Corporate Credit Rating

☐New ☒Update

Sector: Retail Trading

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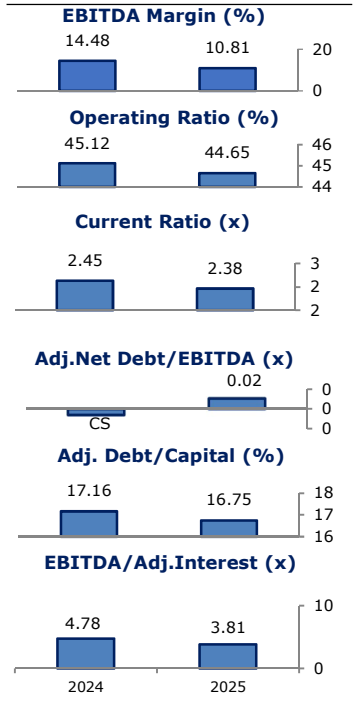
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Affirmed by JCR on August 21, 2026*



CS: Cash Surplus

VAKKO TEKSTİL VE HAZIR GİYİM SANAYİ İŞLETMELERİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of **"Vakko Tekstil ve Hazır Giyim Sanayi İşletmeleri Anonim Şirketi"** in the investment level 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 assigned as **'BB/Stable'** in parallel to the sovereign ratings and outlooks of Republic of Türkiye.

With a track record dating back to 1934, **Vakko Tekstil ve Hazır Giyim Sanayi İşletmeleri Anonim Şirketi** (hereinafter referred to as **"Vakko"** or **"the Group"**) is focused on the manufacturing and trade of printed materials and ready-made garments under a wide spectrum of brands including Vakko, Vakkorama, V2K Designers, Vakko Boutique, Vakko Couture, W Collection, Vakko Wedding, Vakko Home and others. The total number of stores operated by the Group amounted to 158 along with 11 dealers stores as of end September, 2026. In addition to the stores, the Group's manufacturing activities are conducted by the Vakko Production Centre located in Esenyurt, Istanbul whilst the administrative and design headquarters are located in the Vakko Fashion Centre located in Nakkaştepe, Istanbul.

The Group had a paid-in capital of TRY 160mn whilst Vakko Holding A.Ş. is the qualified shareholder with a rate of 84.53% as of end September, 2026, with shares traded on the Borsa Istanbul (BIST) index under the stock ticker **"VAKKO"** with the remaining 15.47% listed as of end September, 2026. The number of personnel employed across the Group's operations amounted to 2,677, 2,246 of whom are employed across the administrative and retail divisions with 431 personnel employed across the manufacturing operations.

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

Strengths

- Strong financial leverage profile based on the 3Q2026 financials and cash surplus position at FYE2025 excluding operating leasing liabilities
- High share of equity in the funding composition despite the reduction in net profit generation in FY2025
- Maintenance of CFO margin in FY2025 supporting CapEx and dividend payments
- Adequate coverage capacity maintained in the 3Q2026 financials
- High level of retail sales strengthening receivable quality
- Established brand reputation in the domestic luxury retail market and rising level of online sales
- Transparency and compliance with Corporate Governance Practices due to listed status

Constraints

- Flat revenues in real-terms and volume-based sales in 3Q2026 financials in line with Group strategy, following increase in FY2025
- Decline in the EBITDA margin in FY2025 with an improving trend in 3Q2026 financials in line with the implementation of measures
- Maintenance of a long cash conversion cycle due to business model despite increasing inventory turnover at FYE2025
- Geopolitical tensions intensify inflationary pressures, constraining the easing of global financial conditions

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at **'AA+ (tr)'**. The impact of efficiency measures on OpEx level and operating margins, established brand reputation and customer base, low collection risk due to high share of retail sales, equity dominated funding structure, operating cash flows and adequate coverage metrics have been evaluated as important indicators for the stability of ratings and the outlooks for the Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. Revenue growth in real terms, OpEx level in line with efficiency measures, dividend policy, EBITDA margin, coverage and net profit generation capacity, operating cash flows, level of CapEx, cash conversion cycle and growth dynamics in the luxury retail trade industry will be monitored by JCR Eurasia Rating in the upcoming period. Growth dynamics in the domestic luxury retain industry along with Macro-economic indicators effecting the operating environment and the regulatory/ legal framework about the sector will also be monitored.

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