Corporate Credit Rating

☐New ☒Update

Sector: Yarn Manufacturing

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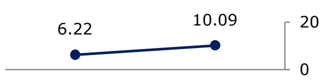
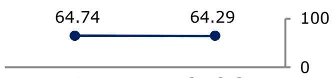
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BBB (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating 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*

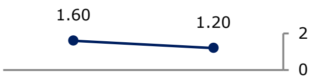
EBITDA Margin (%)



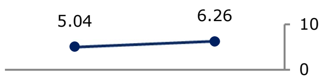
Equity/Tot. Assets (%)



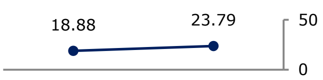
Current Ratio (x)



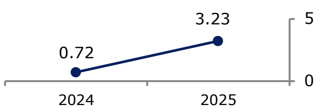
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



NAZAR TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated **'Nazar Tekstil Sanayi ve 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 and outlooks have been affirmed as **'BB/Stable'** as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Nazar Tekstil Sanayi ve Ticaret A.Ş. (hereinafter **'the Company'**, **'the Group'** or **'Nazar Tekstil'**) was established on May 18, 1993 in Kahramanmaraş; however, the founder Balduk family's operating history in cotton production and trade dates back to the 1960s. The Company operates in the textile sector, with yarn production as its core activity. The Company continues its operations in its Kahramanmaraş facility, with an annual production capacity of 11,880 tons for ring compact yarn and 21,600 tons for open-end yarn as of the rating period. According to the İstanbul Chamber of Industry's (ISO) Türkiye Second 500 Largest Industrial Enterprises survey, the Company ranked 369th in 2025 (2024: 399th). In addition to yarn production, the Company maintains R&D activities on high-quality input materials, primarily the development of long-fiber cotton seed varieties. In recognition of this initiative, Nazar Tekstil was awarded third place at the 10th Productivity Project Awards, organized by the Ministry of Industry and Technology in 2024, under the category of "Sustainable Raw Material Studies with Cotton Genotypes Developed in Türkiye." The Company also carries out TÜBİTAK-supported projects on digitalization and AI-based digital solutions. Furthermore, the Company has a cogeneration plant and a rooftop solar power system with installed capacities of 4.5MWe and 2MWe, respectively. The Company is expected to complete a solar power plant in Diyarbakır, with an installed capacity of 28MWe, by the end of the year, which is expected to cover self-consumption of around 51GWh annually. In addition to these self-consumption energy investments, the Company had a total of 8 subsidiaries and affiliates as of FYE2025, the majority of which are engaged in the energy sector, including renewable energy generation, electricity trade and distribution.

The Company's paid-in capital is amounted to TRY 200mn, controlled by Balduk family, and headquartered in Türkoğlu/Kahramanmaraş as of the rating period.

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

Strengths	Constraints
• Satisfactory equity level compared to asset size, supported by retained earnings, despite the significant contribution of non-cash tangible asset revaluation gains • Emphasizing ESG commitment through energy investments including those of group companies • Deep-rooted operating history and R&D efforts with TÜBİTAK approved projects	• Contraction in YoY sales revenues and ongoing bottom-line losses over the past two years, despite a moderate recovery in core profitability margins in FY2025 and an expectation of further improvement for FY2026 • Further increase in adjusted net debt to EBITDA ratio due to increase in financial borrowings, mainly short-term, in FY2025 • Deterioration in cash flow figures and pressure on short-term debt service capacity, despite regular dividend income from group firms, alongside a long cash conversion cycle in FY2025 • Fierce competition environment in the global textile industry due to the negative effects of rising production cost on profit margins • Improvement needs in compliance with corporate governance practices • 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, the Company's Long-Term National Issuer Credit Rating has been affirmed as **'BBB (tr)'**. The Company's satisfactory equity base, recovery of profitability figures in latest statutory financials, and regular dividend income from group firms 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 sales volume, profitability metrics, liquidity structure, indebtedness profile, competition conditions in 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 be monitored as well.