

Corporate Credit Rating

New Update

Sector: Retail Trading

Publishing Date: Nov 24, 2025

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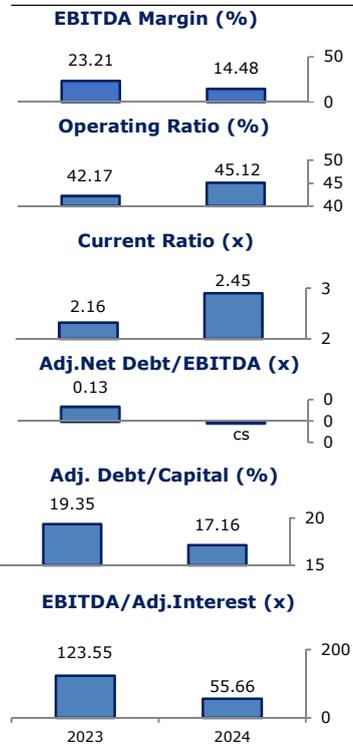
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Affirmed by JCR on Sept 1, 2025



VAKKO TEKSTİL VE HAZIR GİYİM SANAYİ İŞLETMELERİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Vakko Tekstil ve Hazır Giyim Sanayi İşletmeleri A.Ş." 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.

Vakko Tekstil ve Hazır Giyim Sanayi İşletmeleri A.Ş. (hereinafter referred to as "Vakko" or "the Group") dates back to 1934 and established its first store in Beyoğlu in 1962 and operates in the luxury retail industry through undertaking the manufacturing and trade of printed materials and ready-made garments through a wide spectrum of brands including Vakko, Vakkorama, V2K Designers, Vakko Boutique, Vakko Couture, W Collection, Vakko Wedding, Vakko Home and others. Manufacturing operations, largely of scarves and ties are carried out in the Vakko Manufacturing Centre located in Esenyurt, Istanbul with a space of 11,500 m2 whilst the headquarters are located in the Vakko Fashion Centre in which design takes place. Trent Hazır Giyim Sanayi Ticaret A.Ş. ("Trent Hazır Giyim") is the only consolidated subsidiary of the Group, which was established in April, 2011 to operate in the field of imports. The Group opened 5 new stores throughout FY2024, 2 of which were placed under the Vakko Brand, 2 under the W Collection Brand and 1 under the Vakko Boutique brand.

Vakko Holding A.Ş. (referred to as "Vakko Holding") is the qualified shareholder of the Group which had a paid-in capital of TRY 160mn as of September 30, 2025 with a rate of 84.53% with the remainder of shares largely traded in the Borsa Istanbul (BIST) index under the stock ticker "VAKKO". As of September 30, 2025, the Group operates a retail space of 66,546m² and operates via 168 stores (comprising of 157 own stores and 11 dealers' stores) whilst the number of personnel employed across operations amounted to 2,656.

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

Strengths

- Cash surplus position as of FYE2024 and maintenance of low financial leverage based on 3Q2025 financials expected to be improved via rising sales in the 4Q2025
- Equity dominated funding structure and cash flow generation supporting dividend payments
- Sound coverage indicators supported by reduction in bank loans
- Low collection risk underpinned by large share of retail sales
- Established position in the domestic luxury retail market and rising share of online sales
- Compliance with corporate governance practices owing to listed status and progress in sustainability reporting

Constraints

- Weak revenue growth over the examined period and decrease in volume-based sales in FY2024 due to challenging operating environment in the retail industry
- Notable reduction in core operating profitability indicators weakening internal equity generation, expected to be improved via ongoing efficiency measures
- Lengthy cash conversion cycle driven by low inventory turnover stemming from business model and wide product range
- 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 Group's Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The high share of equity reducing external resource dependency, the low level of bank borrowings supporting coverage capacity, adequate cash flow generation, established customer base and position in the domestic luxury retail market despite the weakening revenue growth and reduction in operating margins 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 and trends in operating margins following the implementation of cost-saving measures, internal equity generation capacity, cash conversion cycle and the growth outlook in the domestic luxury retail trading industry will be monitored by JCR Eurasia Rating in the upcoming period. Macro-economic indicators effecting the operating environment along with the regulatory and legal framework about the sector will also be monitored.