Corporate Credit Rating

☐New ☒Update

Sector: Textile Manufacturing
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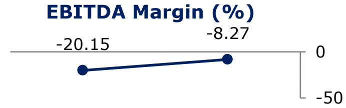
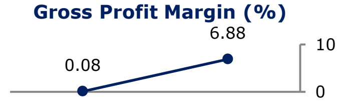
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BB (tr)**	**J3 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	B+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Affirmed by JCR on September 1, 2025*

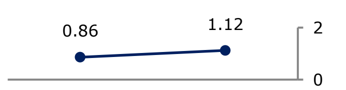
EBITDA Margin (%)



Gross Profit Margin (%)

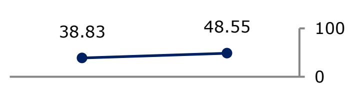


Current Ratio (x)

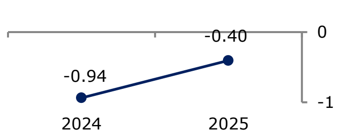


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Hateks Hatay Tekstil İşletmeleri Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of **"Hateks Hatay Tekstil İşletmeleri Anonim Şirketi"** in the speculative grade category and affirmed the Long-Term National Issuer Credit Rating at **'BB (tr)'** and the Short-Term National Issuer Credit Rating as **'J3 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'B+/Stable'** according to JCR-ER's national-global mapping methodology.

"Hateks Hatay Tekstil İşletmeleri Anonim Şirketi" (referred to as '**Hateks**' or '**the Company**' or '**the Group'**) was established in 1973 in Antakya, Hatay in Türkiye. The Company manufactures and exports home textile products such as towels, bathrobes, mats, cotton and cotton blended yarns. The Company operates at its facility in Hatay, with a 60,000 m^2 indoor area and a land area of 760,000 m^2 in total, employing about 477 personnel as of FYE2025 (FYE2024: 416). The Company sells its products to wholesale companies, large-scale retailers and large supermarket chains along with famous textile brands in Europe and North America. In addition, the Company has a subsidiary in France that operate in wholesale and retail sales of all kinds of textile products as of FYE2025. This subsidiary is consolidated in the financial statements in the independent audit report.

The Company's headquarter and productions are carried out in Hatay province. The Company's shares have been traded on Borsa Istanbul with the ticker "HATEK" since 2011. As of the rating report date, the Company's free float is 64.27%. The remaining shares belong to Abud Abdo (9.09%), Toni Abdo (8.43%), Gazi Huri (8.82%), Kristian Huri (9.39%) The Company's paid-in capital was TRY 63mn at FYE2025.

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

Strengths	Constraints
• Reasonable equity composition mainly consisting of retained earnings and capital adjustment differences, despite decline in equity share in asset financing at FYE2025, • Sustainable FX income-generation capability provides a natural hedge mechanism to a certain extent, thanks to notable share of export in total sales revenue, • Debt maturity restructuring processes in FY2025 aiming to extend short-term loans into longer tenors and support liquidity management to some degree, • Accessibility of quarterly financial disclosures, owing to its publicly traded status, and manufacturing capacity for organic and sustainable textile products, supported by global ESG-compliant certification, • Deep-rooted experience in the sector and well-known customer portfolio consisting of leading global retail chains.	• Declining sales volumes and revenues during the reviewed periods, together with high operating expenses, resulting in negative EBITDA and operating losses, • Ongoing considerably weak leverage and coverage profile throughout the reviewed periods due to negative EBITDA realization and sizeable financial indebtedness, • Low cash flow metrics along with negative FOCF maintained in FY2025, • High interest expenses pressuring the bottom-line profitability in the analyzed period, • Ongoing unfavorable market dynamics indicated by fierce competition in the global textile industry and the negative effects of fluctuations in raw material prices on profit margins, • As actions for a global soft-landing gain prominence, geopolitical risks and decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, Hateks's Long-Term National Issuer Credit Rating has been affirmed at **'BB (tr)'**. The Company's substantial equity level, long-standing sector experience, export-oriented business structure, well-known international customer portfolio, accessibility of financial information owing to its publicly listed status, and manufacturing capacity for sustainable textile products supported by ESG-compliant certifications, decline in sales volume and revenue generation, negative EBITDA realization and operating loss during the review periods, high financial indebtedness, weak leverage and coverage profile, negative FOCF metrics, as well as macroeconomic environment and geopolitical risks-driven uncertainties 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 financial structure, sales and profitability performance, liquidity and leverage indicators 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 be monitored as well.