



Turkey's Leading Value-Added Technology Distributor

Q1 2021 Webcast Presentation

2021



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Agenda

Business & Sector Overview



Q1 2021 Financial Results



Q&A



Penta Highlights



40+
global
vendors



15
sole
distributorship



3,500+
active
customers

~\$172 mn (\$)
Net Sales

~35% (\$)
Net Sales Q1oQ1

7.0%
Gross Profit Margin

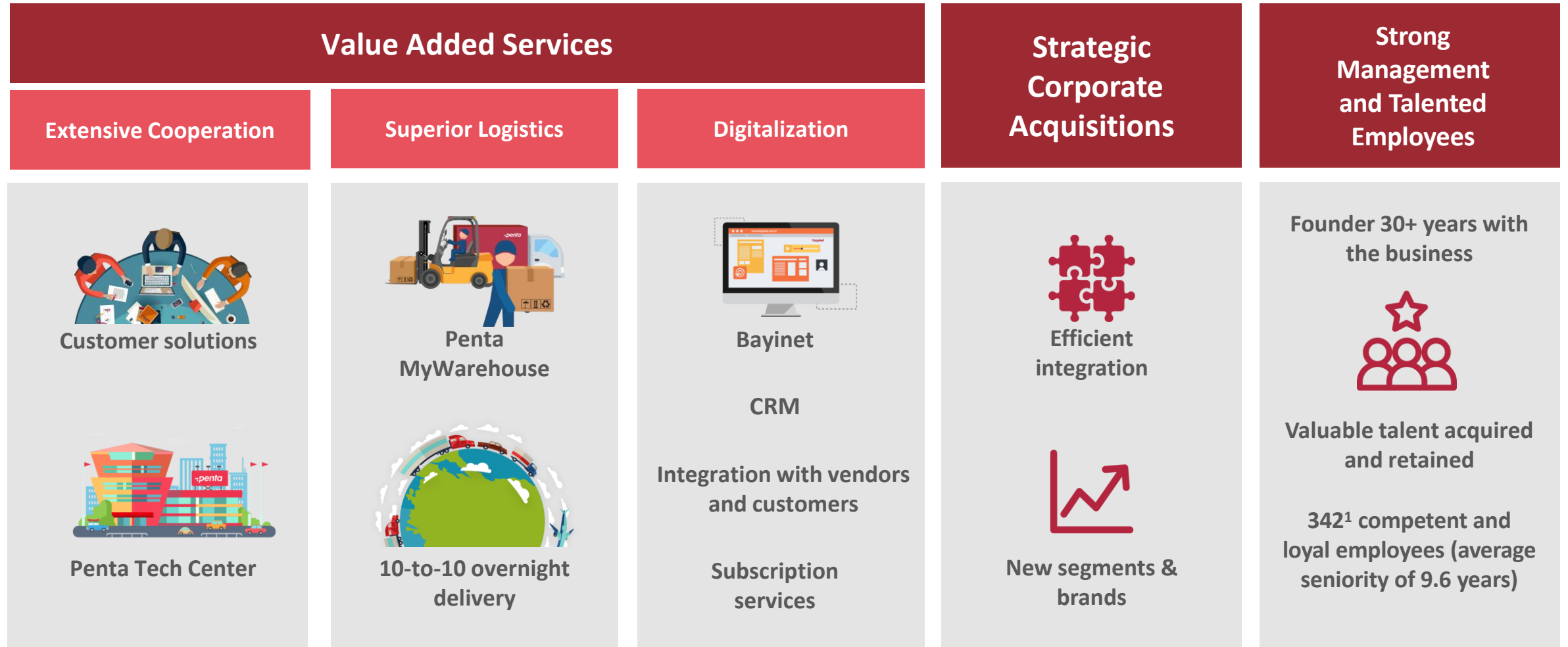
5.1%
EBITDA Margin

2.1 mn (\$)
Net Profit

1.2%
Net Profit Margin

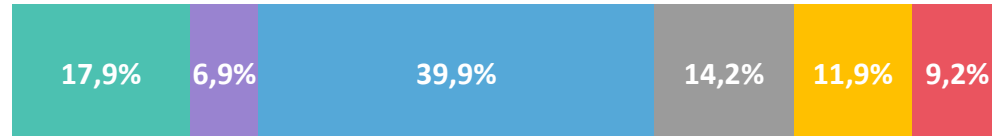
Significant
improvement in
open FX position;
from **50 mn\$** to
20 mn\$

Unique business model drives growth and profitability



Diversified customer base & product portfolio

Q1 2021 Category breakdown



■ Peripherals & Accessories

■ PC

■ Server & Storage and Networking

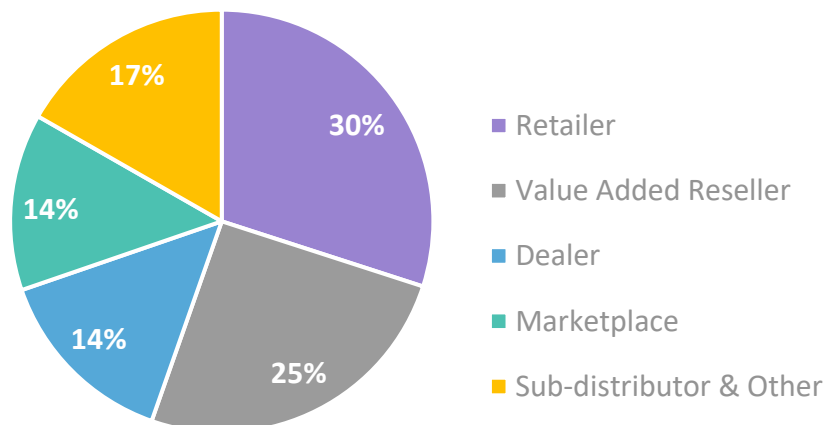
■ Printing Solutions & Consumables

■ PC Components

■ Software

- Demand in PC products was increased compared to last year (46% according to IDC while 90% for Penta)
- Due to gaming and cryptocurrency trends PC Component business was also growing (27,5%)
- Boost in main categories triggered demand in accessories and peripherals (51% growth)
- In the vertical software category, there was 12% rise. We successfully completed an important integration on this area.

Q1 2021 Revenue split by channel



■ Retailer

■ Value Added Reseller

■ Dealer

■ Marketplace

■ Sub-distributor & Other

- Retail business increased due to growing demand.
- Dealer channel was the most affected one from the lockdown. Besides, rising e-commerce trend has been shaping this channel as well.
- Following the trends, Penta Marketplace channel was formed. We have been enhancing and broadening our integrations for the channel partners.
- Demand in Value Added Channel is expected to increase in the second half of the year.
- Thanks to their financial strength, sub-distributors have also been expanding their businesses.

Q1 Sector Highlights



Remote work
& distant
education

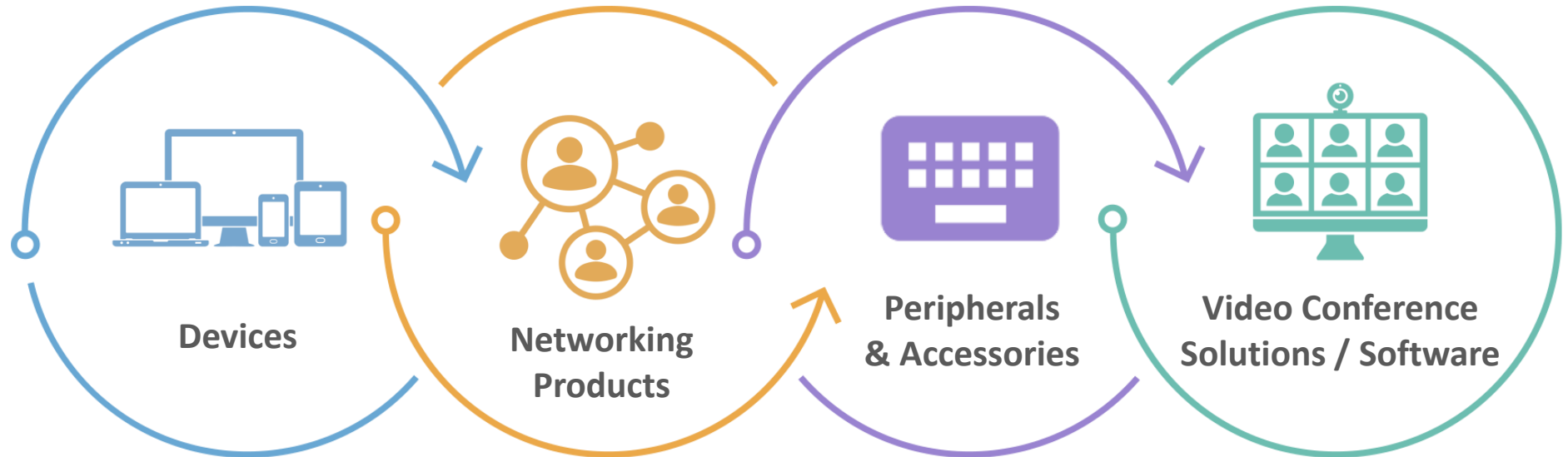


Remote business & education
models predicted to be permanent



Higher necessity of digital
collaboration tools

67% of local & **77%** of global **CEOs** predict increasing
demands → Digital collaboration and communication tools



Q1 Sector Highlights



Efficiency



RPA* & Smart Automation

Expected to be 231 Billion USD investment in 2025



Manufacturing



Operations



Reporting etc.



Cloud and subscription-based sales

For medium and large-scale enterprises approx.

41%, expected to be minimum **60%** by 2025



Cyber security

Increasing number of connected devices

35% CIOs ➡ Cyber security is the most crucial deficiency

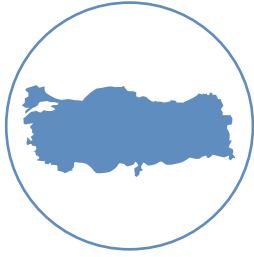
With **36%** rate, the biggest amount of investment for enterprises

E-commerce trends

Q1 Sector Highlights



Gaming



Turkey is among **top-20** countries

36 Million gamers in Turkey



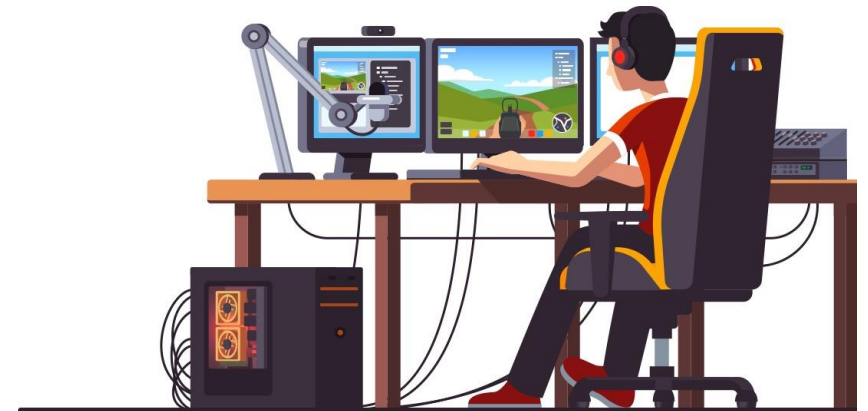
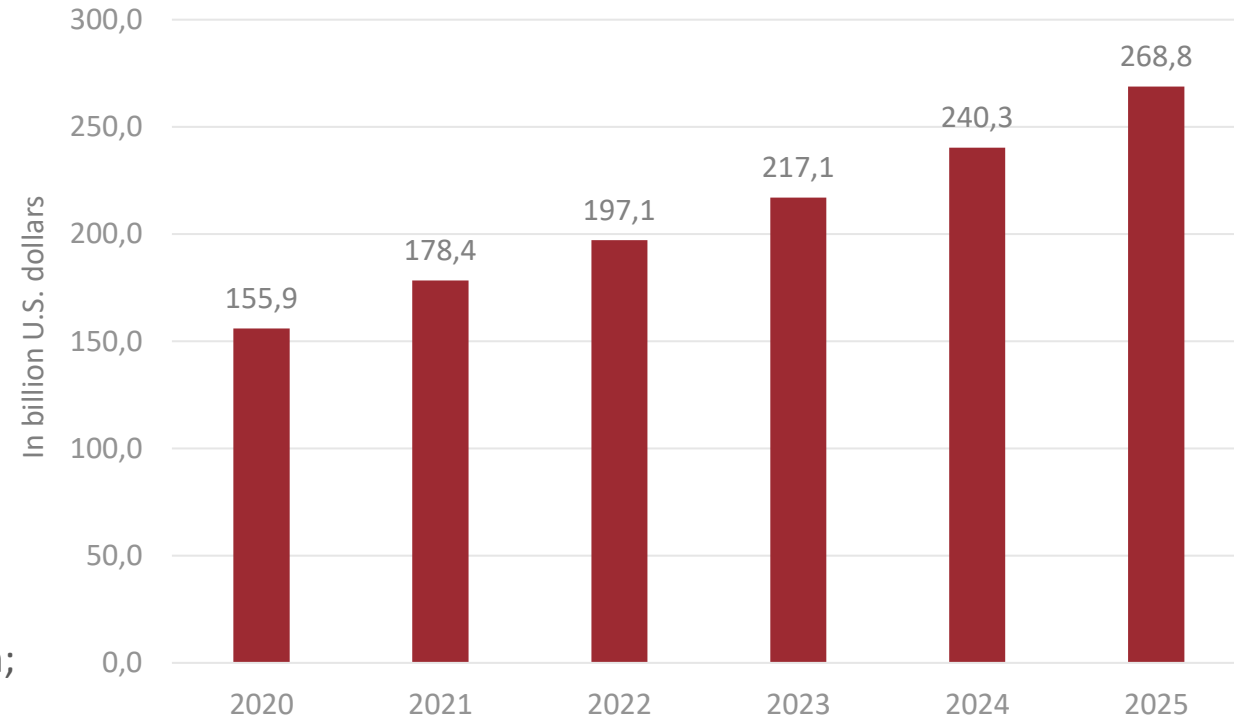
Triggering the demand in;

- Component
- Peripherals & Accessories

Increasing;
ASP (average sales price)
Renewal frequency



Video gaming market size worldwide 2020-2025



Q1 Sector Highlights

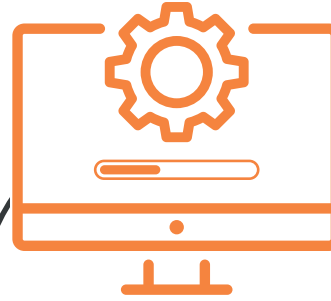


Bandwidth

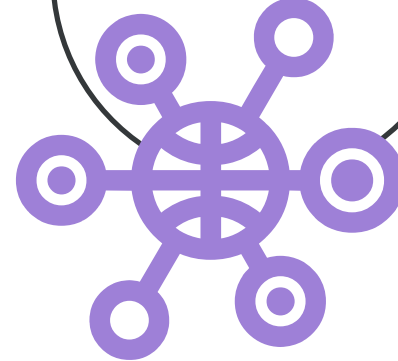


In 2020 around
90%
of households
in Turkey

Increasing the
number of
connected
devices



Upgrading
the products



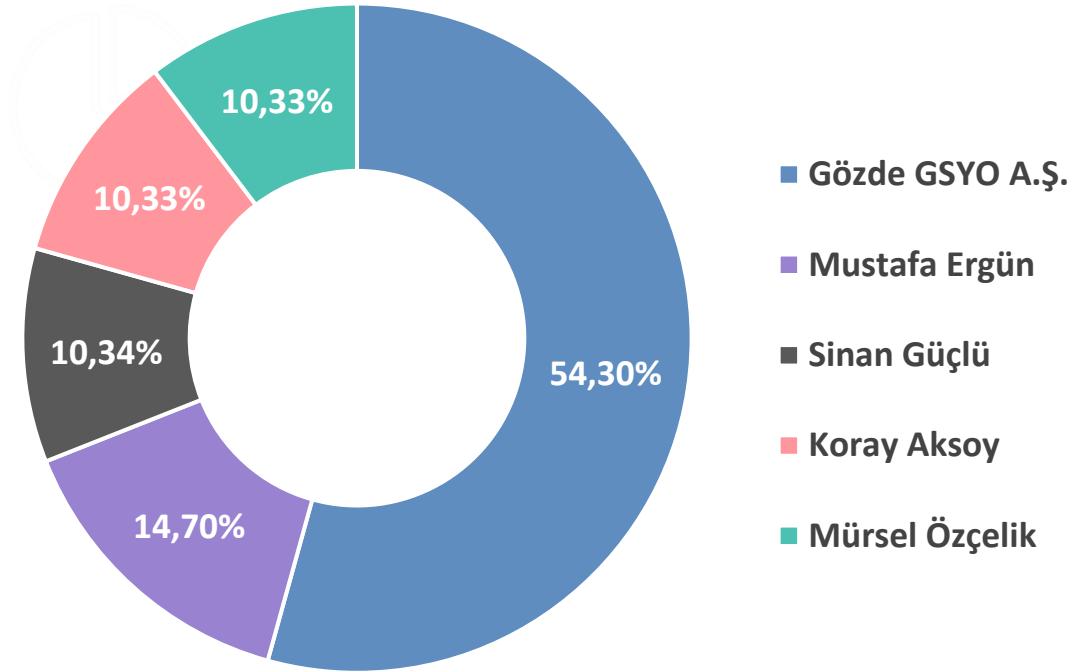
Networking
devices required



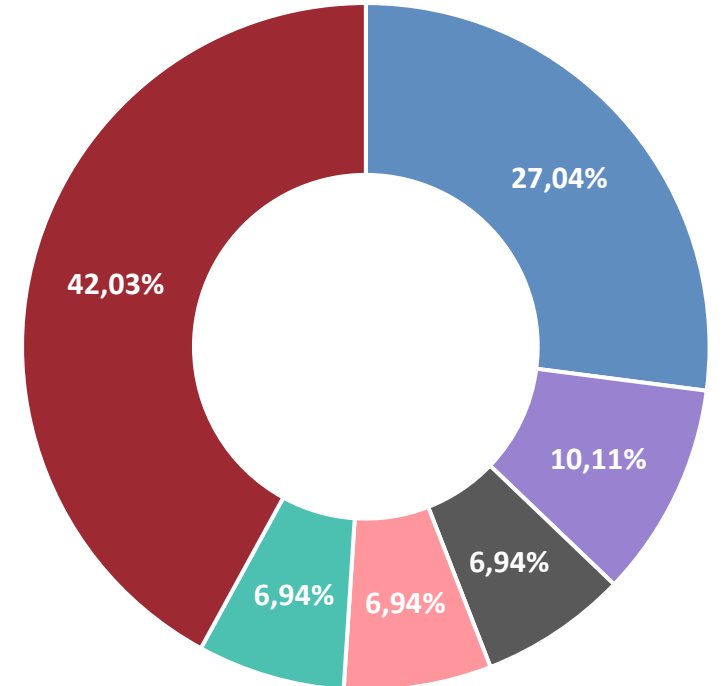
Increasing
Investment of
internet service
providers

Shareholding Structure

31 March 2021



Post-IPO

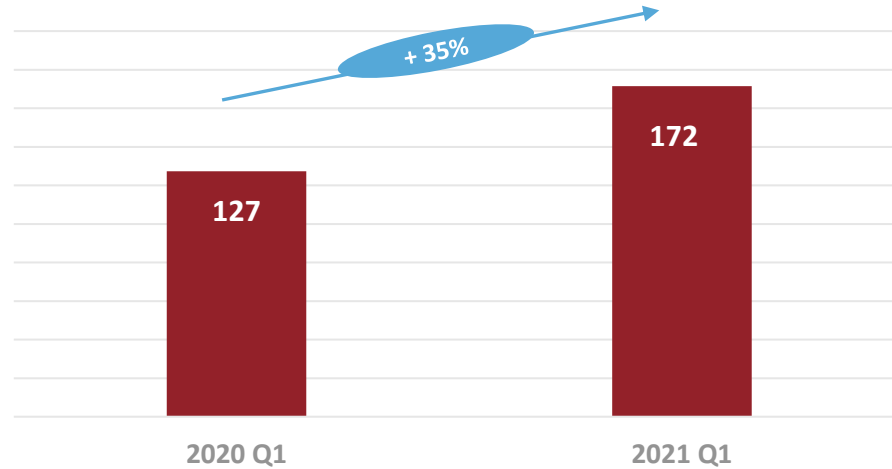


Financial Results – Overview of Sales

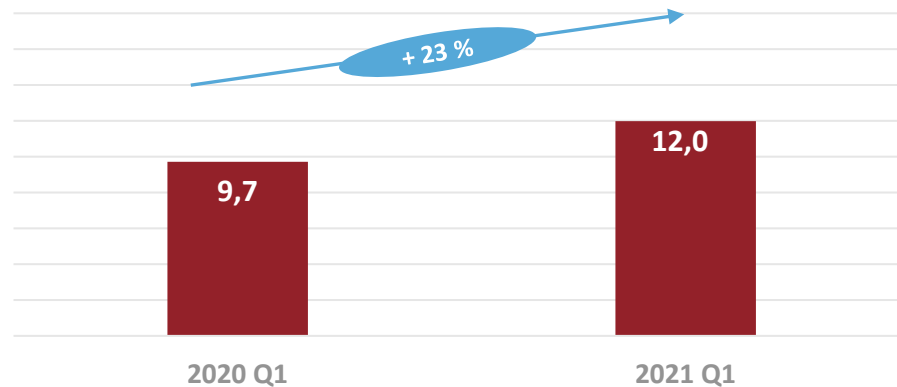
Robust topline growth in the first quarter

35% increase in \$ based sales

Net Sales (mn \$)

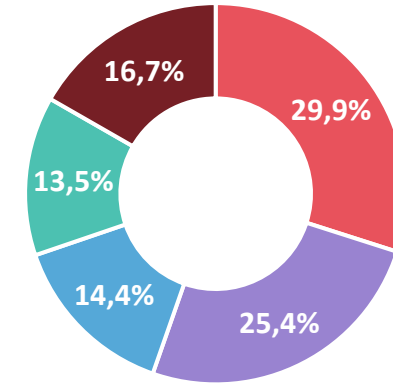


Gross Profit (mn \$)



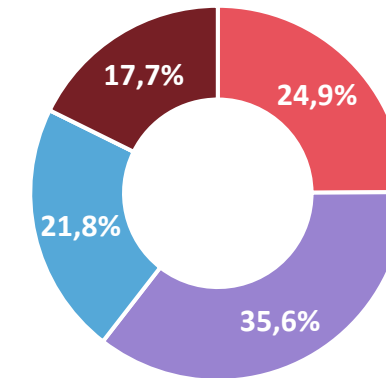
■ Gross Profit

2021 Q1 Sales Breakdown (%)



■ Retailer ■ Value Added Reseller ■ Dealer ■ Marketplace (*) ■ Sub-distributor & other

2020 Q1 Sales Breakdown (%)



■ Retailer ■ Value Added Reseller ■ Dealer ■ Sub-distributor & other

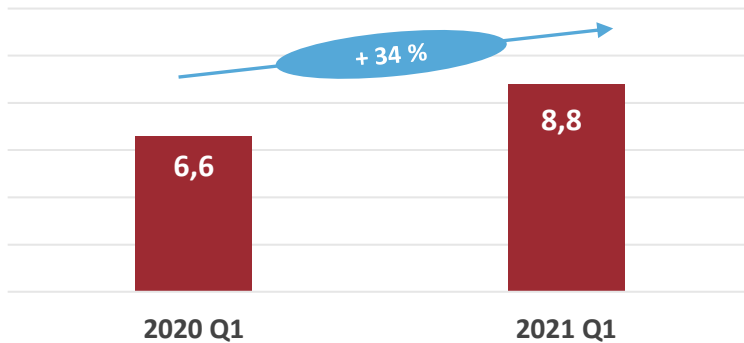
(*) Marketplace is included in «Dealer»s in 2020-Q1

Financial Results – Overview of profit ratios

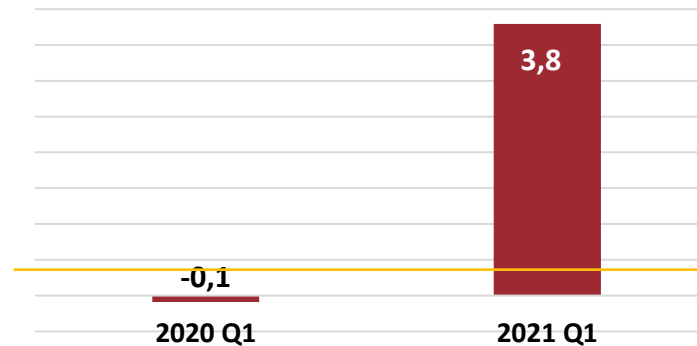
Focus on profitable growth and improving profitability ratios

High double-digit growth in EBITDA and significant improvement in net profit

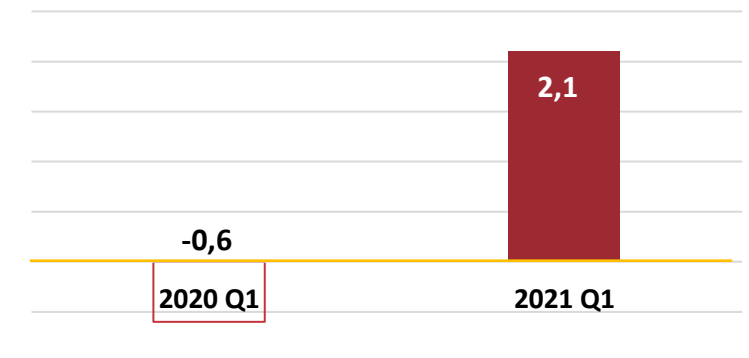
EBITDA (mn \$) ⁽¹⁾



Earnings Before Tax (mn \$)

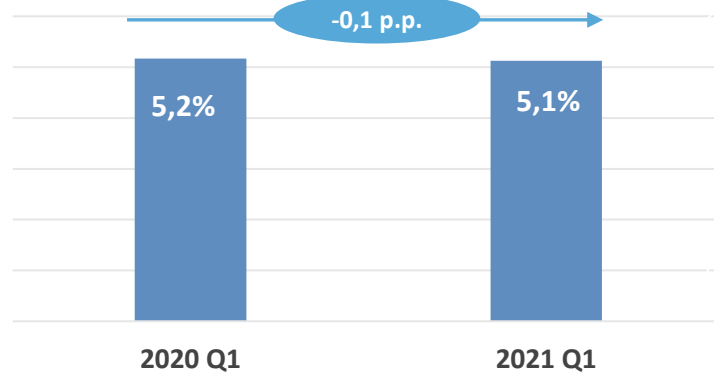


Net Income /(loss) (mn \$)

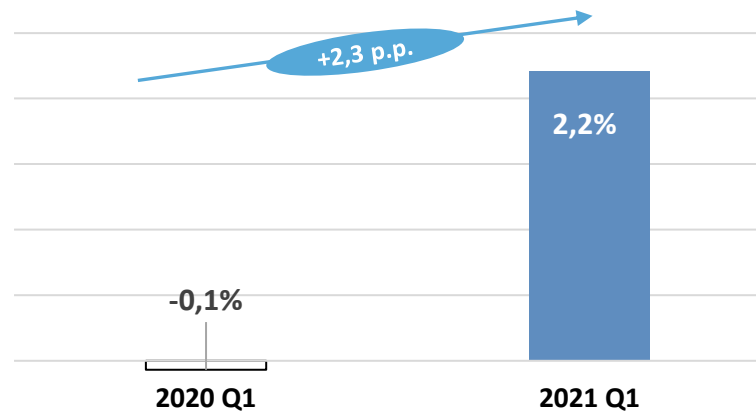


Remarkable improvement in net profit margin

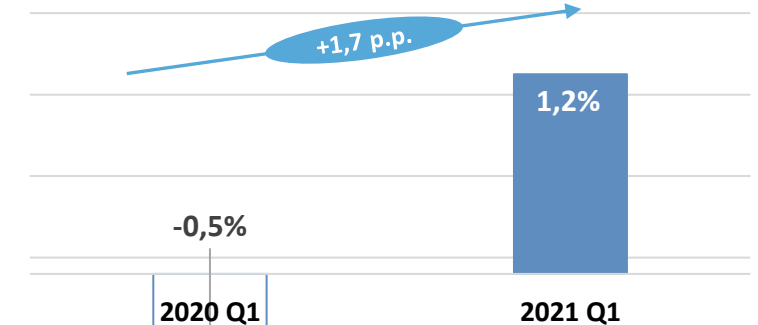
EBITDA Margin (%)



EBT Margin (%)



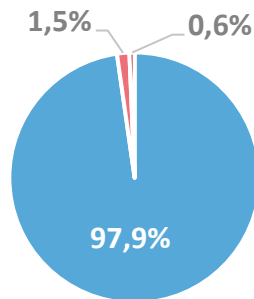
Net Income Margin (%)



Financial Results – COGS and Operational Expenses

Low operational leverage results low vulnerability to fluctuations in demand

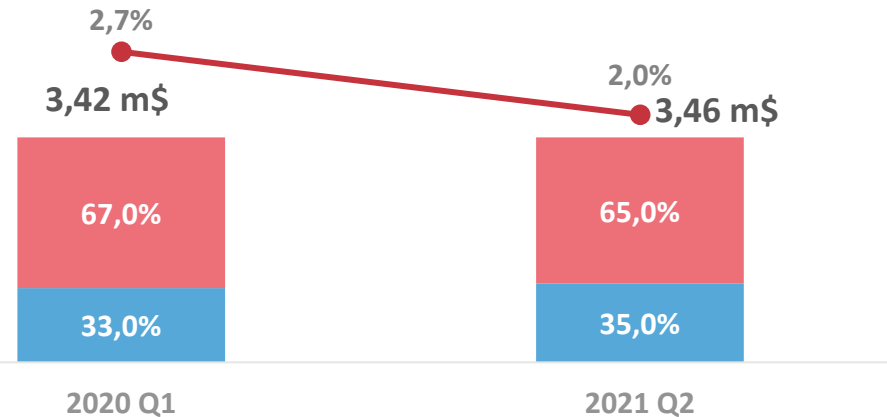
Cost Structure



■ Cost of sales - Variable ■ Opex - Fixed ■ Opex - Variable

TL based opex results in improvement in SG&A exp/net sales

Operational Expenses Structure



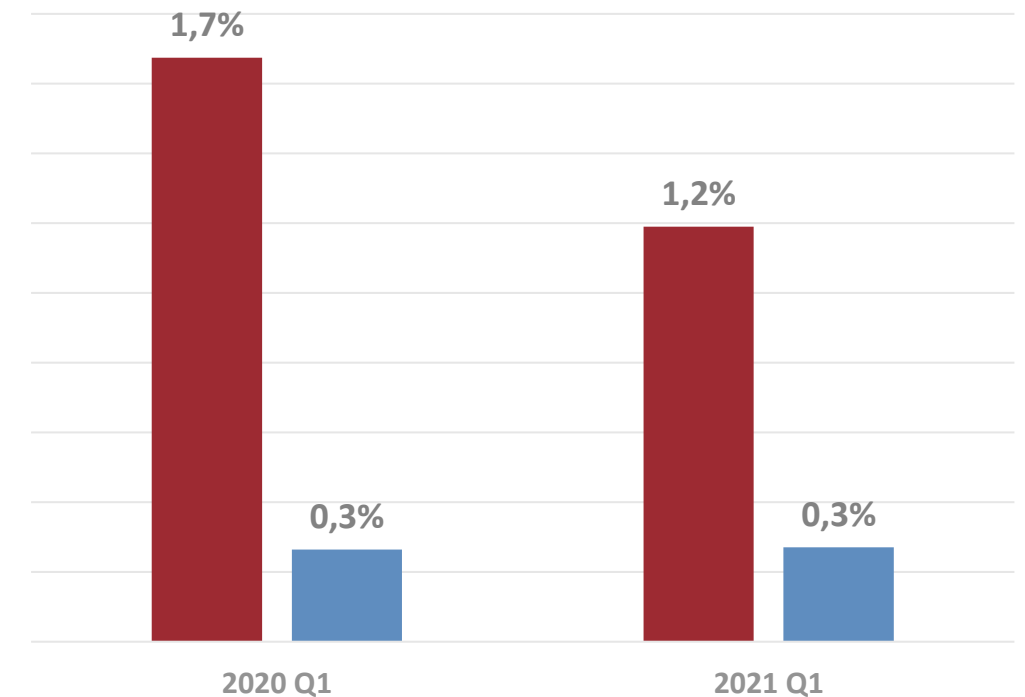
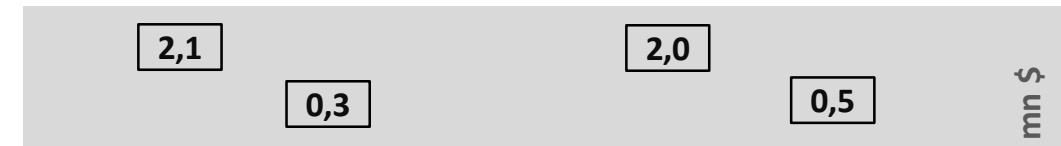
■ Marketing, Sales and Distribution Expenses

■ General and Administrative Expenses

—●— SG&A Expenses / Net Sales

Source: Company TFRS Audit Reports

Personnel expenses and logistics expenses (% of Net Sales)

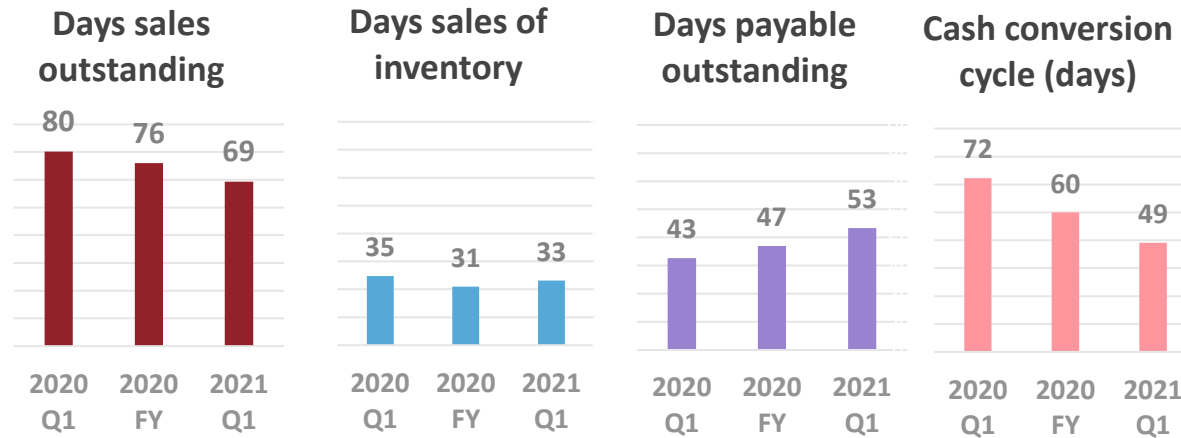


■ Personnel Expenses / Net Sales (%) ■ Logistics Expenses / Net Sales (%)

Financial Results – Net Working Capital

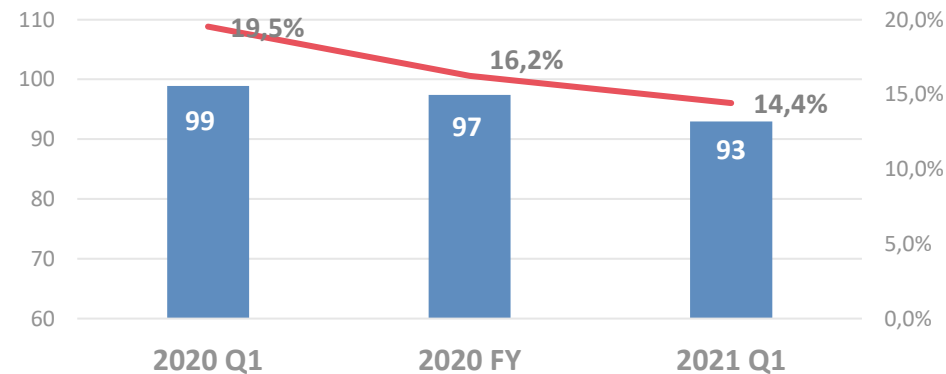
Continuous focus on Net Working Capital yield

Cash conversion cycle¹



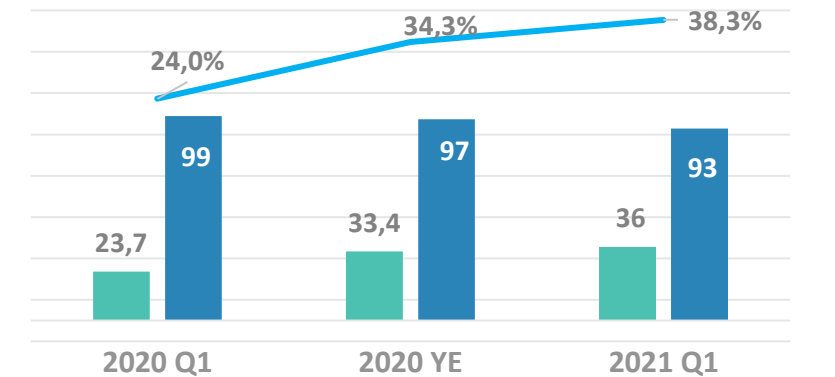
- ✓ Substantial decrease in the Working Capital / Sales ratio
- ✓ Continuous improvement in the NWC yield
- ✓ Continuous focus on the quality of operational assets
 - Focus on security of receivables (insurance, dedicated team, internally developed credit rating tools)
 - Closely monitoring inventory aging

Net Working Capital / Sales



■ Net Working Capital (mn \$) — NWC / LTM Net Sales

NWC Yield²



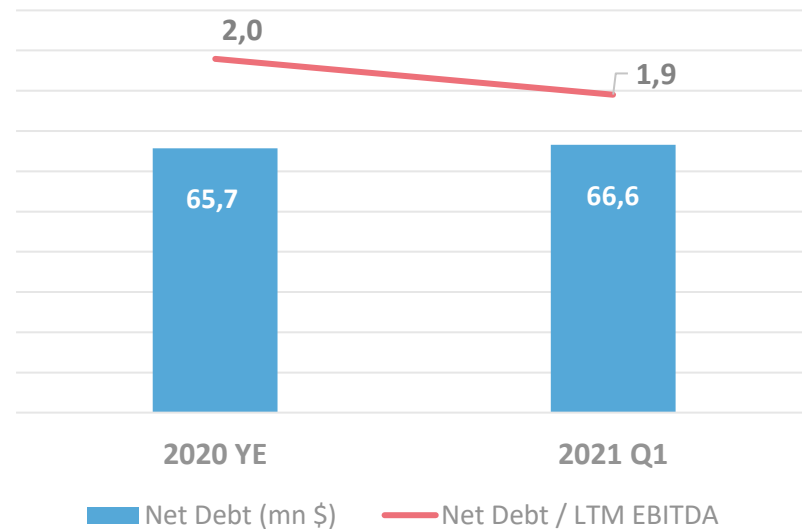
■ LTM EBITDA (mn \$) ■ Net Working Capital (mn \$) — NWC Yield

1: $DSO = 365 \text{ days} * (\text{ave. receivables} / \text{sales})$; $\text{Days sales of inventory} = 365 * (\text{ave. inv} / \text{COGS})$; $DPO = 365 * (\text{ave. payables} / \text{COGS})$; $CCC = DSO + DSI - DPO$. VAT ignored in all calculations.

2: NWC Yield: $LTM \text{ EBITDA} / \text{Net working capital} (TR + inv - TP)$

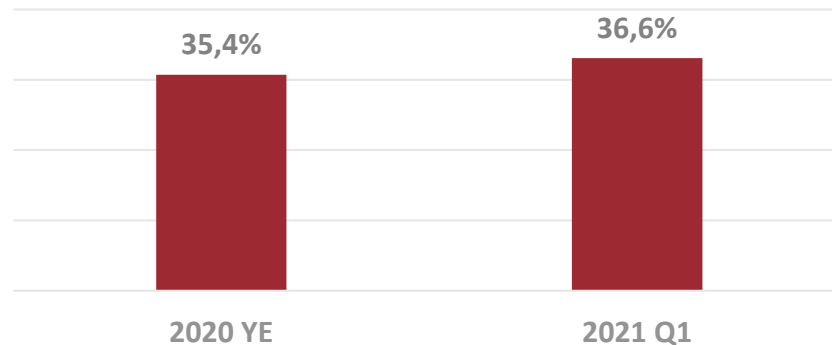
Financial Results – Debt Structure

Steadily decreasing leverage even before IPO



>35% return on total funds employed in \$ terms

LTM EBITDA / Total Funds (Equity + Debt)



Net Financial Debt

mn \$	31 December	31 March
	2020	2021
Bank Loans	0,7	-
Financial payables to Yıldız Holding ^(1, 2)	107,7	73,3
Other payables to shareholders	1,5	1,5
Lease liabilities (TFRS 16 effect)	1,9	1,8
Total financial debt	111,8	76,6
Cash and cash equivalents (-)	(16,1)	(10,0)
Financial receivables from Yıldız Holding (-) ⁽²⁾	(30,0)	-
Net financial debt	65,7	66,6

⁽¹⁾ Yıldız Holding syndicated loan agreement. 6.8% fixed interest rate.

⁽²⁾ On February 8, 2021, the company has offset its financial receivables in TL from Yıldız Holding A.Ş. from its financial debts in TL and USD to Yıldız Holding. As a result of this transaction, the balance of other receivables from related parties amounting to 220 MTL included in the balance sheet of the company as of December 31, 2020 was offset from **the CBRT's buying rate of 5 February 2021 USD 7.0789 / TL as 31.1 mn \$ from the account of other payables to related parties.**

Thus, the Company's foreign exchange open position decreased by 31 mn \$.

Financial Results – Currency Position

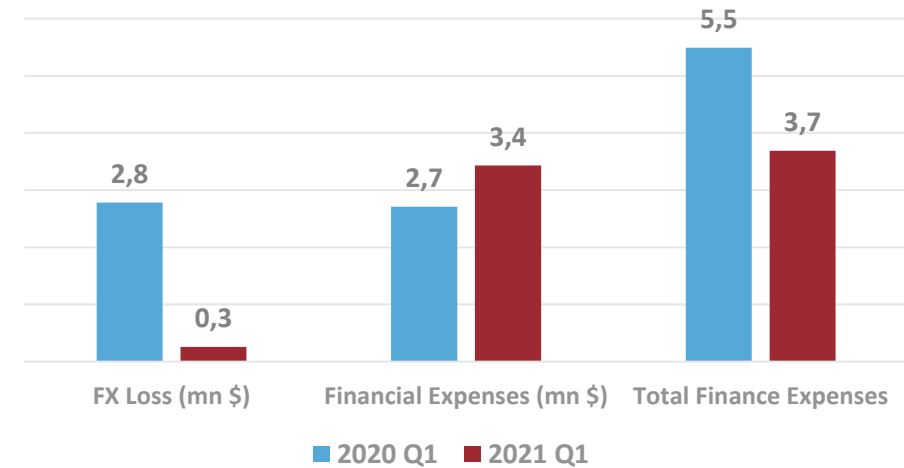
Significant improvement in FX position; from 50 mn\$ open position to 20 mn\$

Net Foreign Currency Position

Net TL Position	31 December 2020		31 March 2021	
	TL	USD Eqv.	TL	USD Eqv.
Trade Receivables	214	33	209	25
Other Monetary Assets	31	4	15	2
Receivables from YH (net TL)	231	32	0	0
Total Assets	476	69	224	27
Trade Payables	(16)	(4)	(15)	-2
Other Monetary Liabilities	(29)	(3)	(22)	-3
Total Liabilities	(45)	(8)	(37)	(4)
Derivatives	(78)	(11)	(17)	-2
Net Foreign Currency Position	353	50	170	20

Financial Expenses

Breakdown of Finance Expenses



Sensitivity to FX Fluctuations

	FX Rate Change	Effect on Profitability (m TL)	Effect on Profitability (m \$)		Unaudited	FX Rate Change	Effect on Profitability (m TL)	Effect on Profitability (m \$)
31.Dec.20				→	31.Mar.21			
TL	+10% / -10%	35.3 / (35.3)	4.8 / (4.8)		TL	+10% / -10%	16.7 / (16.7)	2.0 / (2.0)

Expectations

10-15% topline growth in USD terms in FY2021



>7% gross margin

>5% EBITDA margin



Sources

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