JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒Update

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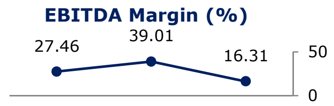
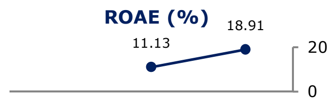
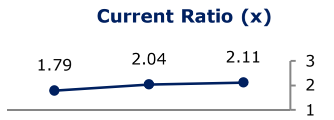
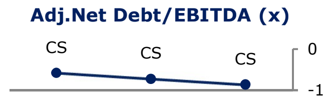
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

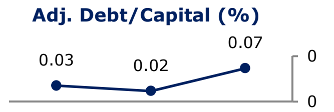
* Assigned by JCR on September 1, 2025

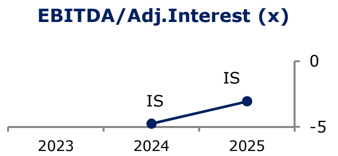












*CS: Cash Surplus
*IS: Interest Received Surplus

SERRA MÜHENDİSLİK TAAHHÜT ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated **"Serra Mühendislik Taahhüt Anonim Şirketi"** in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A+ (tr)'** and the Short-Term National Issuer Credit Rating at **'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.

Serra Mühendislik Taahhüt A.Ş. (referred to as **"Serra Mühendislik"** or **"the Company"**) was established in 1998 and started active operations in 2012. The Company has been participating in public tenders since 2019. Its core business activity is construction and contracting and build-to-sell residential housing construction projects. The Company primarily undertakes infrastructure and superstructure projects, including residential buildings, schools, dormitories, and office buildings. The Company currently has one ongoing contracting project with a total contract value of TRY 2.57bn and a backlog of TRY 558.9mn. Over the past three years, the Company, including its joint ventures, has completed seven projects. The aggregate initial contract value of these projects amounted to TRY 5.65bn. During the execution of these projects, the Company incurred total project expenditures of TRY 8.24bn and generated cumulative progress billings of TRY 9.44bn, reflecting the positive contribution of contractual price escalation mechanisms to project revenues.The Company serves the state-owned institutions such as TOKİ and Emlak Konut GYO. As of the end of 2025, the Company employed 183 people (FY2024: 220).

As of the reporting date, the Company's share capital is TRY 4mn, and its ultimate controlling shareholder is Zübeyr Hasan TURGUT.

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

Strengths	Constraints
• Operating with an adequate EBITDA margin throughout the analyzed periods, despite the deterioration in FY2025 • Strong leverage metrics supported by a net cash position despite the declining trend in net cash levels throughout the analyzed periods, which continued as of 1Q2026 according to the TPL results • Reasonable level of equity relative to total assets throughout the analyzed periods despite the low level of paid-in capital • Low level of doubtful receivables thanks to a public authorities customer base, supporting asset quality • Escalation clauses in contracting business supporting the profitability to some extent	• Notable decline in the backlog of ongoing project size limiting visibility for the future revenue generation • Intra-group receivables due to financing needs distorting balance sheet integrity • Intense competition in the sector, coupled with raw material price volatility and reliance on tender-based operations, may lead to fluctuations in profit margins • Potential operational and management risks due to the nature of the industry • Improvement needs in compliance with corporate governance management 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

The Company's credit rating process was carried out with FYE2025 draft consolidated independent audit report. Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'A+ (tr)'**. The Company's adequate EBITDA margin, strong leverage metrics, reasonable equity structure, low level of doubtful receivables, global soft landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 and profitability performance, liquidity position, cash generation capacity, term structure of liabilities, access to the external financial sources and local and global macroeconomic indicators as well as market conditions and legal framework about the sector will be closely monitored by JCR Eurasia Rating.