Corporate Credit Rating

☐New ☒Update

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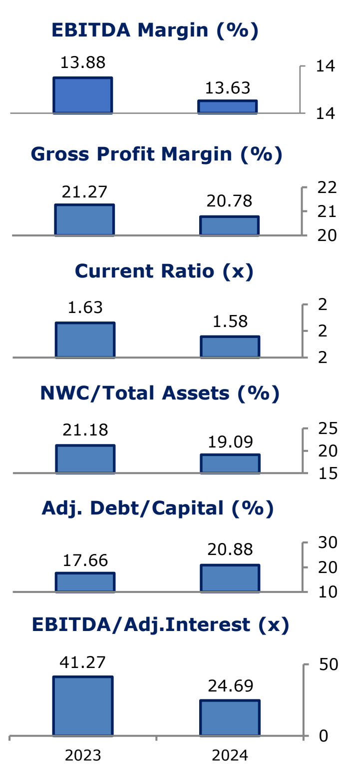
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Affirmed by JCR on September 1, 2025*



Sun Tekstil Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated of the consolidated structure of **'Sun Tekstil Sanayi ve Ticaret A.Ş.'** in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'AA- (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 affirmed **'BB/Stable'**, in parallel with the international ratings and outlook of the Republic of Türkiye.

Sun Tekstil Sanayi ve Ticaret A.Ş. (hereinafter referred to as **'Sun Tekstil'** or **'the Company'** or **'the Group'**) was established in 1987 in İzmir, and operates in manufacturing of textile products from knitted fabric. The Company designs and manufactures for its globally well-known customers which includes Zara, Bershka, Massimo Dutti, H&M, Tesco, Next, Marks & Spencer and Kiabi. The Company carries out its production in its facility located in Torbalı/Izmir Organized Industrial Zone (OIZ), and the production in the facility corresponds to less than 5% of the total production. The Company outsources the rest of its production to contract manufacturers. In addition to its production facilities, the Company has 5 design offices in Türkiye, Spain and England, and creates 850 new designs every month. Sun Tekstil ranked 249th in the 'Türkiye's Top 500 Industrial Enterprises 2024' list of İstanbul Chamber of Industry (2023: 340th). The Company's majority of total sales consist of export revenues, and export sales are made to Spain, England, Sweden and France. The Company ranked 123th (3rd in sectoral ranking) in TEA1000 2024 list, which is prepared by Türkiye Exporters Assembly.

As of the report date, the shareholders of the Company are Elvan Ünlütürk (32.64%), Şefika Günseli Ünlütürk (27.79%), Mehmet Muammer Ünlütürk (5.14%), Azize Ceylan Ünlütürk Yeşilova (5.14%), Ayşe Ünlütürk (5.43%), and the rest of the shares (23.86%) have been traded on Istanbul Stock Exchange (BIST) since May, 2022 under the ticker-name of 'SUNTK'.

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

Strengths

- Maintained cash surplus position in 2024 via sizeable liquidity buffer and continued to preserve it in the short term in 1H2025, despite a notable increase in financial borrowings,
- Customer base comprising globally recognized brands, mitigating the collection risk,
- Strong equity level mainly supported by internal fund generation and capital adjustment differences during the analyzed periods,
- Sustained sound coverage ratios over the analyzed periods,
- Strong capacity to generate hard currency revenues underpinned by a noteworthy share of export sales among total revenues,
- Short cash conversion cycle and moderate net working capital, facilitating prudent liquidity management in some extent in 2024,
- Extensive sector experience and track record, complementing by ongoing improvements in Corporate Governance practices and the steps taken towards sustainability.

Constraints

- Negative CFO and FOCF metrics in 1H2025 mainly due to the increasing working capital needs and the investments in progress,
- Concentration of sales in a single textile group poses a potential risk to the sustainability of the Company's operations.
- Severe competition environment throughout the industry along with volatility in raw material prices may put pressure on profit margins,
- 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 Company's the Long-Term National Issuer Credit Rating has been affirmed at **'AA- (tr)'**. Cash surplus position in 2024 and short-term cash surplus position in 1H2025, globally-well known customer portfolio, strong equity level, sound coverage metrics, considerable export revenues and prudent liquidity management as well as negative CFO and FOCF in 1H2025 and customer concentration have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings has been affirmed at **'Stable'**. The Company's EBITDA generation capacity, profitability figures, production and sales volume, domestic and global market conditions and the possible impacts of the global macroeconomic policies on Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods.