



Turkey's Leading Value-Added Technology Distributor

Q4 2022 Webcast Presentation

2023



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Agenda

Business & Sector Overview



2022 Financial Results



Q&A



Business & Sector Overview



Penta Highlights



40+
global
vendors



12
sole
distributorship



9,000+
customers

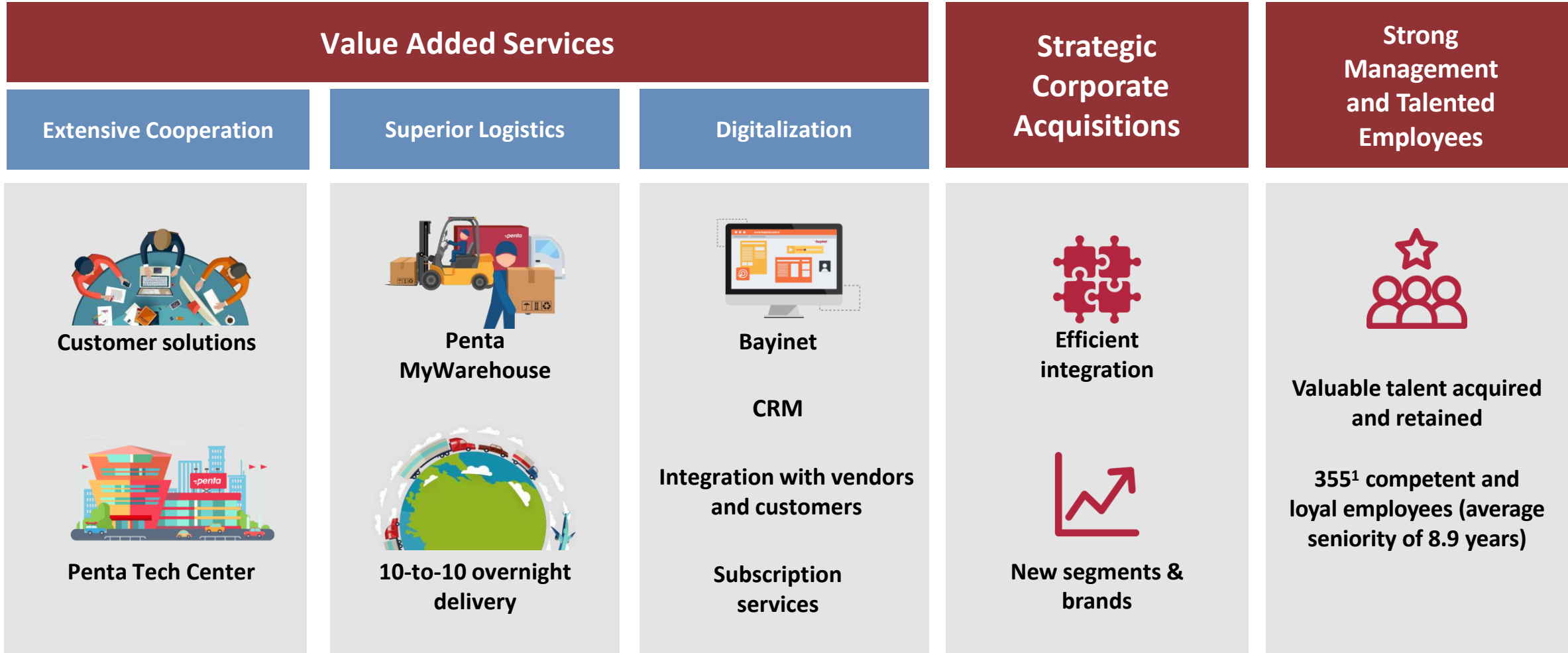
~\$590 mn (\$)
Net Sales

8%
Increase in Equity

7.8%
Gross Profit Margin

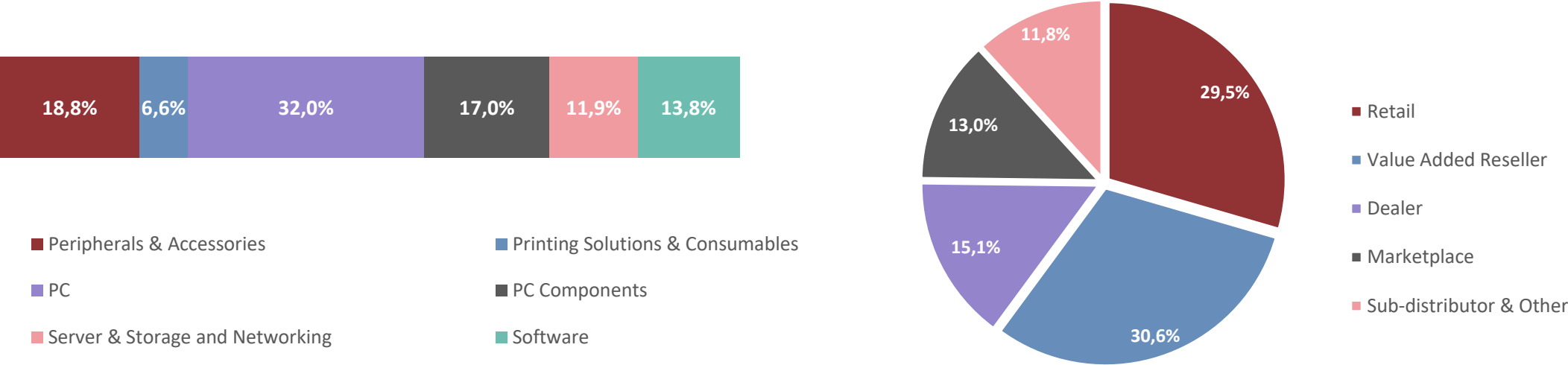
5.7%
EBITDA Margin

Unique Business Model Drives Growth and Profitability



Diversified Customer Base & Product Portfolio

2022 Category and Channel Breakdown



- Our main aim is to have a balanced approach on channels and categories and expect to achieve an outstanding profit margin consequently.
- In order to accomplish this, we offer value added services to our business partners aligning with their strategies and market requirements.
- We have reached 22% growth in our sectoral software business (recurring revenue)
- There is an increase in demand on the commercial side. The share of value-added resellers expanded in 2022. The highlighted categories here are Server & Storage and Software.
- We have an eye on the PC Component category. The market here is growing considerably.

2022 Recap & 2023 Actions on Digital & People Strategy

People Strategy

Sustainability

Talent Retention

Performance Management

Employer Branding & Culture

Learning & Development

Resilient & Agile
Organization

Flexible Workforce

Data & Digital Oriented



Organizational
Health Check

91%



2022 Recap & 2023 Actions on Digital & People Strategy

Digital

Sustainability

Business Continuity

Customer & Vendor
Satisfaction

Efficiency-oriented

Integrated Management
System

Cyber Security

Environment

Integration



Digital user manual and warranty
Saving;

- 6+ tons of paper
- 2+ tons of plastic
- 110+ trees



Quality Management

- ISO 9001
- ISO 10002
- ISO 14001
- ISO 27001
- ISO 45001



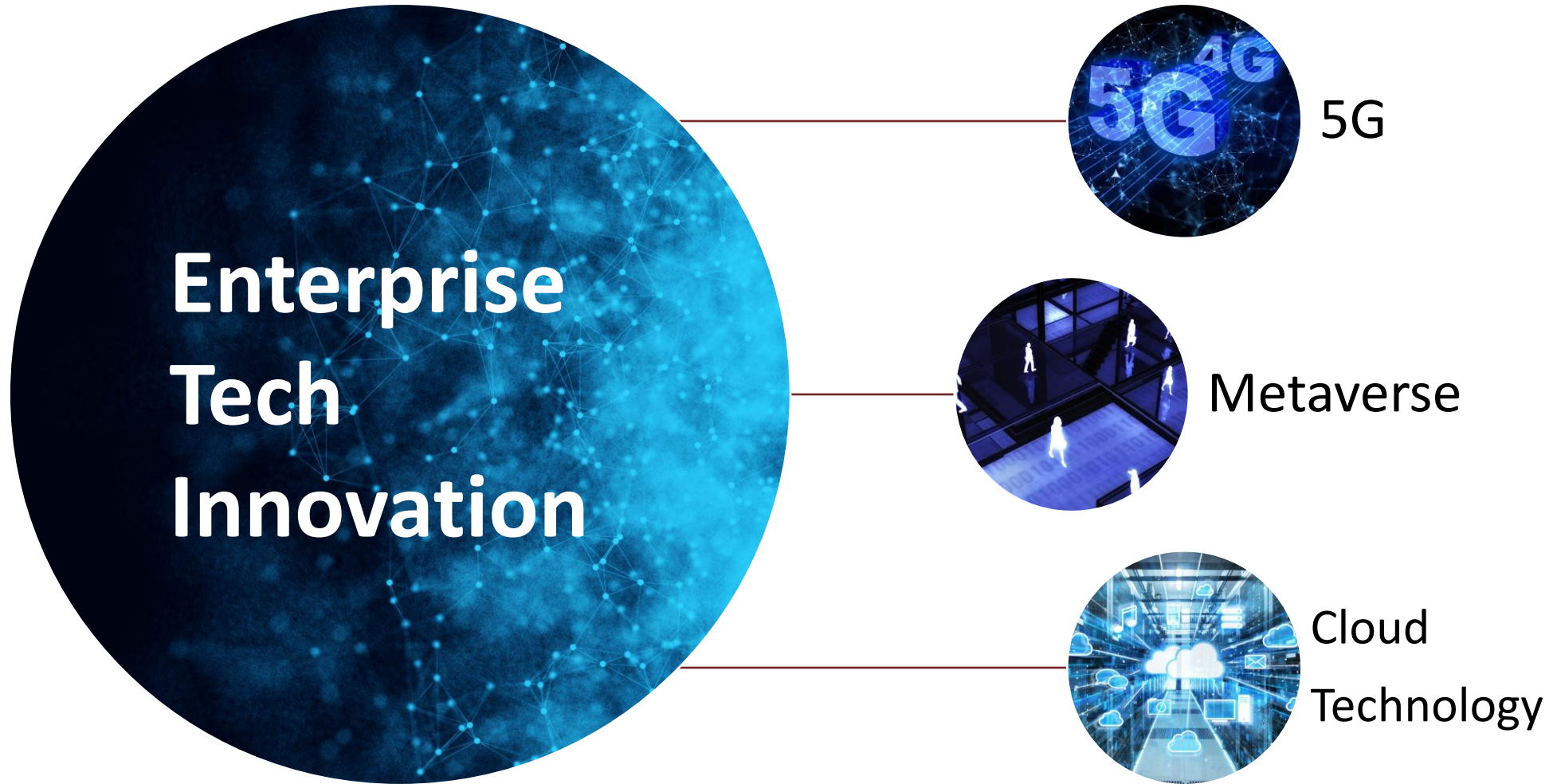
End-to-end integrations

- Banks
- Cargo companies
- Customers
- Vendors



Business continuity & cyber
security

- Risk planning
- Disaster center
- WAF-EDR-SOC
- Penetration tests
- Intelligence service

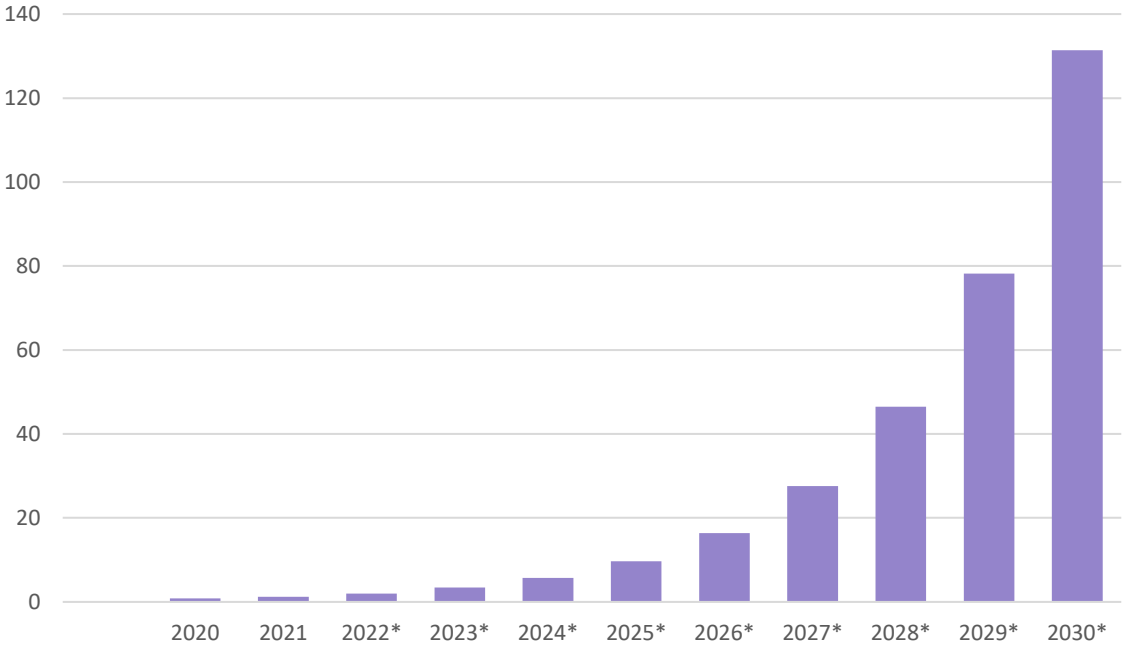


Sector Trends

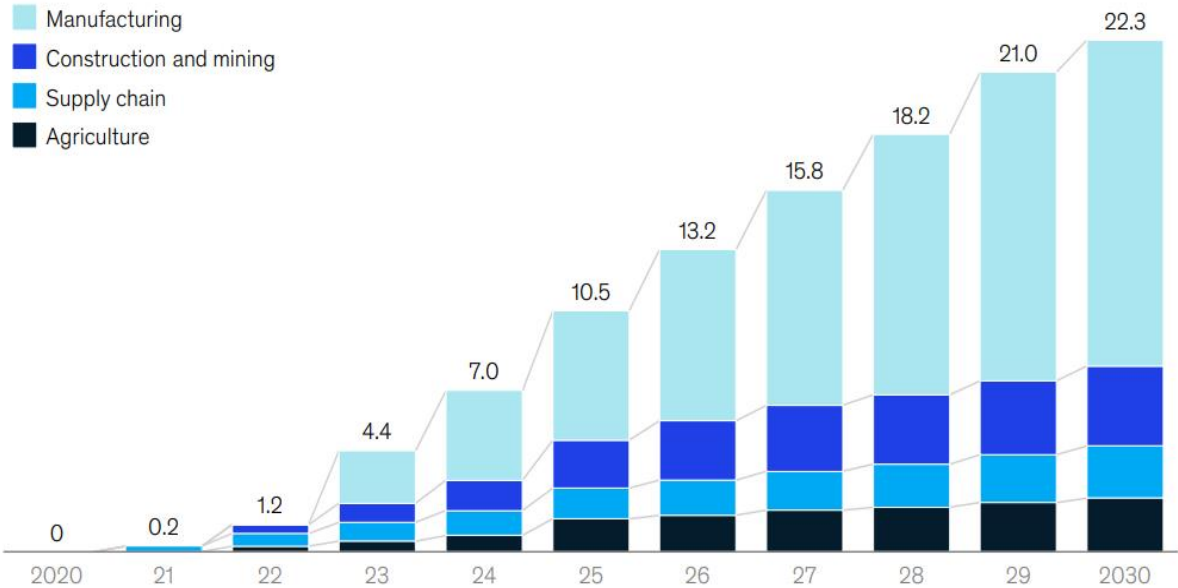
Enterprise Tech Innovation: 5G

➤ It is expected that the infrastructure market for 5G technology, whose area of utilization is expanding and diversifying day by day, will broad up exponentially.

Size of 5G infrastructure market worldwide from 2020 to 2030 (in billion U.S. dollars)

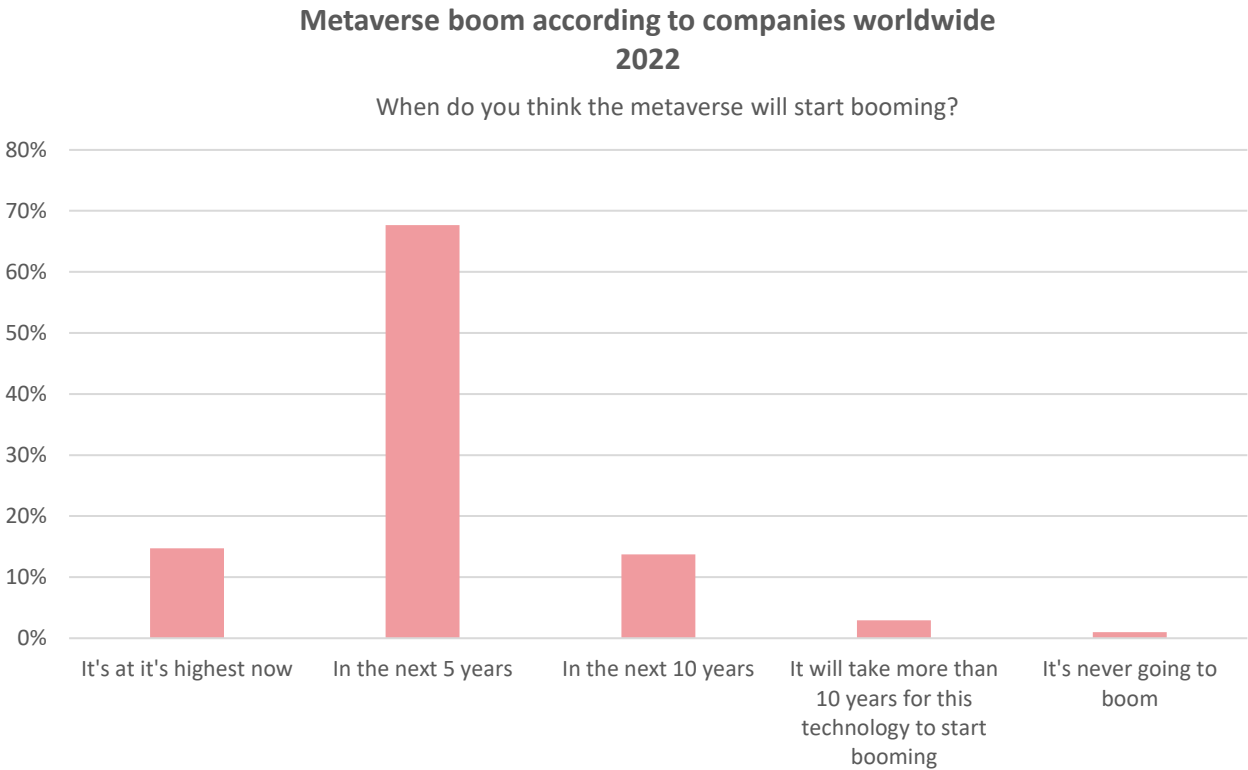
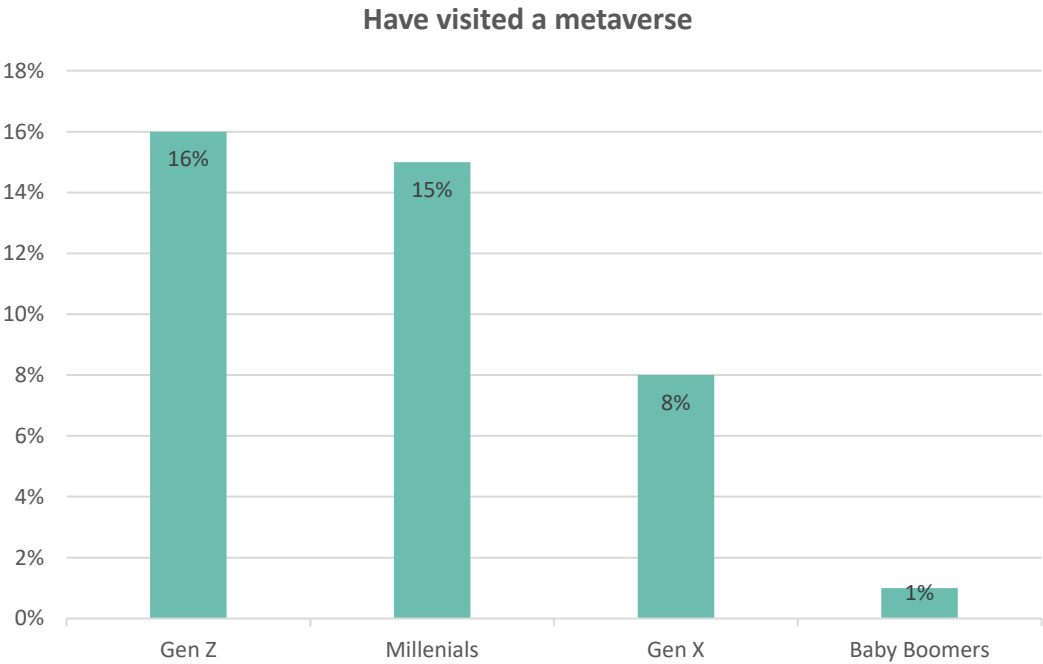


Forecast 5G IoT unit sales for select Industry 4.0 use cases
Million



Sector Trends

Enterprise Tech Innovation: Metaverse



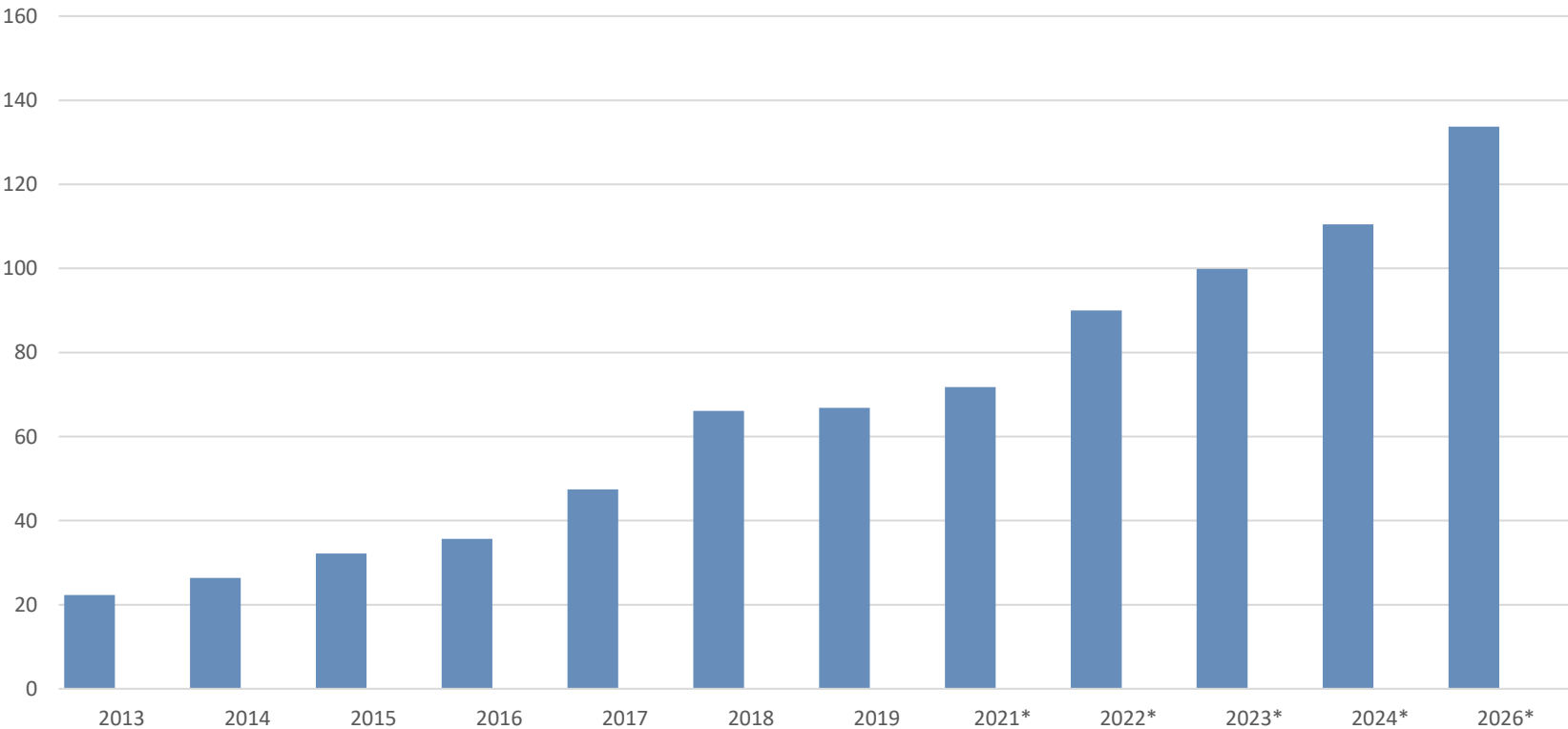
- The majority of companies expect the metaverse to boom in the near future.
- As generations with high metaverse familiarity join the workforce in various industries, the realm of the metaverse is expected to expand significantly.

Sector Trends

Enterprise Tech Innovation: Cloud Technologies

- Cloud technologies offer many benefits for enterprises, including scalability, cost savings, accessibility, security, and innovation, which is why its usage has been increasing in recent years and will continue to increase.
- The size of the investment companies are making in infrastructure demonstrates the expanding presence and importance of this technology for enterprises.

Annual spending on cloud IT infrastructure worldwide from 2013 to 2026 (in billion U.S. dollars)



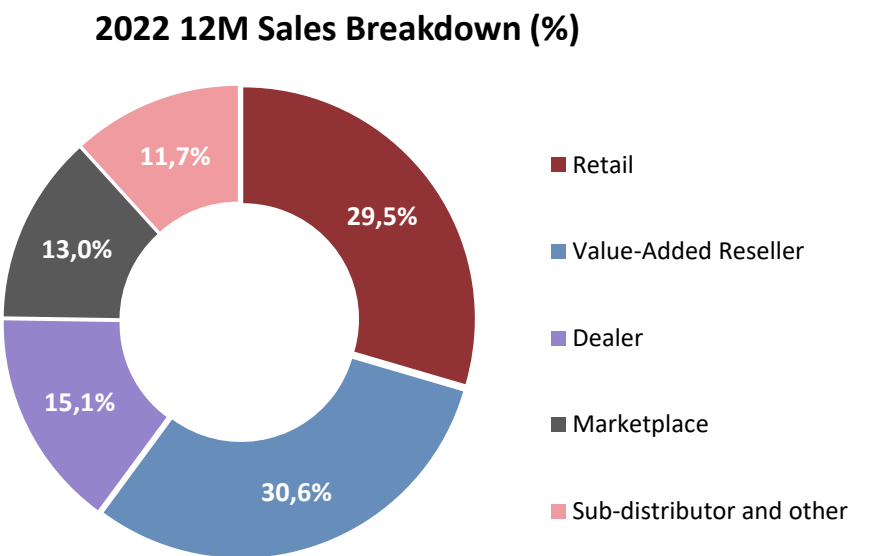
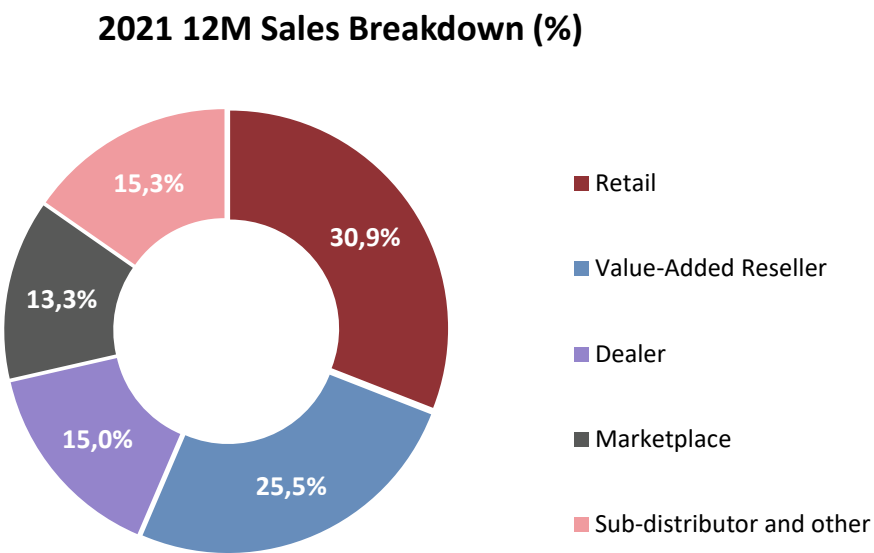
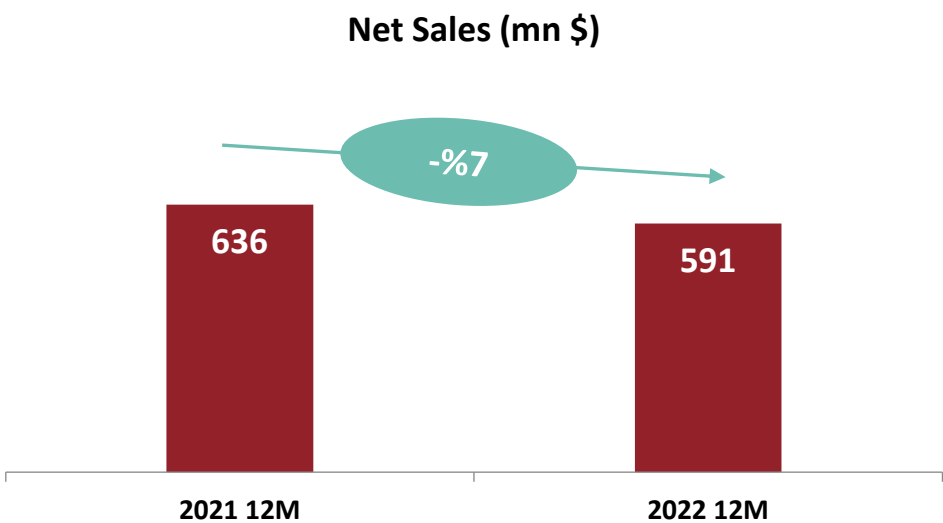
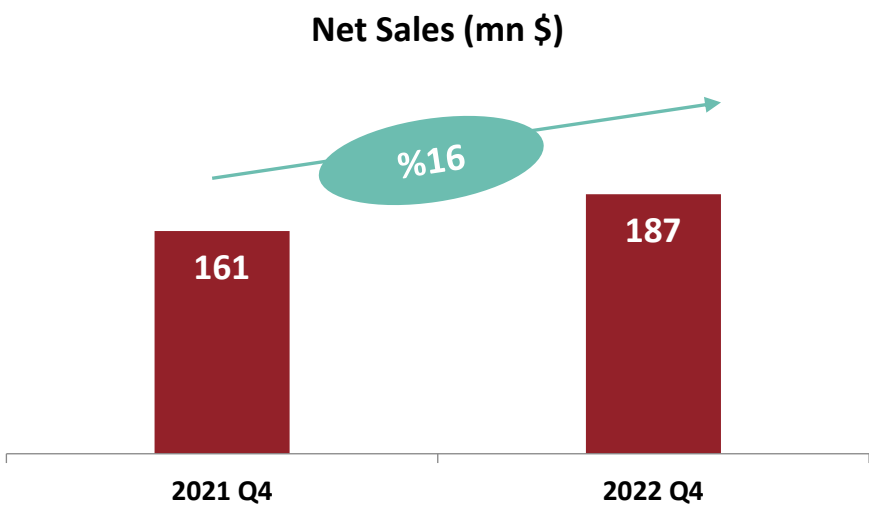
Sector Overview

- It is important to note that PC sales, one of the most important indicators in the sector, remained flat. Market actualization was around 2.3 million units.
- As it did during the pandemic, demand for consumer products continued in 2022.
- The DIY market has recently started to awaken again. Especially the demand for high-end gaming (enthusiastic) and workstation products is on the rise.
- Traditional retail channel, which declined during the pandemic period, revived in 2022.
- Demand for enterprise products increased especially in the 2nd half of the year. Demand for server & storage and networking products was quite high.
- As digitalization has become an indispensable part of our lives, in addition to the investments made for hardware infrastructure, investments of companies in the software category have increased.
- The IoT market and many related categories are expected to grow due to the developments in the field of connectivity in the coming period.

2022 Financial Results

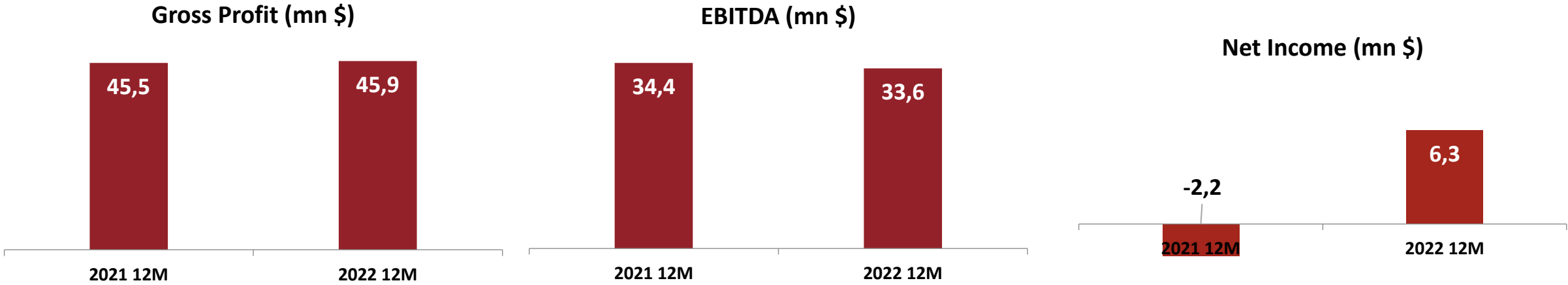


Financial Results – Overview of Sales

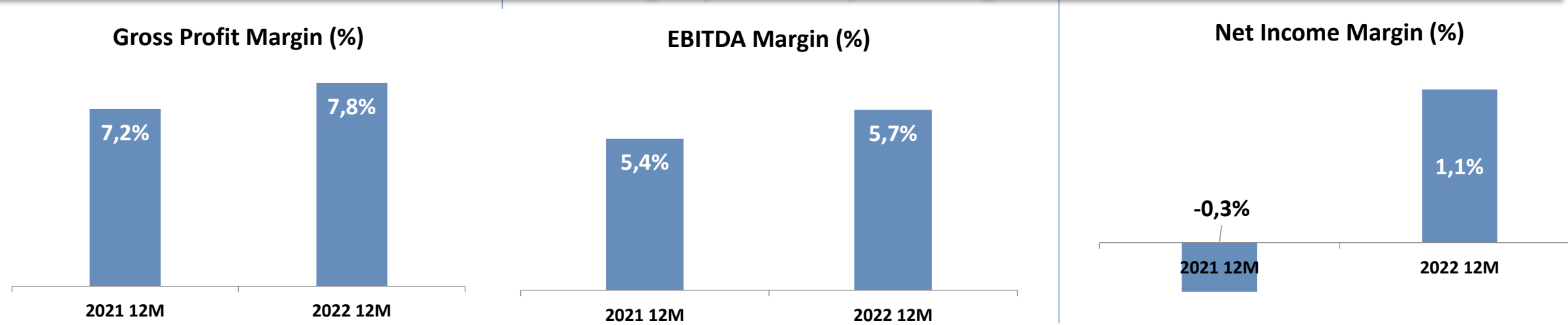


Financial Results – Overview of Profit Ratios

Higher margins in all profitability ratios and 6.3 mUSD net income at the bottom line!



Sector-high operational profit margins

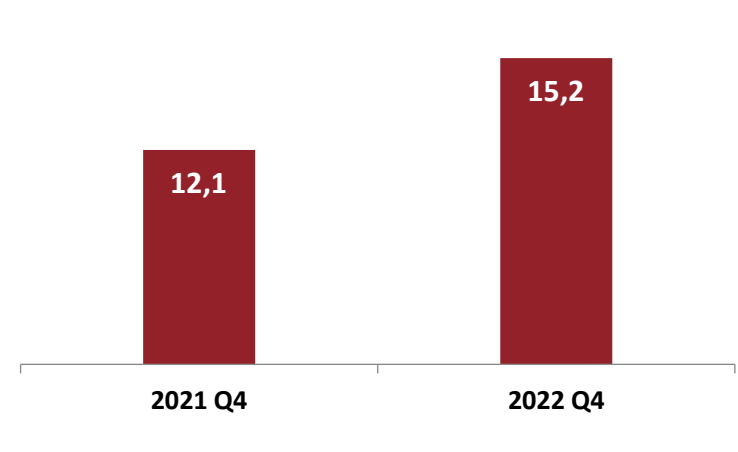


EBITDA: Gross Profit – Operational Expenses + Depreciation & Amortisation

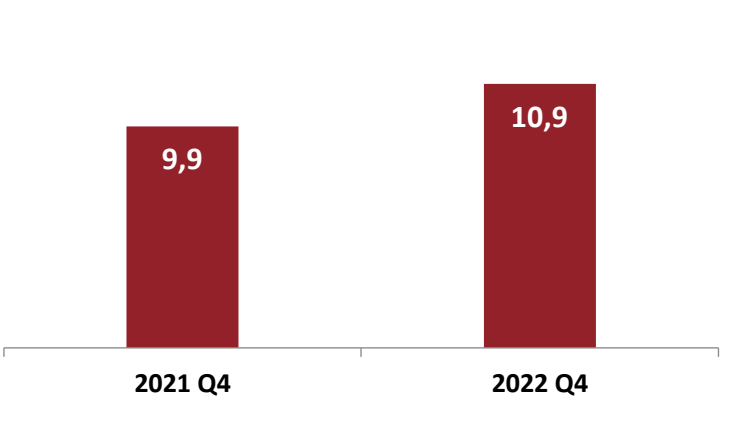
Financial Results – Overview of Profit Ratios

In the last quarter highest amounts are caught in both gross and net income

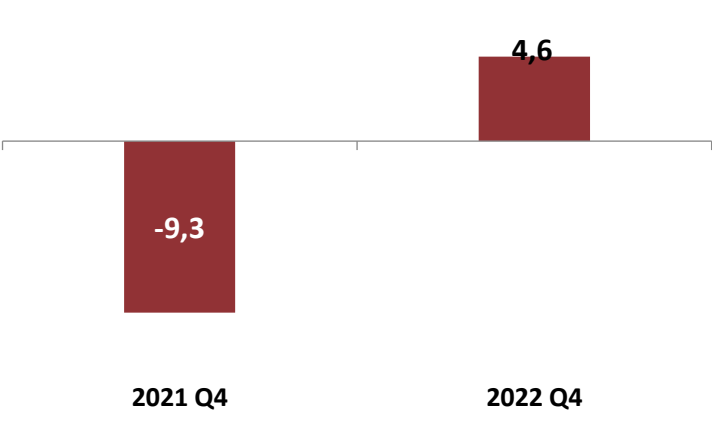
Gross Profit (mn \$)



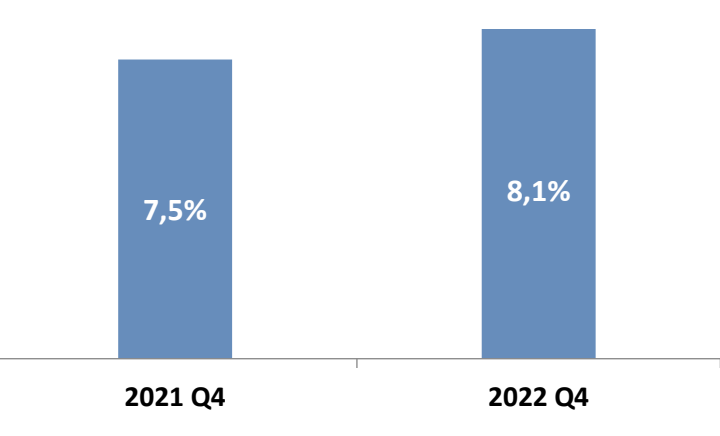
EBITDA (mn \$)



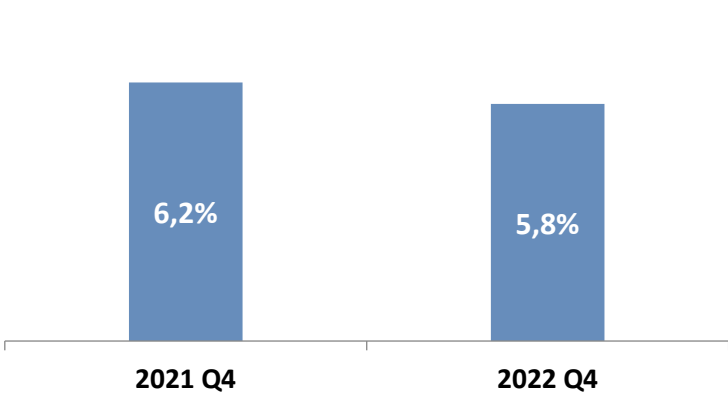
Net Income (mn \$)



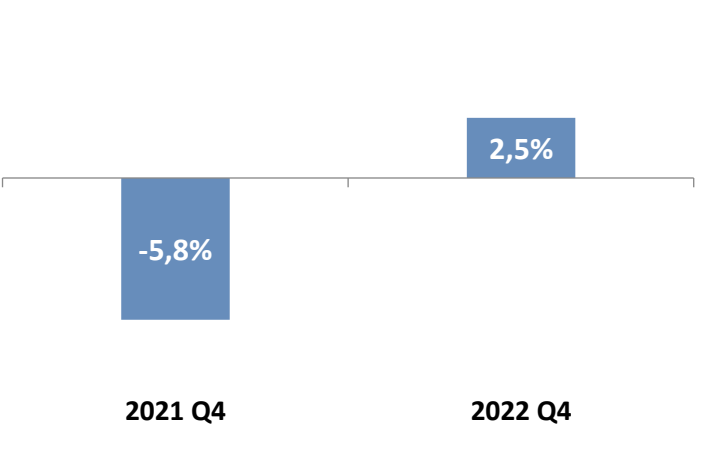
Gross Profit Margin (%)



EBITDA Margin (%)



Net Income Margin (%)

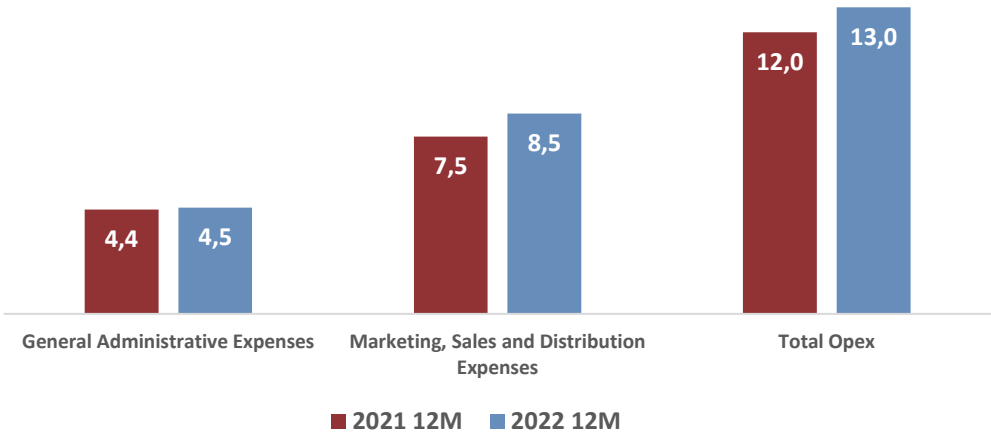


EBITDA: Gross Profit – Operational Expenses + Depreciation & Amortisation

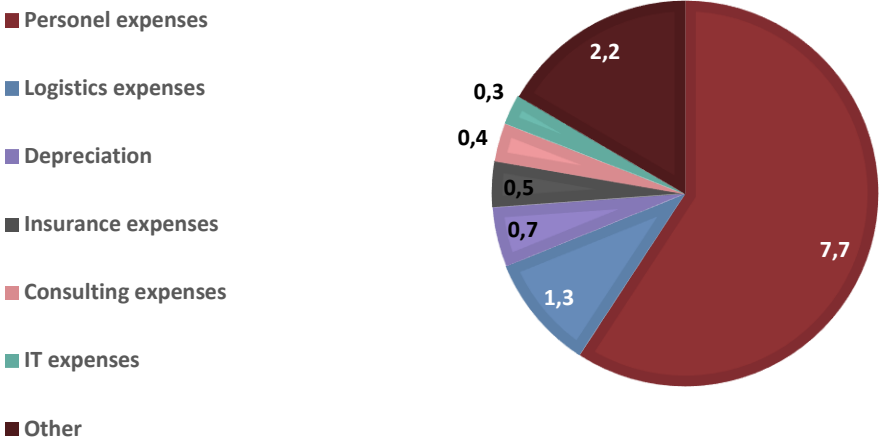
Financial Results – Operational Expenses

TL based opex

Operational Expenses (mn \$)

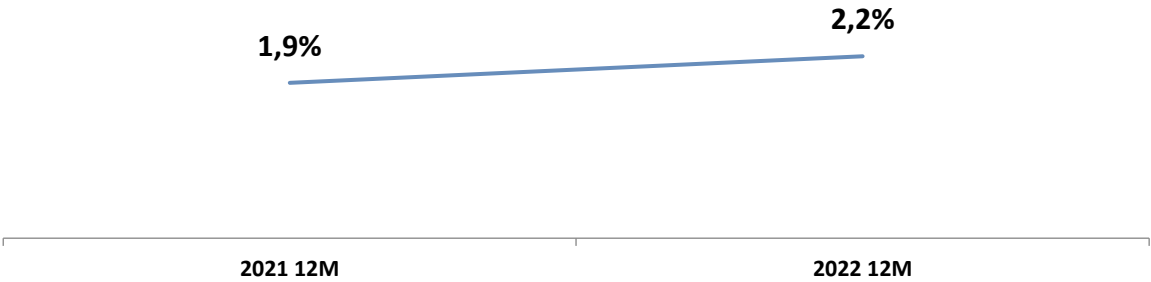


Breakdown of Operational Expenses (mn \$)

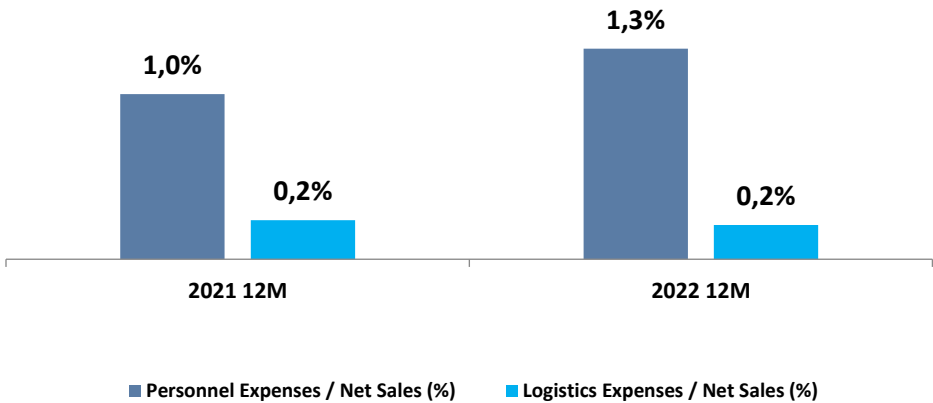


SG&A expenses (% of Net Sales)

SG&A Expenses / Net Sales (%)

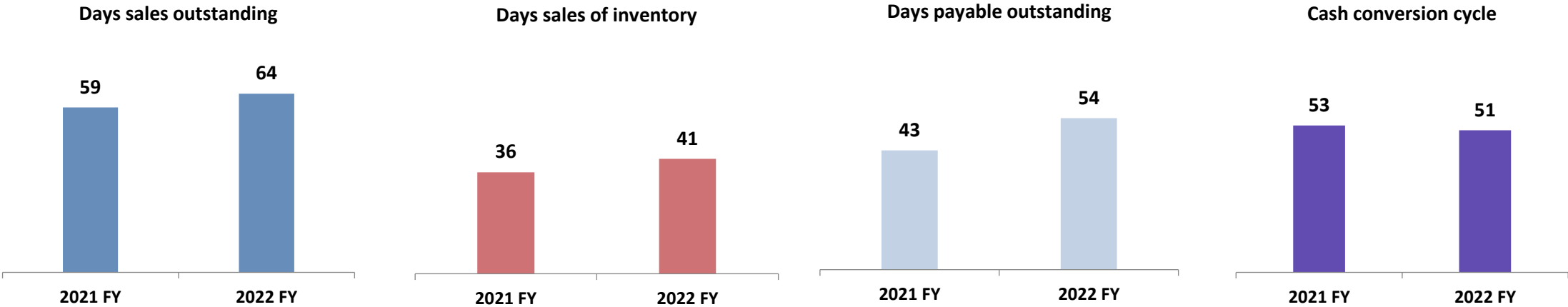


Personnel expenses and logistics expenses (% of Net Sales)

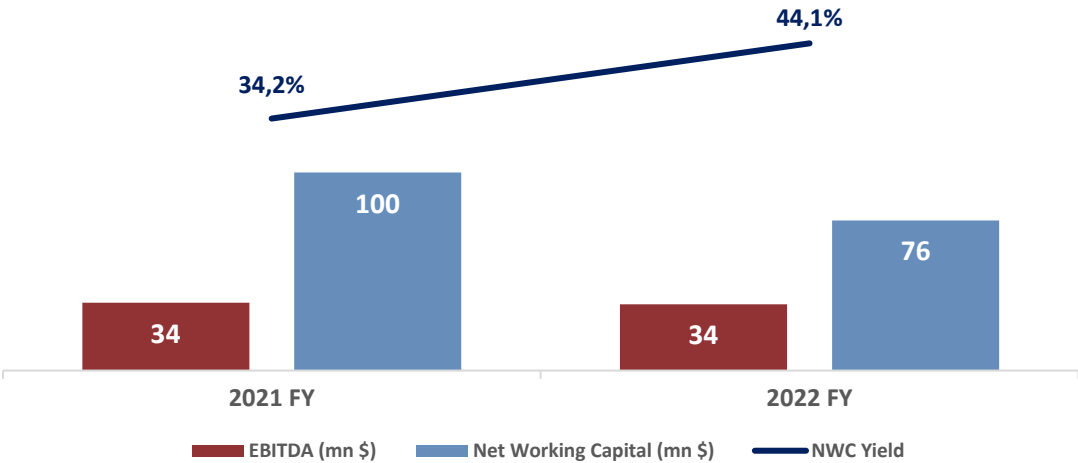


Financial Results – Net Working Capital

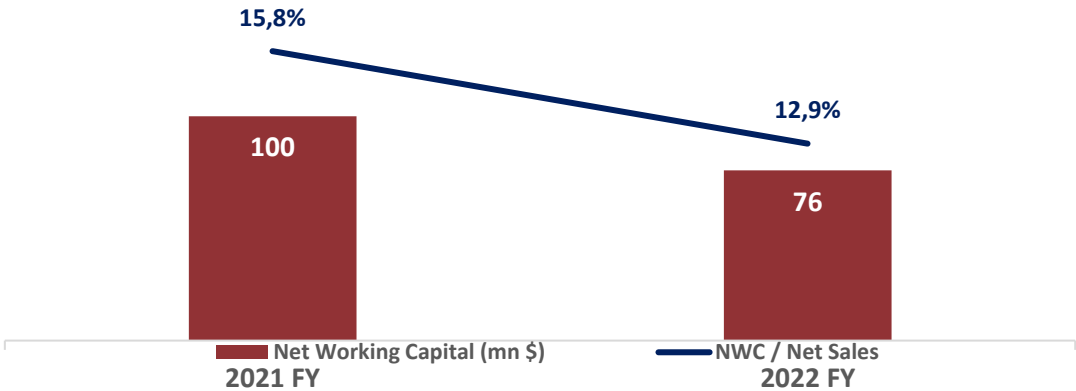
Cash conversion cycle¹



NWC Yield²



Net Working Capital / Sales

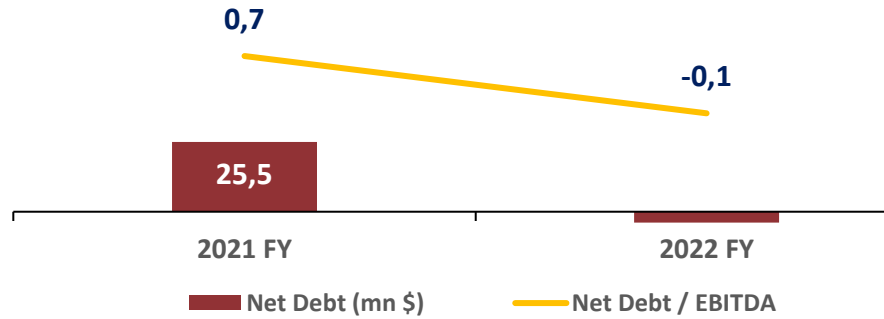


1: $DSO = 365 \text{ days} (\# \text{ of days in the period}) * (\text{ave. Receivables (VAT free)} / \text{sales})$; $\text{Days sales of inventory} = 365 (\# \text{ of days in the period}) * (\text{ave. inv} / \text{COGS})$; $DPO = 365 (\# \text{ of days in the period}) * (\text{ave. Payables (VAT free)} / \text{COGS})$; $CCC = DSO + DSI - DPO$.
2: $NWC \text{ Yield} = EBITDA / \text{Net working capital} (TR + inv - TP)$

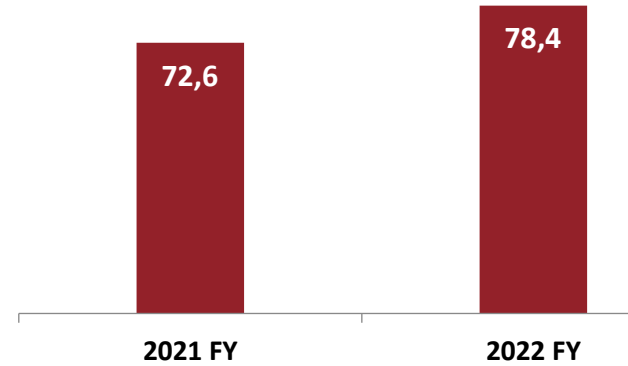
Financial Results – Debt & Equity Structure

First time in its history Penta generated «net cash» position at year end

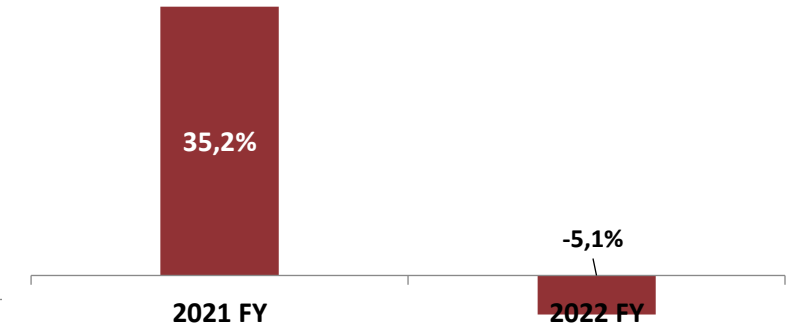
Net Debt (m\$)



Total Equity (mn \$)



Net Debt / Equity (%)

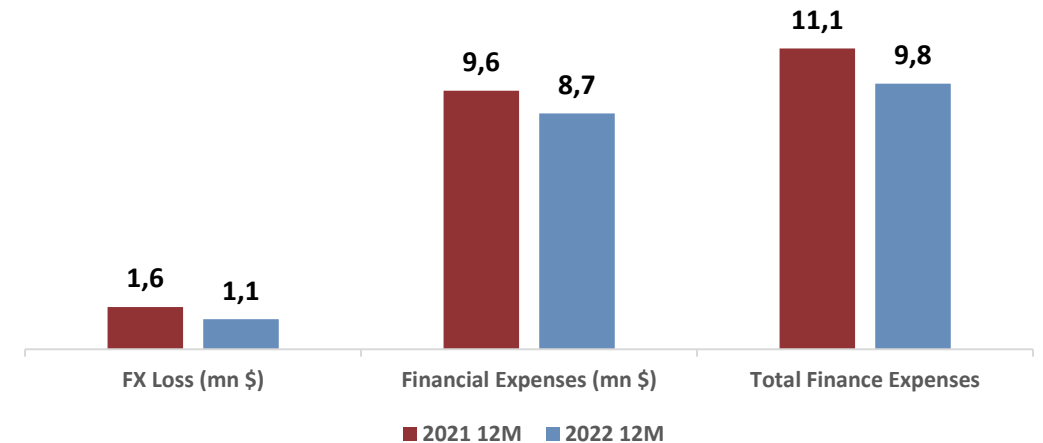


Financial Debt Structure

mn \$	31 December 2021	31 December 2022
Financial payables to Yıldız Holding	31,5	29,8
Other payables to shareholders	1,7	-
Lease liabilities (TFRS 16 effect)	0,8	1,3
Total financial debt	34,0	31,1
Cash and cash equivalents (-)	(8,5)	(35,1)
Net financial debt	25,5	(4,0)

Financial Expenses

Breakdown of Finance Expenses



Financial Results – Currency Position

Net Foreign Currency Position

Net TL Position	31 December 2021		31 December 2022	
	TL	USD Eqv.	TL	USD Eqv.
Trade Receivables	356	27	253	14
Other Monetary Assets	18	1	239	13
Total Assets	375	28	493	26
Trade Payables	(30)	(2)	(35)	(2)
Other Monetary Liabilities	(72)	(5)	(95)	(5)
Total Liabilities	(102)	(8)	(130)	(7)
Derivatives	(7)	(1)	(100)	(5)
Net Foreign Currency Position	267	20	263	14

Sensitivity to FX Fluctuations

	FX Rate Change	Effect on Profitability (m TL)	Effect on Profitability (m \$)
31 December 21			
TL	+10% / -10%	26,7 / (26,7)	2 / (2)



	FX Rate Change	Effect on Profitability (m TL)	Effect on Profitability (m \$)
31 December 22			
TL	+10% / -10%	26,3 / (26,3)	1,4 / (1,4)

Financial Results – Comprehensive Income

Net income and comprehensive net income differs dramatically due to CTA

	TRY mn. 01.01.2022 - 31.12.2022	TRY mn. 01.01.2021 - 31.12.2021	USD mn. 01.01.2022 - 31.12.2022	USD mn. 01.01.2021 - 31.12.2021
Revenue	9.783	5.659	591	636
Cost of Sales (-)	(9.022)	(5.254)	(545)	(590)
GROSS PROFIT	761	405	46	46
General Administrative Expenses (-)	(75)	(40)	(5)	(4)
Marketing, Sales and Distribution Exp	(141)	(67)	(9)	(8)
Other Income From Operating Activiti	17	3	1	0
Other Expenses From Operating Activ	(167)	(131)	(10)	(15)
OPERATING PROFIT	395	171	24	19
Income From Investing Activities	11	2	1	0
Finance Income	0	6	0	1
Finance Expenses (-)	(163)	(99)	(10)	(11)
PROFIT BEFORE TAX	243	80	15	9
Tax Expense From Continuing Operat	(140)	(99)	(8)	(11)
PROFIT / (LOSS) FOR THE YEAR	104	(19)	6	(2)
Currency translation differences	396	392	-	-
OTHER COMPREHENSIVE INCOM	389	391	(0)	(0)
TOTAL COMPREHENSIVE INCOM	492	372	6	(2)

- ❑ 64% increase in USD EBT
- ❑ 8 mUSD tax expense
- ❑ 396 mTRY translation difference in TRY tables

Q&A