

Corporate Credit Rating

New Update

Sector: Wholesale Trading

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Team Leader

Sinem Elif SAVAŞ

+90 212 352 56 73

elif.savas@jcrer.com.tr

Assistant Analyst

Fatih Furkan BALCIOĞLU

+90 212 352 56 73

fatihfurkan.balcioglu@jcrer.com.tr

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	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Arena Bilgisayar Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Arena Bilgisayar Sanayi ve Ticaret A.Ş." in the investment grade category with high credit quality on the national scale and revised the Long-Term National Issuer Credit Rating to 'A- (tr)' from 'AA- (tr)' and the Short-Term National Issuer Credit Rating to 'J2 (tr)' from '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' as parallel to international ratings and outlooks of Republic of Türkiye.

Arena Bilgisayar Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Arena" or "the Company") was incorporated in 1991 and engaged in the wholesale of personal computers, peripherals, consumer electronics and telecommunication devices. The Company's subsidiaries will be referred to as "the Group". The Company's subsidiary named PayNet Ödeme Hizmetleri A.Ş. has been sold to İyzi Ödeme ve Elektronik Para Hizmetleri Anonim Şirketi (iyzico) and all shares were transferred in February 2025. The Company purchases the merchandise from domestic and international suppliers and through its distribution network sells them to the customers in the domestic market and the Turkish Republic of Northern Cyprus. The Company's headquarter is in İstanbul and has a branch in Ankara.

In November 2000, 15% of the Company's shares were offered to the public on the Borsa Istanbul with the ticker name "ARENA", public offerings continued afterwards and percentage of the shares offered to public as of reporting date is 50.6%. The major shareholder of Arena as of reporting date is Redington Türkiye Holdings S.a.r.l. with 49.4% share while remaining part of its shares are publicly traded. The main shareholder, Redington, is the India's, Middle East's and Africa's leading technology products distributor and end-to-end supply chain manager and generates around USD 12bn of consolidated annual sales revenue.

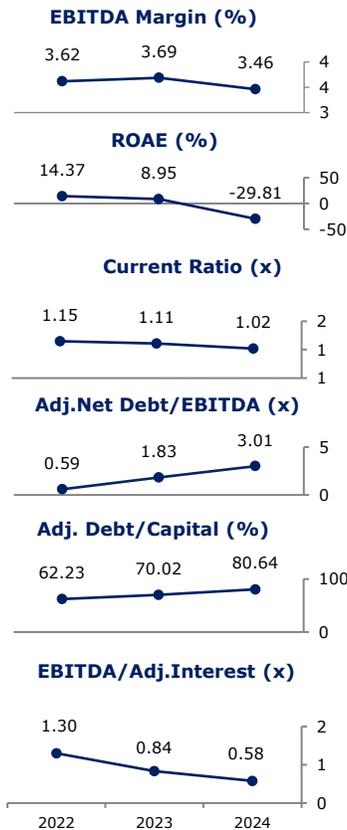
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Steady EBITDA generation capacity over the analyzed periods
- Solid distributor relationships and broad portfolio
- Manageable foreign currency exposure through natural hedging opportunity via FX based revenue stream and utilization of derivative instruments when necessary
- Long lasting experience in the sector and compliance with corporate governance principles as a publicly listed company

Constraints

- Revenue contraction in FY2024 due to weakened demand, with further decline anticipated following Arena Connect contract transfer
- Deterioration in the leverage metrics and ongoing insufficient coverage ratios in FY2024 which continues in 2025
- Elevated financial expenses eroding bottom line profitability and damaged equity base in FY2024
- Prolonged cash conversion cycle in FY2024 increasing the working capital needs
- Increase in doubtful receivables in June 2025 despite utilization of insurance and collateral
- Import dependence of the product range and competitive market conditions narrowing the profit margins in line with the sector
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty



Considering the afore mentioned points, the Company's Long-Term National Issuer Credit Rating has been revised to 'A- (tr)' from 'AA- (tr)'. The Company's steady EBITDA performance, customer and brand portfolio, long lasting experience along with further deterioration in the leverage metrics, ongoing insufficient coverage ratios in FY2024 and ongoing uncertainties with potential of adverse effects on global trade have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's revenue and profitability performance, debt structure, liquidity position, shareholder structure and asset quality 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.