Corporate Credit Rating

☐New ☒Update

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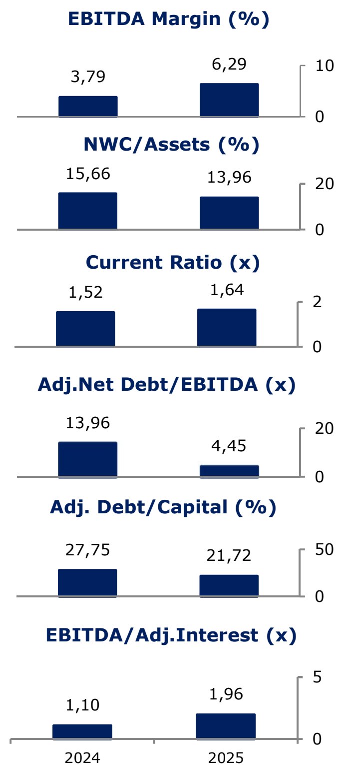
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BBB (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating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

** Affirmed by JCR on September 1, 2025*



KAYSERİ ŞEKER FABRİKASI ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of **"Kayseri Şeker Fabrikası Anonim Şirketi"** in the investment level category and affirmed the Long-Term National Issuer Credit Rating at **'BBB (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 have been determined as **'BB/Stable'** in parallel to sovereign ratings and outlooks of Republic of Türkiye.

Kayseri Şeker Fabrikası Anonim Şirketi (hereinafter referred to as **"Kayseri Şeker"** or **"the Group"**) was established in 1954, started its operations with the establishment of Kayseri Sugar Factory in 1955. The shareholder structure of Kayseri Şeker after the IPO is as follows: Kayseri Sugar Beet Planters Cooperative with 49.80% share, Turkey Wealth Fund with 9.41% share and 23 Sugar Beet Planters Cooperatives and others with 16.29% share.

The main activity of Kayseri Şeker is the production of crystal sugar from sugar beet. Kayseri Şeker, owns 3 sugar factories, has 16.68% of total quota for MY 2025/2026 in Türkiye. The Group ranks 70th among the top 500 industrial companies (İSO 500) in Türkiye. Kayseri Şeker, through its subsidiaries, operates in fields such as livestock, green housing, warehousing, trade and transportation of fuel products and woven sack production.

Kayseri Şeker has been quoted on BIST since May 2023 through the ticker symbol **"KAYSE"** with the free float rate of 25%. The Group maintains its operations by staff force of 2,459 employees as of July 31, 2025 (April 30, 2025: 2,360).

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

Strengths	**Constraints**
• Predetermined sugar quota established by presidential decree and solid market position enhancing the visibility of sales volume, • Partial recovery in the net debt to EBITDA multiplier in FY2025 due to augmented EBITDA generation and declining trend in indebtedness, continuing as of the reporting date, • Significant level of positive net working capital together with decent current ratio facilitating liquidity management, • Expected cash generation capacity bolstered by substantial portfolio of investment properties, enhancing asset monetization potential, • Powered by its agricultural cooperative model with links to thousands of farmers, • Asset quality bolstered by the low collection risks and credible customer base, • Long-lasting presence dating back to 1955 and successful track-record in the sector, • Compliance with corporate governance practices as a publicly traded company.	• Relatively subdued profitability margins driven by the suboptimal increase in sugar sales prices remaining below anticipated levels, albeit the improvement observed in FY2025, • Inadequate interest coverage metrics stemming from elevated interest expenses in FY2025, • Notably low level of paid in capital compared to total equity and asset size despite maintaining high equity position, • Inherent risks of sugar beet supply due to weather conditions and farmers' crop cultivation decisions, • 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 to **'BBB (tr)'**. Taking into account the Group's solid market position with sugar quota share, partial recovery in leverage position, strong net working capital level, high amount of investment properties, long business track record, experienced and qualified management team as well as, relatively subdued profitability margins, suboptimal interest coverage, low level of paid in capital, competition in the sector and 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 Group profitability indicators, debt structure, liquidity position and asset quality, as well as market conditions regarding the sector 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 also be monitored.