

Corporate Credit Rating

New Update

Sector: Technology

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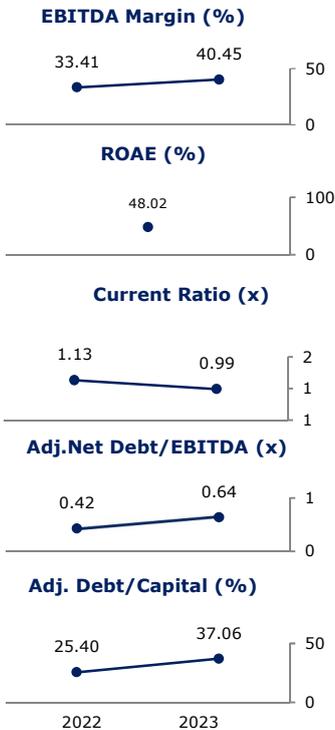
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

* Assigned by JCR on May 10, 2024



GSM2 İnovasyon Sistemleri Ve Teknoloji Anonim Şirketi

JCR Eurasia Rating, has evaluated **GSM2 İnovasyon Sistemleri Ve Teknoloji Anonim Şirketi** in the investment grade category with high credit quality on the national scales and assigned the Long-Term National Issuer Credit Rating as '**A+ (tr)**' and the Short-Term National Issuer Credit Rating as '**J1 (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

GSM2 İnovasyon Sistemleri Ve Teknoloji Anonim Şirketi (hereinafter referred to as "GSM2 İnovasyon" or "the Company") offers solutions and services focused on product track and trace technologies to prevent losses and smuggling as well as fighting against the informal economy in the areas of deposit single use bottles, regulated banded products, rebar, and precious metals. The Company was founded in 2020 in İstanbul under the title of DNS İnovasyon Sistemleri ve Teknoloji A.Ş. Then title was changed to GSM2 İnovasyon Sistemleri ve Teknoloji A.Ş. on December 18, 2020. Head office of the Company is located in İstanbul and it has a factory in Bağyurdu, İzmir.

The Company's main ultimate controlling shareholder is Dias Bilişim ve Teknoloji Hizmetleri A.Ş. The number of employees of the Company by the end of year-2023 is 399 (2022:322).

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

Strengths

- Revenue growth thanks to increase in sales volume in FY2023
- Strong EBITDA generation capacity over the analyzed years
- Solid level of net debt/EBITDA multiplier over the analyzed years, despite the increase in bank loan utilization in FY2023
- Low level of credit risk supporting asset quality through collaboration with state authorities
- Long-term service agreements increasing visibility for the future income stream
- Advantage of holding the key player position in the sector

Constraints

- Deterioration in cash generation capacity and liquidity metrics as of FYE2023
- High revenue concentration risk due to limited number of customers
- Sizeable amount of related party transactions distorting balance sheet structure
- Low level of paid in capital compared to asset size
- High operating ratio mainly stemming from consultancy and personnel expenses
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**A+(tr)**'. The Company's revenue growth, EBITDA generation capacity, low level of collection risk due to working with public authorities, long term contract business model, leverage and liquidity indicators 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 ratings are determined as '**Stable**'. The Company's sales and profitability performance, asset quality, liquidity position and debt structure 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.