Corporate Credit Rating

☐New ☒Update

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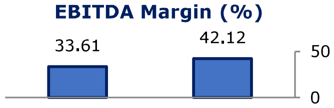
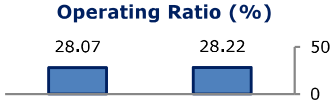
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

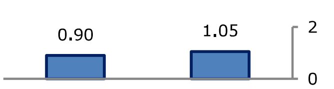
EBITDA Margin (%)



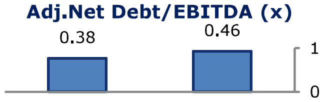
Operating Ratio (%)



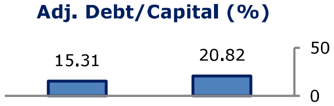
Current Ratio (x)



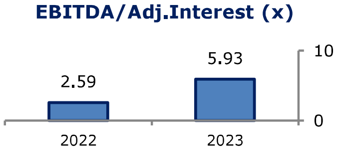
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



KOLEKSİYON MOBİLYA SANAYİ A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"Koleksiyon Mobilya Sanayi A.Ş."** in the investment grade category with high credit quality, affirmed the Long-Term National Issuer Credit Rating at **'A+ (tr)'** and revised the Short-Term National Issuer Credit Rating to **'J1 (tr)'** from **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'BB/Stable'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Koleksiyon Mobilya Sanayi A.Ş." (hereinafter referred to as **''Koleksiyon Mobilya''** or **''the Group''** or **''the Company''**) was established on August 18, 1998 in İstanbul, Türkiye. The Company's main activity is manufacturing, importing, selling and marketing of home and office furniture products. The Company has a production capacity of 400 thousand m^2 of wooden furniture and 54 thousand pieces of upholstered furniture in its factory in Tekirdağ, which has an open area of 86 thousand m^2 and a closed area of 45 thousand m^2.

The Company has a 100% consolidated subsidiary, "Büyükdere Gayrimenkul Yatırım ve İnşaat Ticaret A.Ş.", established in 1983 and operating in the field of property leasing as of 3Q2024. Koleksiyon Mobilya and its consolidated subsidiary are hereinafter referred to as **"the Group"**. The Group has a total of 477 employees as of 3Q2024 (FYE2023: 499).

As of 3Q2024, the Company's shareholders are "M. Koray Malhan" and "Ayşe Malhan" with 35.51% shares each, "Faruk Malhan" with 2.24% and "Doruk Malhan" with 1.74%. Remaining 25% of shares are publicly traded on the Borsa Istanbul (BIST) with the ticker symbol "KLSYN".

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

Strengths	Constraints
• Increasing sales revenue in FY2023 and expected to continue in 2024 financials, • Strong core profitability margins in the last two-year period, • Solid net debt to EBITDA multiplier in the analyzed periods supporting the Company's financial structure, • Long-lasting presence in the sector dating back to 1998, • Compliance with corporate governance principles.	• Long cash conversion cycle and high operating ratio pressuring efficiency in the analyzed periods, • Ongoing short FX position despite partially mitigated through export revenues, • 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 Group's Long-Term National Issuer Credit Rating has been affirmed at **'A+ (tr)'**. The Group's increasing sales revenue and EBITDA generation capacity, strong core profitability margins and solid net debt to EBITDA multiplier as well as long cash cycle and high operating ratio, short FX position and slowdown signal in the global economy 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'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.