Corporate Credit Rating

☐New ☒Update

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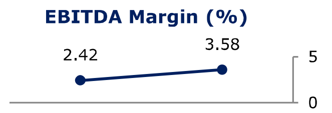
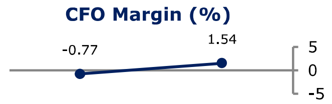
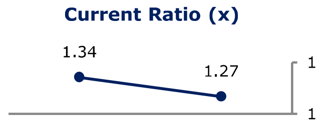
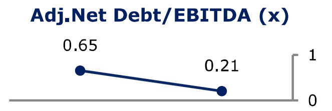
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Profile)	National ISR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

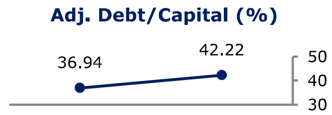
** Assigned by JCR on May 10, 2024*

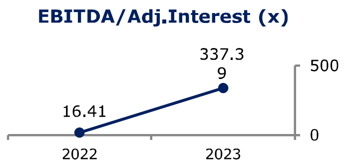












Bayraktar Satış ve Dağıtım A.Ş.

JCR Eurasia Rating, has evaluated **"Bayraktar Satış ve Dağıtım A.Ş."** in investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating to **'A- (tr)'** from **'BBB (tr)'** and the Short-Term National Issuer Credit Rating to **'J1 (tr)'** from **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Bayraktar Satış ve Dağıtım A.Ş. (hereinafter referred to as 'Bayraktar' or 'the Company') was established in 1993 in Çanakkale. The Company's main activity is to purchase, sell and trade foodstuffs, tobacco, tobacco products and alcoholic beverages. The Company has a dealership agreement with Efes Pazarlama Dağıtım A.Ş., Coca-Cola Satış ve Dağıtım A.Ş. and Tadım Gıda Maddeleri San. Tic. A.Ş., and a distributorship agreement with Mey İçki Sanayi Ticaret A.Ş. and JTI Tütün Ürünleri Pazarlama A.Ş. The Company continues the dealership and distributorship activities of the relevant companies and markets, sells and distributes the products of the companies in Çanakkale, Balıkesir and Bursa regions. The Company has a total of six warehouses in Çanakkale, Biga, Ayvacık, Balıkesir, Bandırma and Edremit, and it continues its marketing, sales and distribution through these warehouses. The Company delivers around 1,400 different products to approximately 5,800 retail customers with more than 150 vehicles. The Company employed a total workforce of 208 as of FYE2023 (FYE2022: 206).

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

Strengths	Constraints
• Ongoing growth in sales revenue thanks to volume increase in tobacco and alcohol segment • Strong leverage profile and coverage metrics in the review period • Short cash conversion cycle and low doubtful receivables thanks to cash and credit card weighted sales • Recovery on cash flow metrics in FY2023 supporting liquidity structure • Relatively inelastic demand for the majority of product range provides a natural shield • Positive effect of tourism-based distribution regions to the Company's sales revenue • Long-lasting trading relationships with globally and locally recognized brands	• High operating expenses suppressing profit margins, despite improvement in both FY2023 and 1H2024 • Regulations on tobacco and alcohol products together with campaigns to control demand • Existence of counterfeit and illegal tobacco and alcohol market • Improvement needs in the corporate governance practices • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to **'A- (tr)'**. The Company's high collection ability, fast cast cycle, satisfactory leverage and coverage metrics along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's growth strategy, profitability indicators, financial leverage and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.