Corporate Credit Rating

☐New ☒Update

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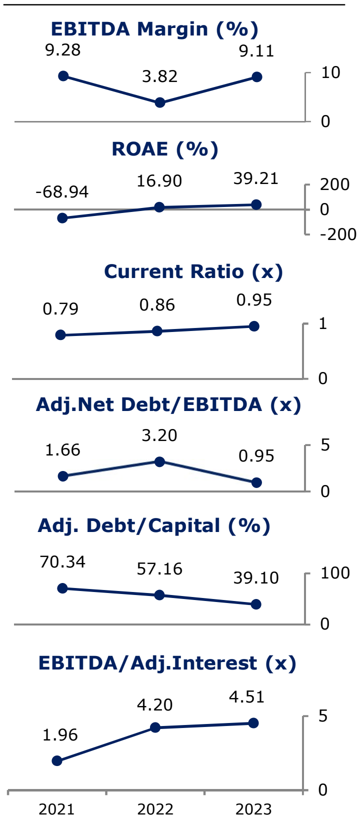
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*



TEKKELİ GIDA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **"Tekkeli Gıda Sanayi ve Ticaret A.Ş."** in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from **'BBB (tr)'** to **'A- (tr)'** and affirmed 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 were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Tekkeli Gıda Sanayi ve Ticaret A.Ş. (hereinafter referred to as "**Tekkeli Gıda"** or **"the Company"**) was established in 1985 by Vakkas Katırlı. The Company mainly operates in two categories which are poultry operations & egg production, feed production & feed stuff trade. The Company's poultry operations consist of the marketing of edible eggs obtained from chickens which are fed in poultry farm. The Company has 3 production facilities, 2 of which are in Konya and the other one is in Gaziantep. As of April 2024, the Company has approx. 2.17mn chickens and 0.68mn chicks. The Company established an office in Dubai in 2024. In addition, the Company purchased all (%100) shares of Alpshine GmbH which is located in Switzerland. The company in Switzerland was purchased for transit trade operations and currently has no activities.

The main shareholders of the Company were Yakup Katırlı with 95% share and Ahmet Altınok with 5% share until 30 April 2024. The shareholder structure of the Company was changed with the Board of Directors decision taken on 30 April 2024 and 100% of the shares were transferred to "Neo Portföy Yönetimi A.Ş. Connect IQ Technology Venture Capital Investment Fund".

The head office of the Company is in Gaziantep/İstanbul. The Company has totally 272 employees as of the end of 2023 (FYE2022: 332).

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

Strengths	Constraints
• Recovery in profitability indicators, despite slight decline in sales volume in 2023, • Improvement in interest coverage and leverage metrics as well as NFD/EBITDA multiplier in 2023, • Sufficient equity level mainly consisting of paid-in capital and net profit in 2022 and 2023, • Foreign currency revenue streams through geographically diversified export sales provide a natural hedge to a certain extent, • Expected contribution of the ongoing investment in terms of growth and efficiency, • Long track record in the sector and accumulated know-how.	• Contraction in CFO and FOCF metrics in 2023 due to working capital needs, • Expected increase in indebtedness due to ongoing investments in 2024, • Intense competition in the sector as well as the possible negative impact of the disease risk of poultry on operations, • Leading economic indicators signal global economic slowdown while quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from **'BBB (tr)'** to **'A- (tr)'**. Additionally, experience in the sector, recovery in profitability margins, reasonable export volume, solid leverage and coverage indicators, internal equity generation capacity, expected impact of ongoing investments on growth, as well as deterioration in cash flow metrics, intense competition in the sector are important indicators for the stability of the ratings, and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed as **'Stable'**. The Company's revenue and profitability performance, sales volume, indebtedness level, cash flow and liquidity level, coverage and leverage indicators, equity level, asset quality, the impact of the recent change in shareholder structure to companies operations, management and growth, geopolitical and sectoral risks 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.