072).

	1 January - 31 December 2023	1 January - 31 December 2022
Bank commission expense	(197.247)	(33.225)
	(197.247)	(33.225)

18. MONETARY GAIN AND LOSSES

	1 January- 31 December 2023	1 January - 31 December 2022
Monetary position Gain/Loss (Net)	(139.099.425)	(36.708.586)
	(139.099.425)	(36.708.586)

19. TAX ASSET AND LIABILITIES

a) Current tax

	1 January- 31 December 2023	1 January- 31 December 2022
Current year corporation tax expense	(61.613.239)	(56.192.486)
Deferred tax income / (expense)	6.025.046	(20.649.685)
Total tax expense	(55.588.193)	(76.842.171)

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

19. TAX ASSET AND LIABILITIES(Continued)

The company is subject to the corporate tax applicable in Turkey.

Net income in the determination of taxable income accrued on the tax base corporate tax rate goes from post and inclusion of deductible expenses tax-exempt income that are not subject to income tax and other discounts (if available previous years' losses and used when it is desirable investment discounts) remaining after deduction will be calculated on the basis of.

In Turkey, advance tax is calculated and accrued on a quarterly basis. In 2023, the advance tax rate is 30% (December 31, 2022 - 25%). Losses can be carried forward for a maximum of 5 years to be deducted from future taxable income. However, losses incurred cannot be deducted retrospectively from the profits of previous years. On January 20, 2022, the application of inflation accounting has been postponed starting from the balance sheet dated December 31, 2023 with the "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" adopted by the Grand National Assembly of Turkey.

Income Tax Withholding

In addition to corporate tax, income tax withholding must also be calculated on dividends, except for those distributed to full taxpayer institutions and branches of foreign companies in Turkey, which receive dividends if they are distributed and declare these dividends by including them in the corporate earnings. Income July April 24, 2003 – July 22, 2006 income tax withholding was applied at 10% in all companies. This rate is applied as 15% as of July 22, 2006 by the decision of the Council of Ministers No. 2006/10731. Dividends that are not distributed and added to the capital are not subject to income tax withholding. 19.8% tax deduction must be made on the amount of investment deduction used in accordance with investment incentive documents obtained before April 24, 2003. After this date, tax withholding is not made from investment expenditures without incentives.

As of the balance sheet dates, the Company's tax liability is as follows:

	31 December 2023	31 December 2022
Corporate Tax Provision	(61.613.239)	(56.192.486)
Prepaid taxes (-)	31.805.268	30.440.319
	(29.807.971)	(25.752.167)

The corporate tax rate effective December 31, 2023 is 30%. (December 31, 2022: 25%)

b) Deferred tax

The deferred tax liability or asset is determined by calculating the "timing differences" between the values of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation according to the balance sheet method, and the tax effects are calculated by the legal tax rates.

As of December 31, 2023, the tax rate of 30% is used for the temporary differences expected to occur/close in the deferred tax calculation.

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

19. TAX ASSET AND LIABILITIES(Continued)

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of the balance sheet dates using the Provision for severance current tax rates is as follows:

	Cumulative temporary differences		Deferred Tax	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets				
Provision for employment termination benefits	6.318.727	2.677.507	1.895.618	803.252
The net difference between the carrying values and tax base of tangible and intangible assets	7.087.799	24.284.050	2.126.340	7.402.755
Provision for unused vocation	8.073.653	6.302.381	2.422.096	1.890.715
Total deferred tax asset	21.480.179	33.263.938	6.444.054	10.096.722
Deferred tax liabilities				
The net difference between the carrying values and tax base of tangible and intangible assets	-	-	-	-
Prepaid expenses	(313.559)	-	(94.068)	-
Inflation adjustment	(2.646.930)	(4.477.658)	(794.079)	(1.119.414)
Financial asset valuation difference	-	(281.753)	-	(84.527)
Total deferred tax liability	(2.960.489)	(4.759.411)	(888.147)	(1.203.941)
Deferred tax asset/(liability), net	18.519.690	(28.504.527)	5.555.907	8.892.781
		1 January- 31 December 2023	1 January- 31 December 2022	
Opening balance, 1 January		8.892.781	(11.991.727)	
Deferred tax related with equity		2.688.172	234.823	
Deferred tax expense / (income)		(6.025.046)	20.649.685	
Closing balance, 31 December		5.555.907	8.892.781	

20. RELATED PARTY DISCLOSURE

The sum of compensations (office, rent, salaries) paid to key managers is TL 20.713.517 (December 31, 2022: 8.001.864 TL)

	31 December 2023	31 December 2022
Cash and cash equivalents		
Türkiye Vakıflar Bankası A.Ş.	104.978.417	69.240.622
TC. Ziraat Bankası A.Ş.	87.856.248	66.121.449
Türkiye Halk Bankası A.Ş.	67.032.725	57.512.511
Vakıf Katılım Bankası A.Ş.	-	9.993.649
Ziraat Katılım Bankası A.Ş.	-	9.693.800
Türk Ekonomi Bankası A.Ş.	6.804	20.626
Türkiye Garanti Bankası A.Ş.	-	9
	259.874.194	212.582.666

“Convenience translation of a report originally issued in Turkish”
JCR AVRASYA DERECELENDİRME A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023

(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

20. RELATED PARTY DISCLOSURE (Continued)

	31 December 2023	31 December 2022
Interest income		
Türkiye Vakıflar Bankası A.Ş.	27.834.970	7.200.871
TC. Ziraat Bankası A.Ş.	24.618.241	6.753.129
Türkiye Halk Bankası A.Ş.	27.532.973	4.451.854
Ziraat Katılım Bankası A.Ş.	341.078	1.266.150
Vakıf Katılım Bankası A.Ş.	179.661	1.047.068
	66.091.037	20.719.072

21. NATURES AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial instruments

Financial risk management policies

As a result of companies activities, the company has focused on managing various financial risks, including the effects of changes in debt and capital market prices, exchange rates and interest rates. The company aimed to minimize the potential negative effects of market fluctuations through its risk management program.

Credit risk

The company is exposed to credit risk due to commercial receivables arising from futures sales, deposits in banks and other receivables.

Ownership of financial assets carries the risk that the counterparty will not fulfill the contract. Trade receivables are evaluated by considering the past experience and the current economic situation by the company's management and are presented net of allowances for doubtful provision in the balance sheet when necessary.

Credit risks incurred by types of financial instruments are as follows:

31 December 2023	Receivables				Bank Deposits
	Trade receivables Related parties	Third Parties	Other receivables Related Parties	Third parties	
- Secured portion of maximum credit risk with collateral	-	-	-	-	-
A. Carrying amount of financial assets that are not overdue and not impaired	-	-	-	-	-
B. Carrying amount of assets that are overdue but not impaired	-	52.378.445	-	-	265.750.529
C. Carrying amount of assets that are overdue but not impaired	-	-	-	-	-
D. Carrying amount of assets that are impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	270.595	-	-	-
- Carrying amount secured with collateral	-	(270.595)	-	-	-
E. Credit risk issues out of balance sheet	-	-	-	-	-
- Secured portion of maximum credit risk with collateral	-	-	-	-	-
Maximum exposure to credit risk as of 31 December 2023 (A+B+C+D+E)	-	52.378.445	-	-	265.750.529

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023
(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

21. NATURES AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables				Bank Deposits
	Trade receivables		Other receivables		
	Related parties	Third Parties	Related parties	Third parties	
31 December 2022					
- Secured portion of maximum credit risk with collateral	-	-	-	-	-
A. Carrying amount of financial assets that are not overdue and not impaired	-	-	-	-	-
B. Carrying amount of assets that are overdue but not impaired	-	43.368.611	-	-	224.673.925
C. Carrying amount of assets that are overdue but not impaired	-	-	-	-	-
D. Carrying amount of assets that are impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	470.171	-	-	-
- Carrying amount secured with collateral	-	(470.171)	-	-	-
E. Credit risk issues out of balance sheet	-	-	-	-	-
- Secured portion of maximum credit risk with collateral	-	-	-	-	-
Maximum exposure to credit risk as of 31 December 2022(A+B+C+D+E)	-	43.368.611	-	-	224.673.925

Liquidity risk

Liquidity risk consists of the risk of the company not being able to make the payments it is supposed to make. The company manages liquidity risk by carefully tracking long-term repayment dates, as well as providing the necessary cash within the framework of the daily workflow. As liquidity needs are determined separately for each day, weekly and monthly cash needs are constantly revised, and their forecasts are prepared. In addition, forward-looking 180-day and 360-day cash requirement forecasts are prepared each month.

As of the balance sheet dates, the distribution of the company's liabilities on the basis of maturity is as follows:

	Book value	Total cash outflow according contract	1-3 months maturity	3-12 months maturity	More than 1 year
31 December 2023					
Leasing Liabilities	6.578.030	7.167.286	502.138	3.795.087	2.870.061
Trade payables	2.267.207	2.267.207	2.267.207	-	-
Short term liabilities	288.589	288.589	288.589	-	-
Non-derivative financial liabilities	9.133.826	9.723.082	3.057.934	3.795.087	2.870.061

	Book value	Total cash outflow according contract	1-3 months maturity	3-12 months maturity	More than 1 year
31 December 2022					
Trade payables	1.855.501	1.855.501	1.855.501	-	-
Short term liabilities	52.225	52.225	52.225	-	-
Non-derivative financial liabilities	1.907.726	1.907.726	1.907.726	-	-

Foreign currency risk

As of December 31, 2023, the Company has foreign currency assets equivalent to 1,074,124 TL, equivalent to 39,885 USD,

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023
(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

21. NATURES AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Capital Risk Management

While trying to ensure the continuity of its activities in capital management, the company also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The risks associated with each capital class, together with the Company's cost of capital, are evaluated by the senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt as well as dividend payments.

The company has no net debt deposits.

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best determined by an established market price, if any. The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, estimates are necessary in interpreting market data to determine fair value. Accordingly, the estimates presented here may not represent the amounts that the Company could obtain in a current market transaction.

The following methods and assumptions were used to estimate the fair value of financial instruments whose fair value can be determined:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate their respective carrying values.

The carrying values of financial assets carried at cost, including cash and cash equivalents, are considered to approximate their fair values due to their short-term nature.

The carrying values of trade receivables, together with the related allowances for impairment losses, are considered to approximate their fair values.

The fair values of financial assets are considered to approximate their respective carrying values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their carrying values due to their short-term nature.

Trade payables are stated at fair value.

Long-term borrowings denominated in foreign currencies are translated at period-end exchange rates and accordingly their fair values approximate their carrying values. The carrying values of bank borrowings and accrued interest are estimated to approximate their fair values.

Fair value measurements hierarchy table

The Company classifies the fair value measurements of financial assets and liabilities recognised at fair value in the financial statements according to the source of the inputs of each class of financial assets and liabilities, using a three-level hierarchy, as follows.

- Level 1: Valuation techniques using active market (unadjusted) market prices for specified financial instruments
- Level 2: Other valuation techniques with directly or indirectly observable input

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY-31 DECEMBER 2023
(All amounts in Turkish Lira (“TL”) unless indicated otherwise.)

22. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	499.000	95.000
Fees for tax advisory services	-	-
Total	499.000	95.000

23. EVENTS AFTER BALANCE SHEET DATE

None.

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