Corporate Credit Rating

☐New ☒Update

Sector: Operational Leasing
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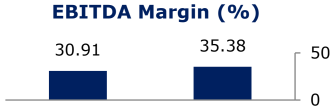
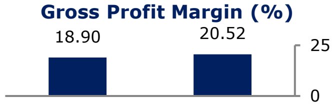
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A- (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*

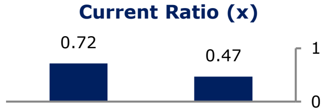
EBITDA Margin (%)



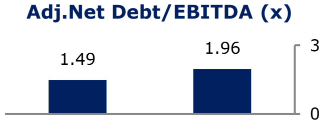
Gross Profit Margin (%)



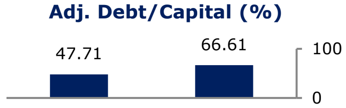
Current Ratio (x)



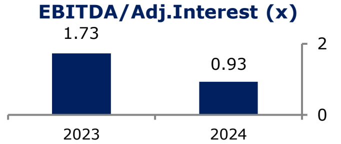
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



BORLEASE OTOMOTİV ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of **"Borlease Otomotiv Anonim Şirketi"** in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A- (tr)'** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as **'BB/Stable'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

Borlease Otomotiv Anonim Şirketi (hereinafter referred to as **"the Group"** or **"Borlease"**) commenced its activities in 2013 with an operational fleet leasing service. In 2015, the Group acquired Ayka Sigorta which was established in 2001 with the aim of determining the needs and expectations of the customers in order to propose effective insurance solutions. In 2018, the Group bought all the shares of Magdeburger Sigorta from Allianz Sigorta. Magdeburger Sigorta was established in 1844 in Magdeburg, Germany and has become one of the world's leading insurance companies since its establishment. In 2019, the Group acquired Sixt Türkiye which provides daily rental services. After the franchise agreement was signed with Sixt AG, it was decided to sell the Urban Fleet and Popy Car companies in order to expand the short-term leasing activities by focusing on the global brand Sixt. The Group transferred its shares in Ayka Sigorta to Bor Holding in 2019. Also, the Group has sold its shares in its subsidiaries Magdeburger Sigorta A.Ş., İstasyon Şarj Hizmetleri A.Ş. and Alesta Sigorta Acentalığı ve Aracılık Hizmetleri Ticaret Ltd. Şti. to Bor Holding A.Ş. in 2022.

The main shareholder of Borlease is Bor Holding A.Ş. with a share of 69.35% as of FYE2024. 30.65% of the Group shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol **"BORLS"** since October, 2023. The Group employed a staff force of 363 as of FYE2024 (FYE2023: 372).

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

Strengths	Constraints
• Consistent sales revenue supported by rental income and second-hand vehicle sales, with reasonable EBITDA generation capacity, • Sufficient net debt to EBITDA multiplier despite slight deterioration in FY2024, • Low customer concentration and collection risk due to the nature of the business supported by an efficient cash conversion cycle, • Expansion of fleet size during the period under review, coupled with the strategic benefit of rental offices in prime locations, • Compliance with corporate governance principles as a company listed in BIST.	• Inadequate coverage metrics as a result of high interest expenses, • Net working capital shortfall and persistently low liquidity ratios during the period under review, • Potential volatility in second-hand car prices along with highly correlated macroeconomic dynamics and sector regulations, • As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at **'A- (tr)'**. Taking into account, the Group's sustained sales revenue, reasonable EBITDA margin, sufficient net debt to EBITDA multiplier, asset quality, favorable level of cash conversion cycle, fleet size growth, as well as low level of EBITDA to adjusted interest paid multiplier, net working capital deficit and worsening in local and global economic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Short and Long-Term National Issuer Credit Ratings are determined as **'Stable'**. The Group's revenue generation performance, profitability margins, leverage profile and liquidity metrics will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

1. Rating Rationale

In accordance with the "Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit" published by the Public Oversight Authority (in Turkish acronym KGK) on November 23, 2023, and the decision of the Capital Markets Board (in Turkish acronym SPK) dated December 28, 2023, and numbered 81/1820, the financial statements included in the independent audit report were subject to inflation adjustment within the scope of TAS 29 "Financial Reporting in Hyperinflationary Economies" standard. In this context, the inflation adjustment has been applied to the financial statements for the year 2024 and the financial statements for 2023 have been restated to include retrospective adjustments.

With respect to the factors mentioned below, JCR Eurasia Rating has affirmed the Long-Term National Issuer Credit Rating of Borlease at **'A- (tr)'** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'** in JCR Eurasia Rating's notation system which denotes investment level category with high credit quality.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Group's Long-Term International Foreign and Local Currency Issuer Credit Ratings are determined as **'BB'** in line with the sovereign rating of Republic of Türkiye. Global and national scale rating matching methodology also published by JCR Eurasia Rating (available at www.jcrer.com.tr).

Consistent Sales Revenue Supported by Rental Income and Second-Hand Vehicle Sales, with Reasonable EBITDA Generation Capacity

Borlease operates in the field of long and short-term car rental services. Additionally, the Group sells second-hand cars in its fleet in certain periods to renew its cars within the context of customer satisfaction purposes. Therefore, the Group recognizes revenue from selling second-hand cars in addition to rent revenue.

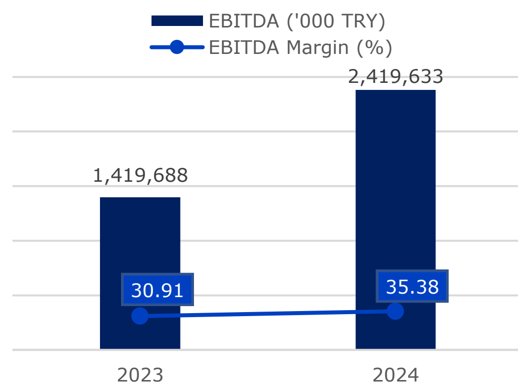
The Group's sales revenue sustained in FY2024 and recorded as TRY 6.84bn. The revenue from second-hand car sales comprises the largest share of the total revenue since covering 52.45% of the total revenue in FY2024, while revenue generated from operational leasing activities realized at TRY 3.14bn in FY2024 (FY2023: 2.12bn).

'000 TRY	FY2023	FY2024
Car Rental Revenue	2,120,864	3,137,219
Second-Hand Car Sales	2,282,834	3,645,808
Others	204,818	168,432
Gross Sales Revenue	4,608,516	6,951,459

The Group has sold 4,066 units of second-hand cars in FY2024 (FY2023: 1,982). The fleet size of the Group has reached 8,367 vehicles as of FYE2024 which was 7,254 vehicles as of FYE2023, including sub-leasing.

While sales revenue grew, gross profit also increased and reached to TRY 1.40bn in FY2024. More importantly, gross profit margin rose to 20.52% in FY2024 (FY2023: 18.90%). Recently, instead of purchasing vehicles outright, the Group has been expanding its fleet primarily through vehicle leasing. This strategic shift has led to a reduction in costs, such as motor vehicle tax (MTV), insurance, and other related expenditures have decreased significantly.

Similar to the gross profit margin, EBITDA has also experienced an upward trend. The Group's EBITDA reached to TRY 2.42bn in FY2024 from TRY 1.42bn in FY2023.



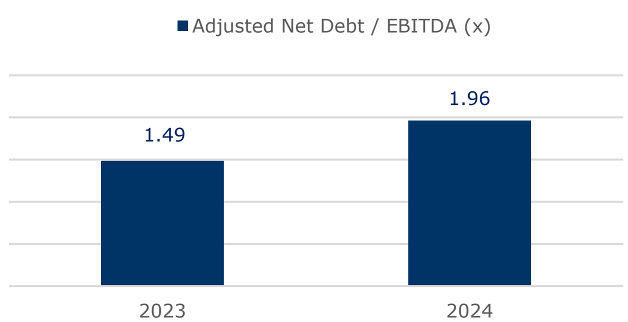
EBITDA margin increased to 35.38% in FY2024 from 30.91% in FY2023 due to decreasing OPEX to sales ratio which was realized as 10.82% in FY2024 while it was 13.03% in FY2023. The decrease in operational expenses is mainly attributable to fall in personnel expenses.

All in all, the Group's sales revenue has shown a notable improvement, fueled mainly by strong rental income and robust second-hand vehicle sales. This positive momentum is complemented by the Group's solid ability to generate healthy EBITDA, reflecting efficient operational management and financial stability.

Sufficient Net Debt to EBITDA Multiplier Despite Slight Deterioration in FY2024

Borlease's liabilities are mainly composed of TRY based bank loans for funding working capital requirements. Total financial liabilities of the Group increased to TRY 4.82bn as of FYE2024 (FYE2023: 3.64bn). Additionally, when cash and cash equivalent items are excluded from adjusted debt, the Group's adjusted net financial debt amount is realized as TRY 4.75bn as of FYE2024 (FYE2023: TRY 2.11bn).

The net debt-to-EBITDA multiplier is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt-to-EBITDA multiplier shows a company's ability to pay off its debt. The Group's EBITDA generation increased to TRY 2.42bn in FY2024 up by 70.43% YoY basis compared to the previous year (FY2023: TRY 1.42bn). Since the increase in EBITDA generation less than the Group's net financial debt, the net debt to EBITDA multiplier increased slightly and recorded as 1.96(x) as of FYE2024 (FYE2023: 1.49(x)).



Moreover, another factor that impacted the Group's financial profile during the period under examination is the debt-to-capital ratio. The adjusted debt to capital ratio is a financial metric that measures a company's financial leverage or the proportion of debt it uses to finance its operations and investments relative to its total capitalization. It is calculated by dividing the adjusted debt by the capital. The Group's adjusted debt to capital ratio experienced an increase, rising to 66.61% as of FYE2024 from 47.71% as of FYE2023. The Group exhibits a high debt to capital ratio, indicating a greater reliance on debt financing compared to equity. While this approach can support growth and expansion, it also increases financial risk by elevating interest expenses and reducing flexibility in managing cash flows. On the other hand, healthy EBITDA performance suggests that the Group is capable of servicing its debt obligations effectively, which helps mitigate some of the financial risks. Consequently, the Group may face heightened vulnerability to economic fluctuations and changes in credit market conditions.

Low Customer Concentration and Collection Risk Due to the Nature of the Business Supported by an Efficient Cash Conversion Cycle

The Group benefits from working with reputable corporate clients, who are more likely to fulfill their obligations and have a lower risk of payment difficulties. This also enhances Borlease's brand awareness and reputation in the industry. Diversified client portfolio provides the Group with a comfortable position to face potential collection crises. Furthermore, the Group's doubtful trade receivables recorded for the period are at a minimal level compared to its total business volume. The Group Management closely follows the credibility and collection ability of their clients in order to minimize doubtful receivables arising from the operational leasing contracts.

The Cash Conversion Cycle ("CCC") is a financial metric used to measure the duration of time it takes a company to convert its inventory investments into cash. The calculation of the CCC involves determining the number of days it takes for a company to transform its resources into cash. This formula is utilized to evaluate the effectiveness of a company's management of its working capital. Like other cash flow analyses, a shorter CCC indicates that a company is proficient at selling inventory, receiving cash from sales, and paying its suppliers.

days	FY2024
Cash Conversion Cycle	-42
Days of Acc. Receivables	35
Days of Acc. Payables	77

**2023 values are unavailable due to lack of 2022 inflation adjustment financial data.*

The Group exhibits a highly efficient cash conversion cycle (CCC), which is a critical metric for working capital management in the car leasing industry. The average collection period stands at 77 days, reflecting the time required to realize cash inflows from customer receivables. Concurrently, the Group maintains an average payable period of 35 days, representing the duration taken to settle obligations with suppliers and creditors. Consequently, the resulting cash conversion cycle is negative, at -55 days. This negative CCC indicates that the Group is effectively leveraging supplier credit to finance its operations, collecting payments from customers significantly earlier than disbursing payments to suppliers. Such a working capital structure optimizes liquidity, minimizes the need for external short-term financing, and enhances the Group's overall cash flow management efficiency.

Expansion of Fleet Size During the Period Under Review, Coupled with the Strategic Benefit of Rental Offices in Prime Locations

Borlease has gained an important place in the sector in a short time with its brand names "Borlease" in long-term leasing and "Sixt" in short-term leasing. The Group has become one of the leading companies in the car rental industry with its growing fleet size (FYE2024: 8,367, FYE2023: 7,254). The Group also rents vehicles through sub-leasing. As of 1Q2025, fleet size reached to 8,947.

In addition to its sizable vehicle fleet and significant market share, the Group benefits from strategically located offices that enable it to effectively meet customer demand. Borlease operates offices at or near major airports—including those in İstanbul, İzmir, Ankara, Antalya, Trabzon, Bodrum, Dalaman, and Konya—providing the Group with enhanced agility and responsiveness due to the high demand concentrations at these key transportation hubs.

Currently, Borlease has 22 corporate rental offices and 19 sub-dealers across Türkiye. Also, the Group continues to grow confidently with its expert and experienced staff in the sector. The Group aims to create the right solutions for its customers' needs by identifying the sector's dynamics.

In addition, the Group enjoys the advantage of providing both long-term and short-term rental services. While long-term rental has come to the fore during the pandemic period, short-term rental activity has been focused on recently due to the inflationary environment supporting both profitability and collection ability of the Group.

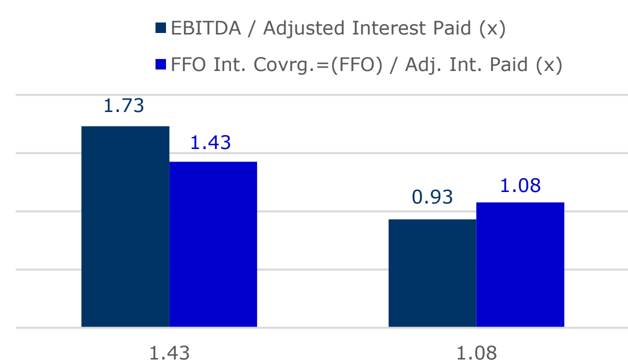
Compliance with Corporate Governance Principles as a Company Listed in BIST

Borlease has been a publicly traded Group on Borsa İstanbul (BIST) since 2023, marking a significant milestone in its corporate journey. As a listed entity, the Group is inherently subject to stringent compliance requirements, specifically those related to the corporate governance principles and framework meticulously identified and enforced by the Capital Markets Board of Türkiye (CMB). Borlease has not merely met these obligations; it has achieved a high standard of compliance with these crucial Corporate Governance Practices. This commitment is evident in several key areas that underpin its operational integrity and market standing, including a comprehensive risk management framework that actively identifies, assesses, and mitigates potential risks. Furthermore, a high degree of transparency is upheld across all operations, ensuring that stakeholders have clear, timely, and accessible information, complemented by a consistent focus on the quality of financial reporting, providing accurate, reliable, and understandable financial statements.

Beyond these core pillars, Borlease places a strong emphasis on sustainability and efficiency, integrating these values into the Group's operational philosophy to drive responsible practices and contribute to long-term value creation. These regulations play a pivotal role in ensuring that the Group operates with enhanced transparency and professionalism across all facets of its business, from its day-to-day operations and intricate business structure to its solid financial standing and proactive engagement in investor relations. This collectively fosters trust and confidence among all stakeholders.

Inadequate Coverage Metrics as a Result of High Interest Expenses

The amount of interest paid by the Group increased to TRY 2.59bn in FY2024 from TRY 819.67mn. EBITDA to adjusted interest paid is an important coverage multiplier to evaluate a Group's payment performance, and it regressed to 0.93 (x) in FY2024 from 1.73 (x). The reason for the falling multiplier is increasing interest expense. As a result, the EBITDA to adjusted interest paid multiplier was inadequate and is below the threshold value.



Moreover, the Group's FFO increased to TRY 2.80bn in FY2024 from TRY 1.17bn in FY2023. Despite a rise in FFO, the FFO interest coverage multiplier is still insufficient. FFO interest coverage multiplier, which measures the Group's ability to repay its interest expenses with the cash generated from operational activities, decreased slightly to 1.08 (x) in FY2024 from 1.43 (x) in FY2023. A multiplier of 2.0 (x) to 3.0 (x) or higher is generally considered healthy because it indicates a comfortable margin of safety, suggesting that a company has sufficient cash flow to not only cover its interest expenses but also to reinvest in the business, pay dividends, or reduce debt. However, the Group's multiplier stayed under these values.

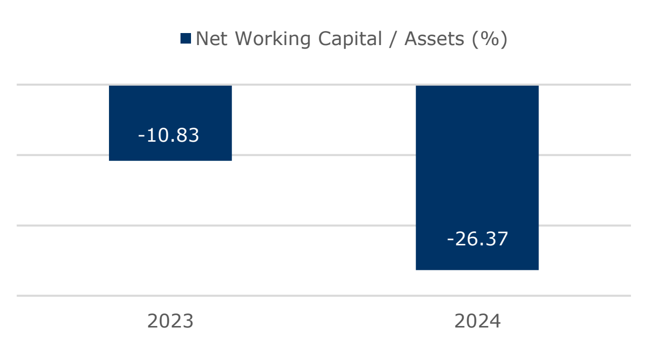
Deterioration in interest coverage metrics suggests financial distress, especially when combined with high debt levels and below-average ratios compared to industry benchmarks.

Net Working Capital Shortfall and Persistently Low Liquidity Ratios During the Period Under Review

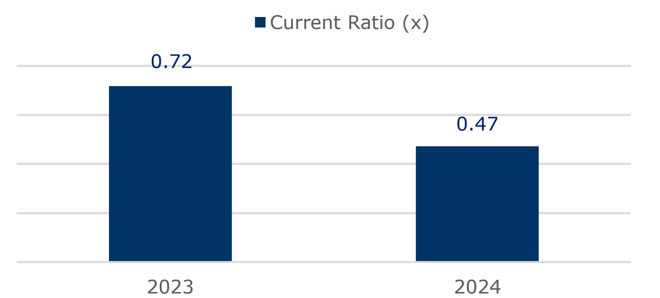
Since the primary input of the fleet leasing sector is vehicles, companies in this sector need financial resources to renew their fleet. Although companies with strong equities come to the fore in the sector, the companies that do not have problems finding long-term funds also maintain their competitive position.

The fluctuations in car prices may put pressure on renewing the fleet in terms of financing needs. The indebtedness level may be affected by the higher financing costs which can reduce profitability indicators. Therefore, the high financing needs to renew the fleet regularly stand as a risk factor for the industry.

Net working capital supplies pertinent information with regard to the Group's liquidity, operational efficiency, and its short-term financial stability. The Group has been operating with a negative net working capital over the examined periods. Net working capital deficit recorded as TRY 2.35bn as of FYE2024 (FYE2023: TRY -980.32mn). Negative working capital indicates that the Group is struggling to manage liquidity and has to rely on borrowing to finance its working capital. Accordingly, the net working capital to total assets ratio stood negative side over the analyzed years and the ratio of negative net working capital to the asset size was realized as -26.37% as of FYE2024, which was also negative in 2023 (FYE2023: -10.83%).



Moreover, Borlease's current assets did not cover the short-term liabilities in the analyzed period as demonstrated by the current ratio lower than the threshold of 1.0 (x), indicating the Group may suffer from liquidity management in case of headwinds in the industry.



Negative net working capital and a low level of current ratio can be common in the operating leasing vehicle industry due to the nature of the business. The industry involves leasing of motor vehicles to customers, which means that a significant portion of the Group's assets are tied up in the leased vehicles. This can result in a lower level of cash and other liquid assets available to cover short-term obligations.

Potential Volatility in Second-Hand Car Prices Along with Highly Correlated Macroeconomic Dynamics and Sector Regulations

The susceptibility to second-hand vehicle sales is a critical factor in driving profitability for automotive companies, particularly in markets where new vehicle sales may face slowdowns or high price barriers. As consumers increasingly seek more affordable and value-driven options, the demand for used vehicles rises, providing an avenue for businesses to capitalize on lower-cost inventory while still maintaining strong profit margins.

The shortage of availability in the first-hand market kept the second-hand market alive, and despite the difficult economic conditions, the inflationary environment ensured that the automotive demand maintained its strength to some extent until the second half of 2023. On the other hand, the enhanced accessibility of vehicles, coupled with a decrease in inflation and rising interest rates, has rendered automobiles less effective as a hedge against inflation lately.

To sum up, the susceptibility of a business to these trends directly impacts its overall financial performance and resilience in a dynamic automotive landscape.

Regulations and macroeconomic indicators may have significant effects on the performance of fleet leasing companies. The composition of car prices in Türkiye includes a significant portion of taxes. The Special Consumption Tax ("SCT"), which is determined based on the engine size and net price, is applied at a minimum rate of 45%. Considering the current demand for vehicles in the market, there are taxes up to 100% with the addition of VAT. This situation restricts the pricing freedom of car dealers. In addition, the fact that the prices are currency-indexed throughout the market causes price fluctuations depending on the movements in the Turkish Lira. It causes an imbalance in vehicle demand. This industry challenge affects all fleet leasing companies, including the Group.

Considering the potential fluctuations in the SCT applied in the Turkish automotive sector, a significant decrease in SCT could lead to a reduction in vehicle prices, posing a risk to the Group's assets, which mainly consist of cars. As a result, the Group is exposed to a high level of price risk, despite having benefited from the fluctuations in car prices in recent years. Additionally, the main macroeconomic indicators such as interest rates, disposable income, unemployment rates, retail price index (inflation), gross domestic product (GDP), and exchange rates have significant effects on the automotive industry. In addition, the regulation within the scope of tax law in 2020, in passenger car rentals a discount of rental expense up to TRY 37,000 per month for 2025 (2024: 26,000, 2023: TRY 17,000, 2022: 8,000, 2021: TRY 6,000, 2020: TRY 5,500) is accepted and the excess part will be declared as non-legal expense, VAT, which corresponds to the portion exceeding TRY 8,000, will not be subject to discount, nor will it be possible to deduct it as an expense, this may pose challenges for the fleet leasing sector, as companies can no longer deduct the entire expenses of their passenger cars as tax deductible, which could lead to a contraction in demand level. Therefore, the macroeconomic policies are crucial determinants for the automotive industry.

<u>As Actions for a Global Soft Landing Gain Prominence, Decisions with the Potential to Adversely Affect Global Trade are Engendering Considerable Uncertainty</u>

Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks hiked rates at the most rapid pace in near history and net lending standards tightened as well within a period of approximately 1 year from the second half of 2022. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% to 50% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. As such, export-focused growth policies of China loom as a threat to domestic exports, who also face a slow growth in key markets and significant production costs.

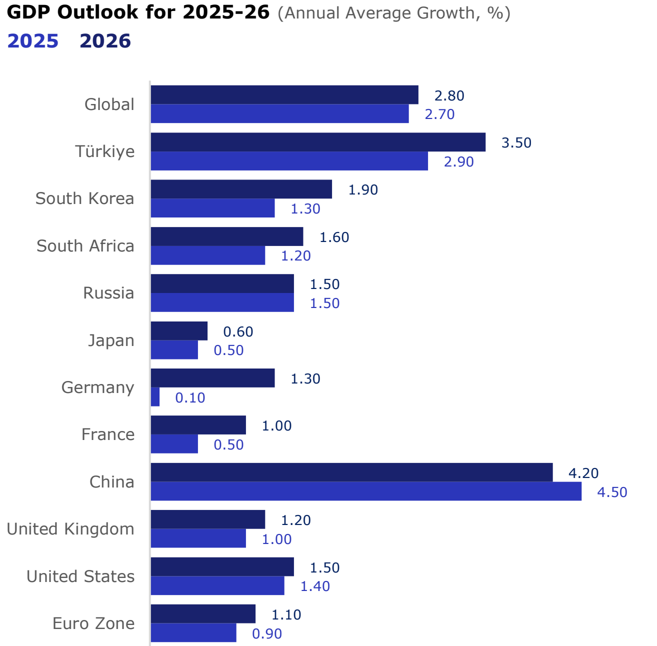
While the first easing step came from ECB in June, 2024, Fed followed ECB on September's FOMC meeting with the aim to achieve a soft-landing. Financial conditions, which have remained tight for an extended period, are expected to continue easing further compared to the past two years with the monetary easing steps. The CBRT also joined the global monetary expansion cycle at the last meeting of 2024, reducing its the policy rate, which had been at 50% for a prolonged period, by 250bp in each of three consecutive meetings to 42.5%. However, in response to recent market fluctuations, the CBRT introduced several macroprudential measures to bolster Turkish lira liquidity and adopted a tighter monetary stance by increasing the policy interest rate to 46% and using the overnight lending channel at 49% to increase weighted average funding rate.

The announcement by the Trump administration in the US that it would impose additional tariffs on many countries, primarily China, disrupted global growth expectations, while the potential price pressures from these tariffs shaped expectations regarding the monetary policies to be implemented by central banks.

Although tariff negotiations have continued, the situation remains uncertain, and leading indicators point to a slowdown in economic activity in the US.

Accompanied by tightening financial conditions, a weak growth outlook emerged in 2023, especially in Europe. Despite initiated monetary easing steps as of half of 2024, while the Eurozone ended 2024 with a growth rate of 0.9%, below its pre-pandemic average, the German economy where economic activity deteriorated contracted by 0.2% in 2024. According to the second estimate, the US economy unexpectedly contracted in the first quarter of 2025, with the surge in imports—driven by tariff-related uncertainty—playing a key role in the slowdown. Following the release of the Q1 growth data, year-end growth forecasts were also revised downward. Global growth forecasts are also being revised downward amid ongoing tariff-related uncertainty. Meanwhile, the Euro Area economy recorded a quarterly growth of 0.6% in the same period, supported by a positive contribution from Germany, signaling some resilience within the region according to revised data.

GDP Outlook for 2025-26 (Annual Average Growth, %)

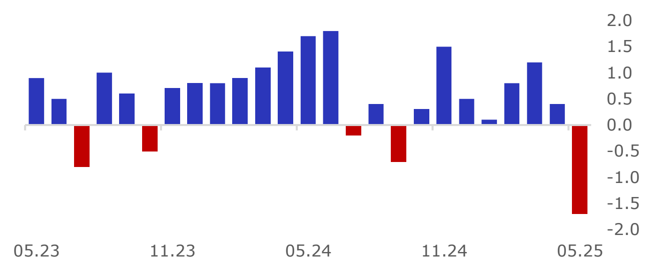


Source: Refinitiv Datastream, Reuters Poll (Median Forecast)
*As of 10-06-2025

Following post-pandemic reopening, China took full advantage of its massive and integrated manufacturing sector, government subsidies to boost exports. On the other hand, domestic consumption is still weak after decades of investment/manufacturing focused policies. Therefore, for Chinese economy, the way forward is through shifting manufactured goods abroad, its long-term and global implications notwithstanding. In this sense, China was anticipated to double-down on any obstacle to its exports, as boosting domestic consumption requires a long and painful adjustment whereas boosting investment and consumption is more straightforward in the short run. In fact, as export indicators for China deteriorated, China announced monetary and fiscal stimulus measures, recently as we expected. Therefore, Turkish companies face significant export competition from a global powerhouse. On the other hand, the impact of the tariffs on global trade, particularly Chinese goods surplus and actions by the Chinese administration.

This strong commitment to supporting exports were coupled with freight rates which had normalized in 2023. This reversion of freight costs had helped Chinese manufacturers to compete more easily with exporters close to their trade partners geographically.

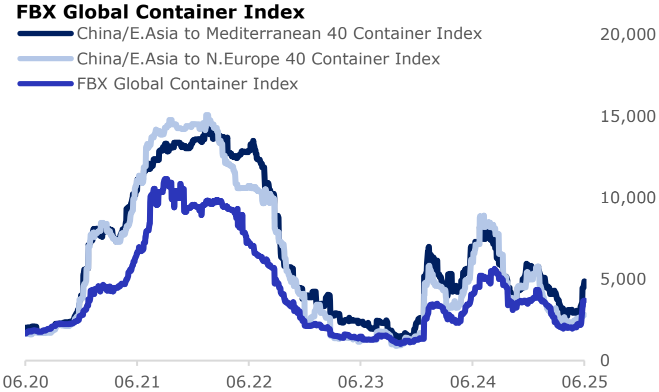
China Manufacturing PMI
(Deviations from threshold value)



Source: Refinitiv Datastream

Recently, geopolitical tensions have been rising again in the Middle East. On the other hand, there has been no concrete development regarding a possible ceasefire between Russia and Ukraine. The potential effects of these ongoing developments on global supply chains will be closely monitored.

FBX Global Container Index

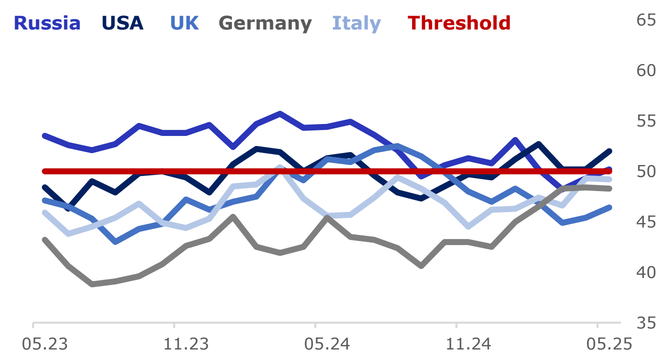


Source: Refinitiv Datastream

Global slowdown's impact on Türkiye

Türkiye's exports has exhibited recovery signs for first half of 2024 and it made a positive contribution to growth after a long break. In 2024, Turkish exports to EU realized as USD 108.5bn which was USD 104.3bn in FY2023. As of 4M2025, Turkish exports to EU realized as USD 37.4bn with an annual increase of 6.5%.

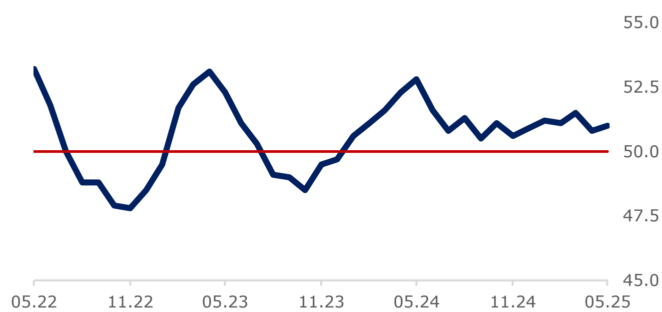
Top Export Market's Manufacturing PMI



Source: Refinitiv Datastream

According to the ICI, in January, 2024, ICI Türkiye Export Climate Index rose above threshold for the first time since July 2023. In May 2024, the index reached to its highest value of last thirteen months with 52.8 and still stood above threshold.

ICI Türkiye Export Climate Index
Threshold



Source: The Istanbul Chamber of Industry (ICI)

The manufacturing industry in Germany, our largest trading partner, has been contracting for over a year. While the monetary easing steps taken have not yet had an impact on German manufacturing industry, the outlook has been improving in other European countries with the exception of major economies. On the other hand, export to Middle East has remained robust since 2024.

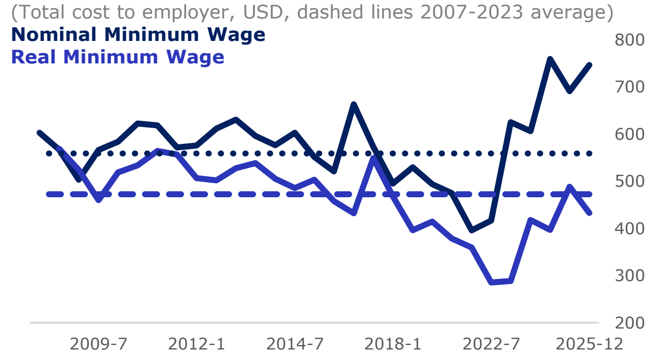
Germany Manufacturing PMI
(Deviations from threshold value)

Source: Refinitiv Datastream

Although the pace of contraction has moderated, given the weakness manufacturing industry in our largest trading partner, Germany, and China's aggressive stimulus policies as well as aggressive trade policy that adversely affect global trade export developments will be closely monitored.

Further pressurizing the Turkish exporters are cost factors, mainly in terms of wages and energy prices. Minimum wage increased to TRY 30,621.48 including total costs to the employer (gross: TRY 26,005.50, net: TRY 22,104.67) for 2025. The latest increase in minimum wage pushed the total cost to employers to USD 747, using expected average USDTRY for the aforementioned year. Therefore, the expected level of minimum wage would realize above the average and would pressurize small scale businesses with labor intensive manufacturing and domestic focus. On the other hand, adjusting for US CPI, real minimum wage in USD terms is actually below the average, implying export focused companies should be able to manage these levels of increasing minimum wage.

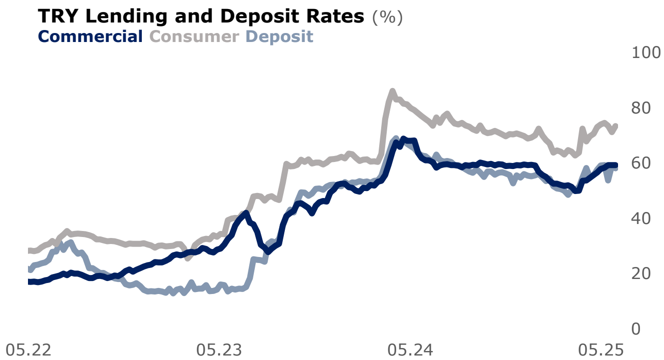
Türkiye Minimum Wage
(Total cost to employer, USD, dashed lines 2007-2023 average)



Source: Ministry of Labor and Social Security, Refinitiv, JCR-ER Research
Nominal minimum wage for 2025 is calculated using expected average USDTRY for the given year. Real wage for 2025-12 is based on our US CPI and USDTRY forecasts.

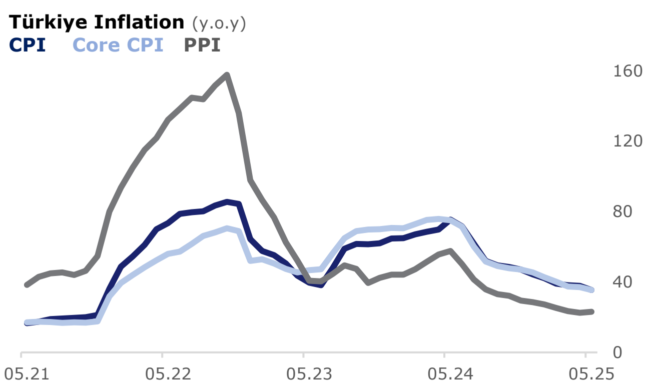
Historically tightened domestic financial conditions have started to ease slightly, particularly in credit costs

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



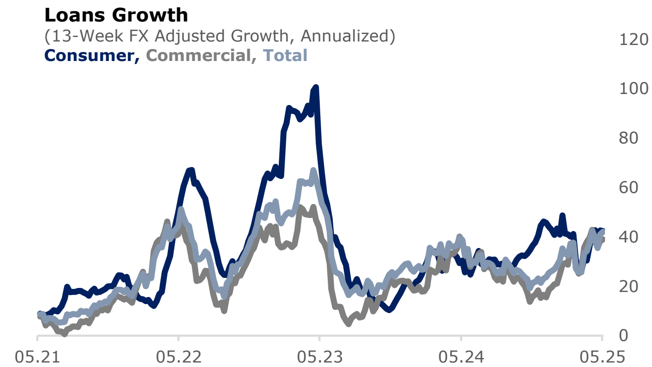
Source: CBRT, JCR-ER

As a result of tight monetary policy, the Consumer Price Index (CPI) growth rate has followed a consistent downward trend since June 2024, reaching 35.4% as of April 2025.

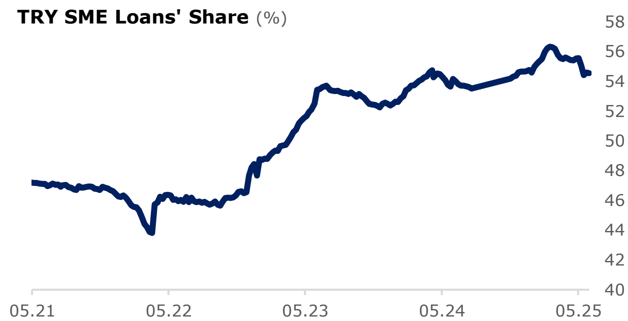


Source: Turkstat

Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration.

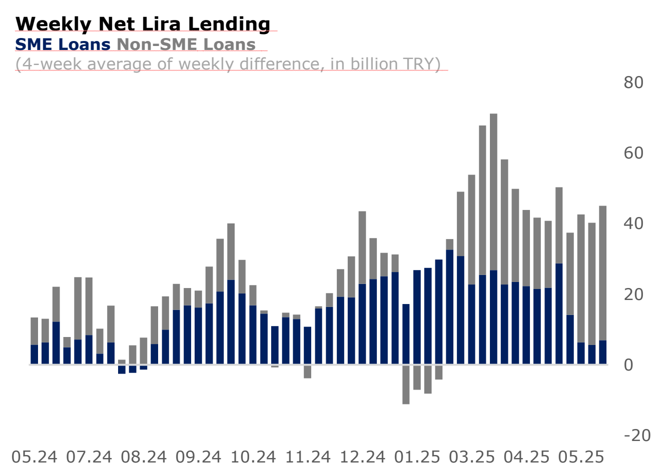


Source: BRSA, JCR-ER

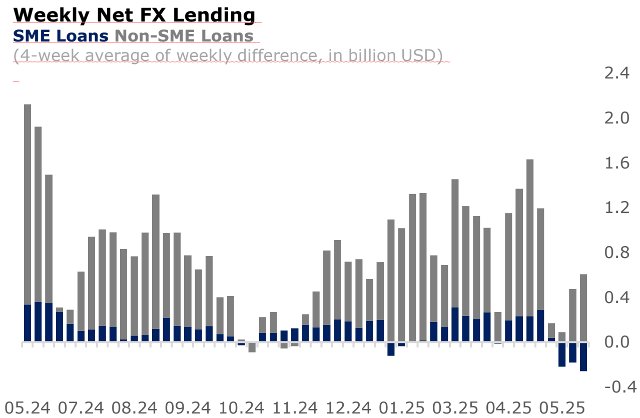


Source: BRSA, JCR-ER

Due to high TRY loan interest rates, lending in local currency had slowed quite notable particularly in early 2Q2024, substituted for FX lending by large firms with access. As a result, CBRT had imposed monthly lending limits to FX lending. In March, 2025, the monthly growth limit for FX commercial loans has been reduced from 1% to 0.5% by CBRT. Recently, Lira lending has gained a bit more strength though in real terms the lending volume is still quite restrictive compared to the 2023.



Source: BRSA, JCR-ER



Source: BRSA, JCR-ER

Access to finance and the cost of financing are still substantial topics affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech have resulted in a divergence in financial conditions. Recently, in order to facilitate access to financing for high value-added export firms, the CBRT increased the daily limits of rediscount credits from TRY 3bn to TRY 4bn. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other, real appreciation of Lira as intended to support disinflation is a headwind for exporters particularly in highly competitive sectors.

On the other hand, in January, 2025, CBRT announced changes on macroprudential framework on behalf of SMEs. Accordingly, monthly growth limit for SME loans has been increased from 2% to 2.5%, whilst reduced monthly growth limit for other commercial loans from 2% to 1.5%. Furthermore, it was announced that TRY SME loans granted through the Small and Medium Enterprises Development Organization or funded by international development finance institutions to promote sustainability will be exempt from the loan growth limit.

Within the scope of reducing of inflation, tightening financial conditions has been contributing to a weakening of demand, as expected, and exerting pressure on economic activity. While leading indicators clearly illustrate the impact of the economic slowdown, a further deterioration in activity is expected. In this context, as mentioned before, the CBRT reduced its the policy rate, which had been at 50% for a prolonged period, to 42.5% in order to facilitate a soft landing for the economy.

Recently, in addition to the ongoing global economic pressures exacerbated by trade tensions impacting interest and exchange rates, CBRT implemented a series of additional policy interventions in response to the sharp rise in both the level and volatility of exchange rates observed in March. In this context, the CBRT increased the policy rate from 42.5% to 46% in an effort to stabilize the currency market and mitigate further volatility. The effects of future policy adjustments in domestic and global side on economic activity will be closely monitored.

2. Rating Outlook

Taking into account, the Group's sustained sales revenue, reasonable EBITDA margin, sufficient net debt to EBITDA multiplier, asset quality, favorable level of cash conversion cycle, fleet size growth, as well as low level of EBITDA to adjusted interest paid multiplier, net working capital deficit and worsening in local and global economic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Short and Long-Term National Issuer Credit Ratings are determined as **'Stable'**.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspectives of the Group has been determined as **'Stable'** in line with the sovereign rating outlooks of Türkiye.

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

Factors that Could Lead to an Upgrade

- Improvement of the operating environment in the domestic and international markets,
- Further expansion in sales revenues and EBITDA generation capacity,
- Improvement in profitability indicators,
- Decrease in the current indebtedness level and an enhancement in leverage ratios,
- Improvement in coverage ratios,
- Expansion in local and global market scale.

Factors that Could Lead to a Downgrade

- Considerable decline in sales revenue and EBITDA margin,
- Notable increase in the residual value risks leading to sustained net losses from fleet disposals, materially impacting profitability negatively,

- Increase in indebtedness level and further deterioration in leverage ratios,
- Worsening in coverage ratios,
- Potential deterioration in accessing external financial resources,
- Deterioration in operational efficiency level,
- A sharp deterioration in domestic and international demand.

The Group's revenue generation performance, profitability margins, leverage profile and liquidity metrics will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

3. Projections

No long-term projections have been submitted by the Group Management.

4. Group Profile & Industry

a. History and Activities

Borlease commenced its activities in 2013 with an operational fleet leasing service. In 2015, the Group acquired Ayka Sigorta which was established in 2001 and aims to determine the needs and expectations of the customers in order to propose effective insurance solutions. In 2017, in addition to fleet leasing, to meet the demand from institutions and individuals, individual car rental Group Popy Car which targets to propose a younger fleet with the best prices while ensuring the customer satisfaction with a good operation management and the short-term corporate car rental Group Urban Fleet that aims to meet the short-term operational leasing demands of corporate companies and their employees with its expert and experienced team were established. In 2018, the Group bought all the shares of Magdeburger Sigorta from Allianz Sigorta. Magdeburger Sigorta was established in 1844 in Magdeburg, Germany and has become one of the world's leading insurance companies since its establishment. In 2019, the Group acquired Sixt Türkiye which provides daily rental services. After the franchise agreement was signed with Sixt AG, it was decided to sell the Urban Fleet and Popy Car companies in order to expand the short-term leasing activities by focusing on the global brand Sixt. The Group transferred its shares in Ayka Sigorta to Bor Holding in 2019. Also, the Group has sold its shares in its subsidiaries Magdeburger Sigorta A.Ş., İstasyon Şarj Hizmetleri A.Ş. and Alesta Sigorta Acentalığı ve Aracılık Hizmetleri Ticaret Ltd. Şti. to Bor Holding A.Ş. in 2022.

Headquarter of Borlease is located in Ümraniye, İstanbul. As of FYE2024, the number of vehicles used in operational leasing is 3,428 (2023: 4,451), and the total number of managed vehicles is 8,367 (2023: 7,254). In addition, the Group employs 363 employees as of FYE2024 (FYE2023: 372).

b. Shareholders, Subsidiaries & Affiliates

The Group's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "BORLS" since October, 2023. The Group's paid-in capital is TRY 168.70mn as of December 2024. The shareholder structure of the Group is as follows:

Borlease's Shareholder Structure

	December, 2023		December, 2024	
	Amount-TRY	%	Amount-TRY	%
Bor Holding A.Ş.	117,000,000	69.35	117,000,000	69.35
Public Held	51,700,000	30.65	51,700,000	30.65
Total	**168,700,000**	**100.0**	**168,700,000**	**100.0**

As of the reporting date, the Group's Board of Directors is as follows.

Board of Directors	Duty
Özgür Cem Hancan	Chairman
Müge Çetin	Deputy Chairman
Fehmi Sertdemir	Member
Sarper Volkan Özten	Independent Member
Azmi Yalçın	Independent Member

The Group has 1 subsidiary as of FYE2023, under the name of Artı Seyahat Acentesi Tekstil Sanayi ve Ticaret Anonim Şirketi which is providing daily rental services under the brand "Sixt Rent a Car".

Group Name	Shares
Artı Seyahat Acentesi Tekstil San. ve Tic. A.Ş.	100.0%

JCR Eurasia Rating has not presently analyzed the independent risk level of Artı Seyahat, no opinion regarding its creditworthiness has been formed.

c. Industry Assessment

Operational Leasing (Vehicle) Industry;

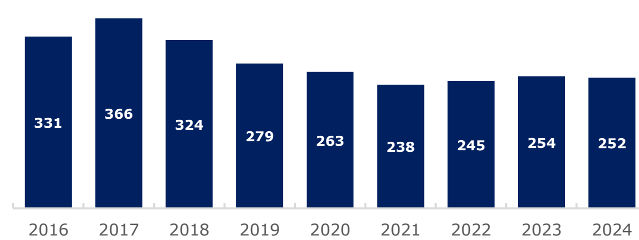
By offering several cost-efficient solutions and shorter lease periods than the actual life of the asset, operational Leasing is a significant tool providing financial flexibility for companies or individuals. In operational leasing, it has a certain price for a certain time and no option to buy it, which distinguishes it from financial leasing. In this respect, the term of the lease contract has to be shorter than the actual useful life of the equipment. For instance, the tenor of the fleet leasing is between 1 and 4 years whereas its useful life is far longer. In a usual rental operation, the lessee transfers plenty of operational activities and risks to the lessor such as the following: amortization, robbery, damage of the equipment, maintenance, repair, the taxation of equipment, etc.

Until the 2000s, the operational leasing of vehicles was limited to daily renting activities and the long-term market was immature. In the early 2000s, numerous local and foreign competitors commenced their operations, therefore the significant growth period for the industry started. Since long-term operational leasing provides several advantages to an organization, it attracts companies to rent rather than purchase. Firstly, companies can allocate their capital or credit lines at financial institutions for their business purposes by renting instead of buying. Furthermore, since the payment schedule is decided at the beginning of the agreement which is mostly on a monthly basis without initial or balloon payment, companies can budget their costs more accurately. Furthermore, it outsources all potential administrative costs of running a car fleet that saves from considerable operational and financial burdens. Operational leasing not only provides operational advantages but also rent fees are tax-deductible. Those numerous benefits were catalysts for the strong growth period of the industry between the early 2000s and 2018. In the following years, the fleet size of the market declined gradually.

According to the Operational Rental Sector Report published by TOKKDER, the operational leasing industry made a vehicle investment of TRY 95.8 bn in 2024, adding 69.7k vehicles to its fleet. The asset size of the sector was realized as TRY 280.2 bn as of FYE2024. The number of vehicles in the sector's fleet decreased by 0.9% compared to FYE2023 and reached 251.8k in FYE2024. On the other hand, the increase in the share of light commercial vehicles in the fleet of the operational car rental sector to 7.4% and the share of electric and hybrid vehicles to 9.6% were among the considerable details in the report.

According to the Operational Rental Sector Report published by TOKKDER, the roof association of the car rental industry in Türkiye, prepared in cooperation with the independent research Group Nielsen, the estimated fleet size of the industry decreased by 0.9% to 252k units in 2024. The latest figures indicate that the industry experienced a contraction after exhibiting a strong CAGR of 17% between 2009 and 2017. Despite the growth observed between 2021 and 2023, the industry has yet to return to its pre-pandemic levels. The graph visualizes the development of the estimated vehicle park for the industry between 2016 and 2024.

Estimated Vehicle Park (Thousands Units)

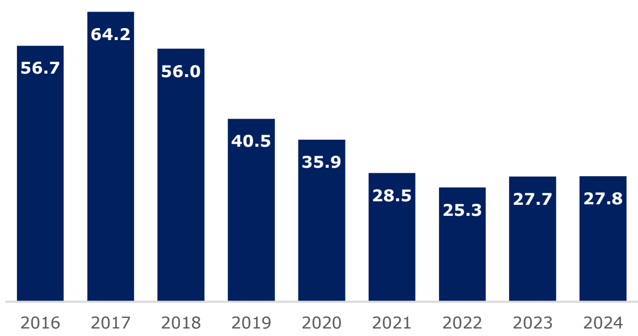


Source: TOKKDER, JCR-ER

According to the same report, vehicle purchases recorded TRY 95.8 billion as of FYE2024 (2023: TRY 78.2 billion) in terms of monetary value. As of FYE2024, the sector's average price for purchased vehicles realized 1,375.8k. Although new additions to vehicle parks on a unit basis draw a slightly positive outlook, recovery was still weak compared to figures recorded in the pre-2017 periods. Moreover, new purchases were also comparably limited against cars sold in the highlighted periods.

The total number of the sector's customers also experienced contraction from 2017 to 2022, however, as of FYE2023 total customers of the sector reached to 27.7 thousand, which indicates a 9.5% increase compared to the previous year. As of FYE2024, total customers of the sector reached to 27.8 thousand, which indicates a 0.4% increase compared to the previous year. In addition, out of the total 27.8 thousand customers, 22.7 thousand were from operational leasing, while 5.7 thousand were from fleet management. Compared to FYE2023, while operational leasing customers decreased by 7.7%, fleet management customers have surged from 3.1 thousand to 5.7 thousand.

Total Number of Sector's Customers (thousand)

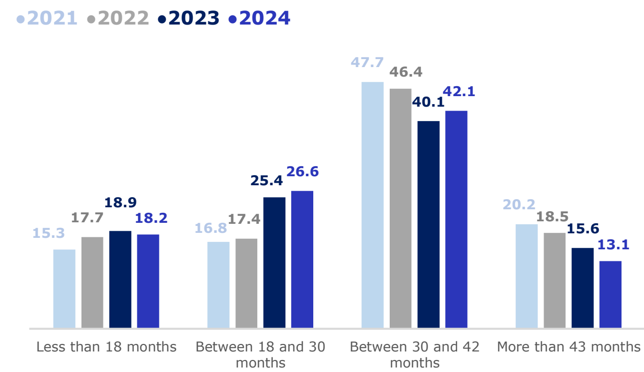


Source: TOKKDER, JCR-ER

Digging deeper, no significant change was observed in the brand distribution of car parks in 2024. Renault continued to be in pole position on brand preferences of the customers, followed by Fiat and Toyota. Renault vehicles comprised 18.2% of the total car list among TOKKDER members' car portfolios. As per the same study, Fiat's share realized 16.7% which is in the second position and Toyota which held the 3rd position with a market share of 9.7% in the mentioned period. Additionally, vehicle preferences on fuel, segment, and transmission type were predominantly gasoline, c, and automatic, respectively.

Regarding the industry's contract structure, almost all of the total contracts were denominated in TRY as of FYE2024. With the launch of the decision in 2018 to protect the Turkish Lira, FX contracts were no longer possible barring a few notable exceptions. In this respect, the industry had to choose between high financing costs or being exposed to currency risk. According to the TOKKDER report, the maturity structure of leases shifted towards the short-term rather than the long-term in 2024. Although the majority of contracts' maturity was kept classified between 30 and 42 months, its share declined by 2.7% to 46.4% in 2023. As of FYE2024, the share of 30 and 42 months maturities increased by 5.0% and realized 42.1% in the mentioned period. On the other hand, the share of leases less than 18 months in total contracts was 18.2% in 2024, indicating 3.7% less share in total compared to the previous year-end. The graph below demonstrates the maturity structure of leases.

Maturity Structure of Leases (Share, %)



Source: TOKKDER, JCR-ER

In a nutshell, when evaluated from the point of view of operational leasing companies, which are the significant buyers of the automotive industry, after the end of the rapid growth period between the early 2000s and 2018, the automotive industry experienced challenging years in 2020-2021 and fleet size continued to deteriorate.

After 2022, the inflationary environment has created strong demand for automotive. Despite the precautionary measures taken, high demand caused a shortage of vehicle availability and pushed the prices. Even though automotive market conditions exhibit a solid outlook throughout 2023 and 2024, tightening financial conditions may cause a reduction in domestic demand in the upcoming period. On the other hand, corporate enterprises lighten their burdens by leasing vehicles from operational leasing companies instead of purchasing. Consequently, this may contribute to the sustained strength of demand for leasing. Lastly, the sector representatives expect the extension of the 48-month rental period cap limited by the legislation. Another expectation of the market participants is to prevent rental car thefts by making the necessary legal arrangements, for instance increasing the penalty for the crime.

5. Additional Rating Assessments

The principal financial risks Borlease is exposed to include credit, market (currency and interest rate risks) and liquidity risks, along with operational risks which will be examined in greater detail in the following sections. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit Risk

Credit risk is the risk of a financial loss that may occur due to the inability to honour their outstanding commitments of either party of a financial instrument. Credit risk mainly derives from deposits in banks, trade and other receivables.

The key financial metrics of the Group that are subject to credit risk are shown below.

'000 TRY	FYE2023	FYE2024
Trade Receivables	295,406	1,011,558
Other Receivables	6,974	22,342
Bank Deposits	1,300,864	25,536
Other	5,528	6,481
Total	**1,608,772**	**1,065,917**

The credit exposure of the Group decreased to TRY 1.06bn as of FYE2024 from TRY 1.61bn as of FYE2023. The main reason for this fall is the decrease in bank deposits. The total credit risk exposure of the Group is 11.95% of the total assets as of FYE2024 (FYE2023: 17.77%).

Although bank deposits are considered exposed to credit risk, cash and cash equivalents are important assets for companies and a fall in cash and cash equivalents is interpreted as negative. Apart from bank deposits, the items exposed to credit risk increased to TRY 1.04bn as of FYE2024 from TRY 307.91mn as of FYE2023 with an increase of 237.89%. The increase in trade receivables is the main reason for this rise. Regarding asset size, items exposed to credit risk, except bank deposits constituted 11.67% of total asset size as of FYE2024 (FYE2023: 3.40%).

Also, as of FYE2024, the doubtful receivables decreased to TRY 21.87mn from TRY 15.73mn. The share of doubtful trade receivables in total trade receivables realized was 2.16% as of FYE2024 (FYE2023: 5.28%). In parallel with the increase in trade receivables, its share in total trade receivables also increased.

Market Risk

Market risk refers to the risk that changes in foreign exchange rates and interest rates affect the Group's income and financial instruments it holds. The purpose of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing earnings.

In the scope of market risk, Borlease is exposed to currency risk due to assets and liabilities in foreign currencies. As stated in the audit report, the Group is in a net short position amounting to TRY 45.91mn as of FYE2024 (FYE2023: TRY -92.46mn, short position) mainly due to foreign currency based short term and long-term financial obligations. The distribution of foreign currency assets and liabilities as of 2024 year-end and 2023 year-end are shown below.

'000 TRY	FYE2023	FYE2024
Total Assets	1,189	14,714
Total Liabilities	-93,653	-60,624
Net Balance Sheet FX Position	-92,464	-45,910

Liquidity Risk

Liquidity risk refers to the possible inability to fund payment obligations. It arises in the general funding of the Group's activities and the management of positions. The Group targets flexibility in funding due to the dynamic nature of the business environment. Considering its short and long-term liabilities, the Group continues its operations within the framework of its proactive approach.

The Group's key liquidity ratios are provided below.

Cash Flow Metrics ('000 TRY)	FY2023	FY2024
FFO (Funds from Operations)	1,168,107	2,797,424
CFO (Cash from Operations)	826,875	185,234
FOCF (Free Operating Cash Flow)	566,276	-124,996

Key Liquidity Ratios	FYE2023	FYE2024
Current Ratio (x)	0.72	0.47
Net Working Capital / Assets (%)	-10.83	-26.37
FFO Debt Service Coverage (x)	0.38	0.51

The Group's liquidity profile was assessed by evaluating constituents and terms of liabilities, asset turnovers, working capital indicators and level of cash flow metrics. The Group's net working capital realized as TRY -2.35bn as of FYE2024 (FYE2023: TRY -980.32mn). Accordingly, net working capital (NWC) to total assets ratio has realized as -26.37% as of FYE2024 (FYE2023: -10.83%).

Operational, Legal Regulatory & Other Risks

Operational risk is concerned with ensuring the sustainability of operating efficiency in the field of meeting performance targets. The operational risk stems from operations and other administrative activities. It is controlled by the internal mechanisms and reviewed by the Group on a regular basis.

The Group's risk management framework also focuses on operational risk or risk resulting in unexpected loss. The Group takes necessary actions to ensure the security and maintenance and security of physical facilities. In addition, compulsory precautions and regulatory controls are in place to align with regulations.

BORLEASE OTOMOTİV A.Ş.
(Consolidated Financials)
Balance Sheet (000' TRY)

	2024	2023
TOTAL ASSETS	**8,917,509**	**9,055,420**
CURRENT ASSETS	**2,098,696**	**2,495,701**
Cash and Cash Equivalents	72,712	1,536,100
Financial Investments	20,771	127,750
Trade Receivables	1,010,224	294,190
Other Receivables	19,165	6,974
Prepaid Expenses	958,180	466,221
Current Tax Assets	2,589	0
Other Current Assets	15,055	64,466
FIXED ASSETS	**6,818,813**	**6,559,719**
Trade Receivables	2,565	3,933
Other Receivables	3,177	0
Investment Properties	48,705	49,630
Tangible Fixed Assets	4,304,542	5,124,448
Right-of-Use Assets	1,580,739	1,014,665
Intangible Fixed Assets	182,238	206,186
Prepaid Expenses	188,242	27,595
Deferred Tax Asset	508,605	133,262
TOTAL LIABILITIES & EQUITY	**8,917,509**	**9,055,420**
SHORT TERM LIABILITIES	**4,450,130**	**3,476,017**
Short Term Borrowings	1,903,305	1,298,104
Short Term Portion of Long Term Borrowings	1,006,763	970,836
Trade Payables	999,055	945,028
Employee Benefits	7,077	11,975
Other Payables	19,419	37,440
Deferred Income	485,657	165,407
Current Tax Liabilities	0	519
Short Term Provisions	10,540	12,030
Other Short Term Liabilities	18,314	34,678
LONG TERM LIABILITIES	**2,050,373**	**1,584,901**
Long Term Borrowings	1,911,306	1,375,940
Trade Payables	137,606	207,113
Long Term Provisions	1,461	1,848
EQUITY	**2,417,006**	**3,994,502**
Controlling Interest	2,417,006	3,994,502
Share Capital	168,700	168,700
Capital Adjustment Differences	567,886	567,886
Share Premium (Discount)	1,051,310	1,051,311
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss	-2,283	-2,341
Restricted Reserves	62,664	51,682
Previous Years Profits or Losses	2,142,669	1,422,941
Net Profit or Loss	-1,573,940	734,323

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

BORLEASE OTOMOTİV A.Ş.
(Consolidated Financials)

Income Statement (000' TRY)

	2024	2023
Revenue	6,839,285	4,592,555
Cost of Sales	-5,436,136	-3,724,578
GROSS PROFIT (LOSS)	**1,403,149**	**867,977**
General and Administrative Expenses	-391,132	-291,780
Marketing Expenses	-348,836	-306,499
Other Operating Income	351,831	204,851
Other Operating Expenses	-292,709	-52,253
OPERATING PROFIT (LOSS)	**722,303**	**422,296**
Income from Investment Activities	177,789	102,830
Expenses from Investment Activities	-3,595	0
OPERATING PROFIT (LOSS) BEFORE FINANCING ACTIVITIES	**896,497**	**525,126**
Financing Income	452	60,029
Financing Expenses	-2,763,530	-890,298
Net Monetary Position Gains (Losses)	-114,512	673,507
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**-1,981,093**	**368,364**
Tax Income Expense from Continuing Operations	**407,153**	**365,959**
Current Tax (Expense) Income	-6,223	-7,010
Deferred Tax (Expense) Income	413,376	372,969
NET PROFIT FROM CONTINUING OPERATIONS	**-1,573,940**	**734,323**
NET PROFIT (LOSS) FOR THE PERIOD	**-1,573,940**	**734,323**
Distribution of Profit (Loss) for the Period	-1,573,940	734,323
Parent Shares	-1,573,940	734,323

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

BORLEASE OTOMOTİV A.Ş.
(Consolidated Financials)
Key Ratios & Metrics

	2024	2023
PROFITABILITY		
EBITDA Margin (%)	35.38	30.91
EBIT Margin (%)	9.70	5.87
CFO Margin (%)	2.71	18.00
Return on Average Assets (ROaA) (%)	-17.51	NA
Return on Average Equity (ROaE) (%)	-49.10	NA
Net Profit Margin (%)	-23.01	15.99
Operating Profit Margin (%)	10.56	9.20
Gross Profit Margin (%)	20.52	18.90
LIQUIDITY		
FFO Debt Service Coverage (x)	0.51	0.38
Current Ratio (x)	0.47	0.72
Net Working Capital / Assets (%)	-26.37	-10.83
LEVERAGE		
FFO / Adjusted Net Debt (%)	58.91	55.39
Adjusted Net Debt / EBITDA (x)	1.96	1.49
FOCF / Adjusted Net Debt (%)	NM	26.85
Adjusted Debt / Capital (%)	66.61	47.71
Adjusted Short-Term Net Debt / EBITDA (x)	1.17	0.52
EFFICIENCY		
RoC (Return on Capital) = EBIT / Avg. Capital (%)	8.92	NA
Operating Ratio (%) = OPEX / Net Sales	10.82	13.03
Equity Turnover (x)	2.13	NA
Cash Conversion Cycle (days)	-42	NA
Account Receivables Turnover (x)	10.43	NA
Payables Turnover (x)	4.75	NA
COVERAGE		
EBITDA / Adjusted Interest (x)	0.93	1.73
FFO Interest Coverage= (FFO) / Adjusted Interest Paid (x)	1.08	1.43
CFO / Capex (x)	0.60	3.17
FOCF Dividend Coverage=FOCF (t-1) / Dividends Paid (t) (x)	156.73	NA
GROWTH		
Sales Growth (%)	48.92	NA
EBITDA Growth (%)	70.43	NA
Asset Growth (%)	-1.52	NA

- *Including JCR Eurasia Rating's adjustments where applicable,*
- *NM stands for "Not Meaning",*
- *NA* stands for *"Not Available"* due to lack of 2022 inflation adjustment financial data.

Rating Info

Rated Group:	Borlease Otomotiv Anonim Şirketi Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi 2 Blok No: 4 İç Kapı No:28 Ümraniye, İSTANBUL/TÜRKİYE Telephone: +90 (216) 510 43 13
Rating Report Preparation Period:	29/05/2025 - 27/06/2025
Rating Publishing Date:	30/06/2025
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Financial Statements:	FYE2024-FYE2023 | Consolidated Audit Report, 1Q2025 Interim Audit Report.
Previous Rating Results:	July 3, 2024 / Long Term National Scale / 'A- (tr)'
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Disclaimer

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

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

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

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

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

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