JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Corporate Credit Rating

☐New ☒Update

Sector: Tea Industry & Coal Trade & Fertilizer Trade
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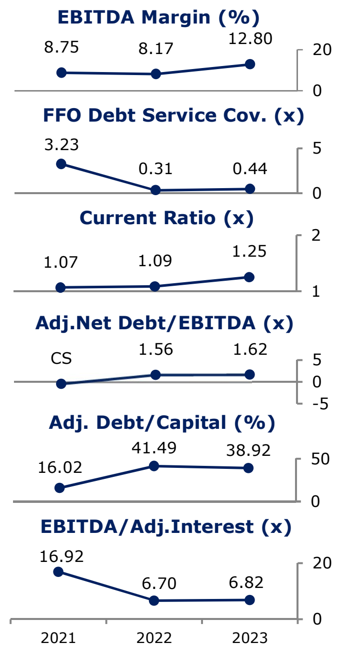
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*



CS: Cash Surplus

EFOR ÇAY SANAYİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated **'Efor Çay Sanayi Ticaret A.Ş.'** in the investment grade category and affirmed the Long-Term National Issuer Credit Rating as **'BBB (tr)'** and the Short-Term National Issuer Credit Rating as **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings have been affirmed as **'BB'** and outlooks assigned as **'Stable'** according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Efor Çay Sanayi Ticaret A.Ş. (hereinafter referred to as **'the Company'**, **'the Group'** or **'Efor Çay'**) was established on December 12, 2014 with company title of 'Akpaş Çay İnşaat Nakliye Sanayi ve Ticaret A.Ş.' in İstanbul, and received its current company title in 2019. Efor Çay operates in production, packaging, trading and marketing of tea products. The Company's subsidiary firm 'Efor Gübre Madencilik Sanayi Ticaret A.Ş.' (hereinafter referred to as 'Efor Gübre') was established in 2019. On the other hand, 'Ak Tarım Gübre Çay San. İnş. Nak. ve Tic. Ltd. Şti' which was controlled by İbrahim Akkuş, was the shareholder of Efor Gübre. With the acquisition of Ak Tarım by Efor Çay, Efor Gübre has become a subsidiary of the Company. Efor Gübre operates in trade of coal and fertilizers, additionally in fertilizer production. Tea sales consists of 47.53%, while coal sales 30.28%, fertilizers sales 11.03%, and other commodity sales 11.16% of consolidated gross sales in FY2023.

According to Istanbul Chamber of Industry's ranking, Efor Çay ranked 215th in top 500 biggest firms in Türkiye based on revenue in 2023. On the other hand, according to Fortune Magazine's research, Efor Çay ranked as 387th in top 500 biggest firms in Türkiye. In industrial food production sector ranking the Group ranked as 20th in 2023.

As of reporting date Efor Çay has four facilities in Artvin (two facilities), Istanbul, and Trabzon to process and/or package tea products, additionally ongoing tea and coffee production facility investment in Tokat. On the other hand, Efor Gübre has three facilities in total that are located in Samsun, Trabzon, and Rize for the purpose of screening and packaging the coal products, and a fertilizer production, storage, and packaging facility in Samsun.

The Group's 75.21% of shares are controlled by İbrahim Akkuş, and rest of the shares (24.79%) are publicly traded with a ticker name of 'EFORC' on Borsa Istanbul (BIST) since July, 2024. The Group's headquarter is located in Ataşehir/Istanbul as of reporting date and maintains 583 average personnel within its structure as of 3Q2024 (FYE2023: 474 average personnel).

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

Strengths	Constraints
• Revenue diversification provided by operating in tea, fertilizer and coal groups in the consolidated view • Improvement in EBITDA generation capacity along with other profitability metrics in FY2023 despite slight deterioration as of 3Q2024 • Increase in equity level over the reviewed periods through cash injection together with recent IPO, and internal resource generation capability • Receivable quality enhanced by the corporate customer base and the ability to receive advances, despite the customer concentration to certain extent in tea operations • Compliance with corporate governance practices as a publicly listed company	• Pressured debt service capability due to inadequate cash generation and short-term concentrated debt stock, despite having net working capital surplus • Foreign currency and commodity price risk stemming from coal and fertilizer activities of the subsidiary • Pressures of ESG factors on the coal industry • 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 affirmed as **'BBB (tr)'**. The Company's EBITDA growth over the reviewed full periods despite slight deterioration in the interim period, diversified income sources in consolidated view, reasonable core profit margins, satisfactory equity level supported via cash injections and internal resource generation capacity, and ability to receive advance from corporate customers base in tea segment 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 revenue trend and profitability performance, sales quantities, indebtedness level and leverage profile, liquidity structure, interest coverage metrics, and FX position 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.