Corporate Credit Rating

☐New ☒Update

Sector: Information Technology
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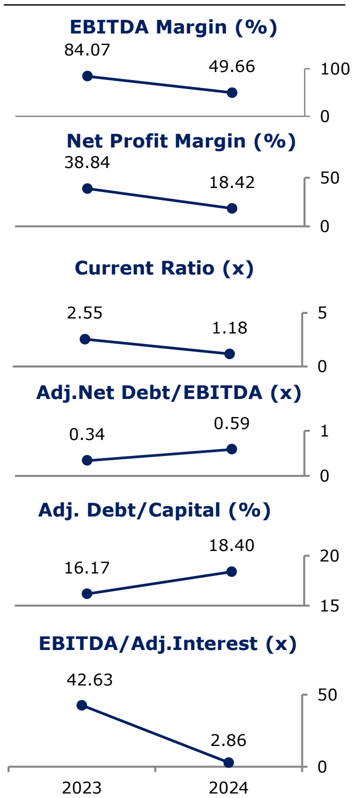
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**AA- (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific 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*



ARD GRUP BİLİŞİM TEKNOLOJİLERİ A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"ARD Grup Bilişim Teknolojileri A.Ş."** in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from **'AA (tr)'** to **'AA- (tr)'** and affirmed the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of the Republic of Türkiye.

ARD Grup Bilişim Teknolojileri A.Ş. (hereinafter referred to as **"ARD Grup"** or the **"Company"**) was established in 2001 in İstanbul, Türkiye in order to operate in technology and research-development activities in IT, health, defence, consulting, energy and construction sectors. Also, the Company closely follows the technology and produces different solutions for the specific needs of the institutions.

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 6 February 2020 and 75% of shares are publicly traded on the BIST with the ticker symbol "ARDYZ" as of FYE2024. The paid in capital and equity of ARD Grup stood at TRY 170mn and TRY 2.91bn, respectively at FYE2024. Also, ARD Grup Holding A.Ş. has 25% shares of "ARD Grup Bilişim Teknolojileri A.Ş." as of the report date. In addition, the Company's average number of personnel was 809 in FY2024 (FY2023: 187).

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

Strengths	Constraints
• Sustained revenues through diversified product portfolio over the analysed period, • Low level of financial leverage thanks to reasonable EBITDA generation despite increasing bank loans in FY2024 and 1Q2025, • Solid equity level supported by retained earnings compared to total asset size and liabilities, • Low collection risk of receivables due to working with public institutions contributing to asset quality, • Compliance with the corporate governance practices and attained know-how in R&D.	• Decrease in key profitability indicators in FY2024 and 1Q2025 due to services to public sector, • High level of operating expenses compared to total revenues particulary in FY2024, • Adverse impact on the coverage profile of increased financial expenses in FY2024, • Long cash conversion cycle in FY2024, • 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 Rating has been revised from **'AA (tr)'** to **'AA- (tr)'**. The competitive advantage obtained through the Company's maintained revenues, reasonable EBITDA generation, low level of financial leverage ratio and compliance with corporate governance practices, as well as deterioration in key profitability metrics and interest coverage status and high level of operating expenses have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the prior issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.