

**PENTA TEKNOLOJİ ÜRÜNLERİ
DAĞITIM TİCARET A.Ş. AND
ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 –
SEPTEMBER 30, 2023

(CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)

CONTENTS	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5-6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-35
APPENDIX I: SUPPLEMENTARY UNAUDITED INFORMATION	36

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

		(Condensed Unaudited) (Turkish Lira) Current Period 30 September 2023	Restated(*) (Audited) (Turkish Lira) Prior Period 31 December 2022	(US Dollar**) Current Period 30 September 2023	Restated(*) (US Dollar**) Prior Period 31 December 2022
	Notes				
ASSETS					
Current Assets		6.826.357.530	4.221.046.442	249.349.174	225.744.931
Cash and Cash Equivalents	3	145.470.421	637.658.607	5.313.658	34.102.491
Financial Assets (Restricted Bank Deposits)	3	-	18.698.300	-	1.000.000
Trade Receivables	4-5	4.318.014.017	2.524.386.616	157.725.877	135.006.210
- Trade receivables from related parties	4	4.247.522	6.614.972	155.151	353.774
- Trade receivables from third parties	5	4.313.766.495	2.517.771.644	157.570.726	134.652.436
Other Receivables		7.793.133	1.063.765	284.663	56.891
- Other receivables from third parties		7.793.133	1.063.765	284.663	56.891
Inventories	7	2.347.266.458	1.028.339.074	85.739.569	54.996.394
Prepaid Expenses	8	6.863.667	2.285.923	250.712	122.253
Other Current Assets		949.834	8.614.157	34.695	460.692
Non-Current Assets		195.729.660	144.224.008	7.149.498	7.713.215
Investment Properties		3.238.581	2.211.953	118.297	118.297
Property, Plant and Equipment		36.657.209	23.264.257	1.338.993	1.244.191
Right of Use Assets		42.857.621	26.251.272	1.565.478	1.403.939
Intangible Assets		59.768.373	41.620.976	2.183.184	2.225.923
- Goodwill		52.990.122	36.192.280	1.935.592	1.935.592
- Other intangible assets		6.778.251	5.428.696	247.592	290.331
Deferred Tax Assets		53.207.876	50.875.550	1.943.546	2.720.865
TOTAL ASSETS		7.022.087.190	4.365.270.450	256.498.672	233.458.146

(*) The effects of restatement are disclosed in “Note 2 Changes and Errors in Accounting Estimates, Comparative Information and Restatement of Prior Period Financial Statements”.

(**) Refers to the amounts in US Dollars, which is the functional currency of the Group. Presentation currency is Turkish Lira. For the conversion of US Dollar and Turkish Lira, see Note 2.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

		(Condensed Unaudited) (Turkish Lira) Current Period 30 September 2023	Restated(*) (Audited) Prior Period 31 December 2022	(US Dollar**) Current Period 30 September 2023	Restated(*) (US Dollar**) Prior Period 31 December 2022
	Notes				
LIABILITIES					
Current Liabilities		4.723.853.280	2.840.338.241	172.550.135	151.903.555
Short-Term Borrowings		97.059.490	6.555.418	3.545.332	350.589
- Bank loans	16	62.621.381	-	2.287.397	-
- Lease liabilities		34.438.109	6.555.418	1.257.935	350.589
Trade Payables	4-5	3.629.287.862	2.128.571.233	132.568.493	113.837.688
- Trade payables to related parties	4	9.098.975	1.113.951	332.362	59.575
- Trade payables to third parties	5	3.620.188.887	2.127.457.282	132.236.131	113.778.113
Payables Regarding Employee Benefits		16.574.812	7.718.527	605.435	412.793
Other Payables	4-6	711.129.850	557.385.384	25.975.733	29.809.415
- Other payables to related parties	4	707.745.022	557.110.258	25.852.094	29.794.701
- Other payables to third parties	6	3.384.828	275.126	123.639	14.714
Derivative Financial Instruments		8.985.115	1.385.862	328.203	74.117
Deferred Income	8	40.953.791	32.441.419	1.495.936	1.734.993
Current Tax Liabilities		138.785.058	47.363.785	5.069.459	2.533.053
Current Provisions		13.861.563	14.224.497	506.327	760.737
- Current provisions for employee benefits		13.861.563	14.224.497	506.327	760.737
Other Current Liabilities		67.215.739	44.692.116	2.455.217	2.390.170
Non-Current Liabilities		53.604.619	58.293.296	1.958.042	3.117.573
Long-Term Borrowings		4.136.592	17.934.923	151.099	959.174
- Lease liabilities		4.136.592	17.934.923	151.099	959.174
Non-Current Provisions		49.468.027	40.358.373	1.806.943	2.158.399
- Non-current provisions for employee benefits		46.730.357	34.000.951	1.706.943	1.818.399
- Other non-current provisions		2.737.670	6.357.422	100.000	340.000
EQUITY		2.244.629.291	1.466.638.913	81.990.495	78.437.018
Equity attributable to owners of the Company		2.244.629.291	1.466.638.913	81.990.495	78.437.018
Share Capital	10	393.516.000	393.516.000	64.824.567	64.824.567
Share Premium	10	30.000.000	30.000.000	3.594.149	3.594.149
Other Comprehensive Expense That Will Not Be Reclassified To Profit / (Loss)		1.602.915.912	903.504.725	(792.298)	(792.298)
- Accumulated losses on remeasurements of defined benefit plans		(1.170.003)	(1.170.003)	(792.298)	(792.298)
- Currency translation differences	10	1.604.085.915	904.674.728	-	-
Restricted Reserves Appropriated from Profit	10	13.880.245	13.880.245	3.629.318	3.629.318
Accumulated Gains		125.737.943	22.057.466	7.181.282	921.821
Net Profit for the Year		78.579.191	103.680.477	3.553.477	6.259.461
TOTAL LIABILITIES AND EQUITY		7.022.087.190	4.365.270.450	256.498.672	233.458.146

(*) The effects of restatement are disclosed in “Note 2 Changes and Errors in Accounting Estimates, Comparative Information and Restatement of Prior Period Financial Statements”.

(**) Refers to the amounts in US Dollars, which is the functional currency of the Group. Presentation currency is Turkish Lira. For the conversion of US Dollar and Turkish Lira, see Note 2.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

		(Condensed Unaudited) (Turkish Lira) Current Period 1 January - 30 September 2023	(Condensed Unaudited) (Turkish Lira) Current Period 1 July - 30 September 2023	(Condensed Unaudited) (Turkish Lira) Prior Period 1 January - 30 September 2022	(Condensed Unaudited) (Turkish Lira) Prior Period 1 July - 30 September 2023	(US Dollar*) Current Period 1 January - 30 September 2023	(US Dollar*) Prior Period 1 January - 30 September 2022
	Notes						
Revenue	11	12.027.934.444	4.841.920.937	6.407.987.516	2.360.744.341	543.923.089	404.118.607
Cost of Sales (-)	11	(11.143.901.873)	(4.483.288.987)	(5.920.138.000)	(2.173.448.818)	(503.945.674)	(373.352.463)
GROSS PROFIT		884.032.571	358.631.950	487.849.516	187.295.523	39.977.415	30.766.144
General Administrative Expenses (-)	12	(106.731.457)	(43.127.063)	(51.684.819)	(20.863.091)	(4.826.573)	(3.259.494)
Marketing, Sales and Distribution Expenses (-)	12	(186.005.912)	(74.934.556)	(89.344.624)	(33.467.722)	(8.411.495)	(5.634.503)
Other Income From Operating Activities	13	19.706.046	3.062.460	5.988.600	2.123.438	891.136	377.669
Other Expenses From Operating Activities (-)	13	(180.073.621)	(96.010.603)	(109.471.993)	(35.444.490)	(8.143.227)	(6.903.832)
OPERATING PROFIT		430.927.627	147.622.188	243.336.680	99.643.658	19.487.256	15.345.984
Income From Investing Activities		51.088.025	31.051.679	5.538.919	4.296.297	2.310.285	349.311
OPERATING PROFIT BEFORE FINANCE EXPENSE		482.015.652	178.673.867	248.875.599	103.939.955	21.797.541	15.695.295
Finance Income	15	316.795	69.503	9.950.476	9.786.836	14.326	627.525
Finance Expenses (-)	15	(159.279.977)	(70.755.236)	(113.788.076)	(44.191.562)	(7.202.904)	(7.176.025)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		323.052.470	107.988.134	145.037.999	69.535.229	14.608.963	9.146.795
Tax Expense From Continuing Operations (-)		(244.473.279)	(75.985.293)	(118.680.423)	(46.294.140)	(11.055.486)	(7.484.560)
Current tax expense (-)		(227.284.190)	(104.572.403)	(135.121.458)	(58.915.033)	(10.278.167)	(8.521.411)
Deferred tax (expense) / income		(17.189.089)	28.587.110	16.441.035	12.620.893	(777.319)	1.036.851
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		78.579.191	32.002.841	26.357.576	23.241.089	3.553.477	1.662.235
PROFIT FOR THE YEAR		78.579.191	32.002.841	26.357.576	23.241.089	3.553.477	1.662.235
Attributable to:							
Owners of the Company/Parent		78.579.191	32.002.841	26.357.576	23.241.089	3.553.477	1.662.235
Earnings Per Share	18	0,20	0,08	0,07	0,06	0,01	0,00
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified subsequently to profit or loss		699.411.187	126.110.252	380.969.512	138.799.276	-	-
Currency translation differences		699.411.187	126.110.252	380.969.512	138.799.276	-	-
OTHER COMPREHENSIVE INCOME		699.411.187	126.110.252	380.969.512	138.799.276	-	-
TOTAL COMPREHENSIVE INCOME		777.990.378	158.113.093	407.327.088	162.040.365	3.553.477	1.662.235
Profit attributable to:							
Owners of the Company/Parent		777.990.378	158.113.093	407.327.088	162.040.365	3.553.477	1.662.235
		777.990.378	158.113.093	407.327.088	162.040.365	3.553.477	1.662.235

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The accompanying notes form an integral part of these interim condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

	Notes	Share capital	Share premium	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Restricted reserves	Retained earnings		Total equity
				Accumulated gain / (loss) on remeasurement of defined benefit plans	Currency Translation Differences		Prior Years' Profits or Losses	Net Profit or Loss	
Balances as of 1 January 2022 (Beginning of the Period)		43.724.000	372.000.000	(1.170.003)	508.817.284	13.880.245	49.027.864	(19.178.398)	967.100.992
Transfers		-	-	-	-	-	(19.178.398)	19.178.398	-
<i>Net income</i>		-	-	-	-	-	-	26.357.576	26.357.576
<i>Other comprehensive income</i>		-	-	-	380.969.512	-	-	-	380.969.512
Total comprehensive income		-	-	-	380.969.512	-	-	26.357.576	407.327.088
Balances as of 30 September 2022 (End of the Period)	10	43.724.000	372.000.000	(1.170.003)	889.786.796	13.880.245	29.849.466	26.357.576	1.374.428.080
Balances as of 1 January 2023 (Beginning of the Period)		393.516.000	30.000.000	(1.170.003)	904.674.728	13.880.245	22.057.466	103.680.477	1.466.638.913
Transfers		-	-	-	-	-	103.680.477	(103.680.477)	-
<i>Net income</i>		-	-	-	-	-	-	78.579.191	78.579.191
<i>Other comprehensive income</i>		-	-	-	699.411.187	-	-	-	699.411.187
Total comprehensive income		-	-	-	699.411.187	-	-	78.579.191	777.990.378
Balances as of 30 September 2023 (End of the Period)	10	393.516.000	30.000.000	(1.170.003)	1.604.085.915	13.880.245	125.737.943	78.579.191	2.244.629.291

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

		(Condensed Unaudited) Current Period 1 January - 30 September 2023	(Condensed Unaudited) Prior Period 1 January - 30 September 2022
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		78.579.191	26.357.576
Adjustments for:			
Depreciation and amortisation expenses		24.124.372	13.161.236
Provisions for employee termination benefits		7.812.839	9.874.666
Allowance for doubtful receivables	5	113.684	881.173
Unused vacation provision		2.358.140	1.211.309
Bonus provision		5.807.616	3.567.282
Trade receivables and trade payables discounts, net		-	(817.809)
Allowance for inventories	7	(10.507.621)	4.768.633
Income tax expense		244.473.279	118.680.423
Interest income		(51.088.025)	(5.538.919)
Interest and commissions expense	15	139.162.425	92.151.117
Derivative expense		7.599.253	5.653.724
Net foreign exchange loss		3.806.201	12.161.182
Net cash generated before movement in working capital		452.241.354	282.111.593
Changes in trade receivables		(536.906.015)	(175.066.087)
Changes in inventories		(669.325.431)	220.885.496
Changes in other receivables and other assets		1.542.756	(708.985)
Changes in trade payables		414.199.910	(12.666.665)
Changes in other payables		(2.486.486)	(11.549.830)
Net cash (used in) / generated from operations		(340.733.912)	303.005.522
Income taxes (paid) / returns		(149.831.515)	(114.714.049)
Collections from doubtful receivables	5	154.085	1.812.833
Employee termination and unused vacation benefits paid		(7.376.312)	(986.176)
Bonus paid		(9.612.607)	(5.802.785)
Net cash (used in) / generated from operating activities		(507.400.261)	183.315.345

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PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

		(Condensed Unaudited) Current Period 1 January - 30 September 2023	(Condensed Unaudited) Prior Period 1 January - 30 September 2022
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES		65.198.323	2.289.136
Interest received		51.088.025	5.538.919
Purchases of tangible and intangible assets		(8.003.002)	(3.249.783)
Proceeds on sale of financial assets		22.113.300	-
CASH FLOWS FROM FINANCING ACTIVITIES		(194.414.163)	(89.422.401)
Interest and commissions paid		(138.583.012)	(70.377.061)
Changes in other payables to related parties		(87.184.051)	-
Proceeds from borrowings		50.581.896	-
Repayment of borrowings		-	(11.892.525)
Payments due to lease contracts		(19.228.996)	(7.152.815)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION EFFECTS		(636.616.101)	96.182.080
THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS		144.427.915	55.013.720
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(492.188.186)	151.195.800
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	637.658.607	99.823.827
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	145.470.421	251.019.627

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş. ("Penta" or the "Company") and its subsidiaries (all together referred as the "Group"), comprise the parent Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş. and two subsidiaries in which the Company owns the 100% share of the capital or has controlling interest.

The current operations of the Company started under the roof of Penta Bilgisayar Sistemleri Ticaret Ltd. Şti. ("Penta Bilgisayar") which was established in 1990. In 2012, Penta Bilgisayar was merged with Mersa Elektronik ve Teknolojik Ürünler Ticaret A.Ş. ("Mersa"), a subsidiary of Yıldız Holding A.Ş., which was established in 2003. Although the merger was realized under Mersa, the name of the Company was changed to Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş. in the period following the merger. The Company is registered in İstanbul, Türkiye in accordance with the provisions of the Turkish Commercial Code. The Company's head office address is Organize Sanayi Bölgesi, 4. Cadde No: 1 34775 Yukarı Dudullu, Ümraniye / İstanbul.

Principal activities of the Company are distribution of computer, hardware and software goods. The Company purchases the trade goods from domestic and foreign suppliers and distributes them mostly to its domestic customers via its sales network. It executes the distributorship of the brands like Acer, Adobe, Asus, Autodesk, Brother, Canon, Corsair, Cricut, Dell-EMC, HP, Exper, Huawei, IBM, Intel, Lenovo, Logitech, Microsoft, MSI, OKI, TP-Link, Viewsonic, Wacom, Xerox, xFusion and Zyxel.

The Company's shares are publicly traded on Borsa İstanbul ("BIST") as of 17 May 2021. The free float ratio of the shares is 36,80% as of September 30, 2023.

The Company acquired 100% shares of Commonwealth Finance Investment Ltd. ("Commonwealth") for a consideration of TL 3.277 on 1 September 2013. Commonwealth's principal activity is the sale of imported goods from the vendors to Penta.

On 3 January 2014, the Company acquired 100% shares of Ekip Elektronik Sistemler ve Malzemeleri Ticaret A.Ş. ("Ekip") and Beyaz İletişim Sistemleri Dış Ticaret ve Sanayi Ltd. Şti. ("Beyaz İletişim"). On 4 March 2014, Ekip and Beyaz İletişim have been merged under Penta.

The Company acquired 100% shares of Sayısal Grafik Sanayi ve Ticaret A.Ş. ("Sayısal") for a consideration of TL 11.892.295 on 18 June 2015. After the acquisition, on 30 July 2015 Sayısal has been merged under Penta.

The Company acquired 100% shares of Exper Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. ("Exper") for a consideration of TL 85.400.000 on 22 June 2017. After the acquisition, on 28 June 2017 Exper has been merged under Penta.

The company acquired 100% shares of Arlington Investments B.V. for 20.000 Euros which was a non-operational company as of acquisition date. The company was established in the Netherlands and the commercial title of the company changed as Penta International B.V. ("Penta BV").

Total number of the Group's employees is 350 as of September 30, 2023 (December 31, 2022: 355).

Approval of Condensed Consolidated Financial Statements:

The condensed consolidated financial statements have been approved by Board of Directors and authorized on the date of November 8, 2023 for publishing. General Assembly has the authority to amend / modify condensed consolidated financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

The Group has prepared its condensed consolidated financial statements for the interim period ending on 30 September 2023, in accordance with TAS 34 "Interim Financial Reporting" standard, within the framework of the Capital Markets Board's ("CMB") Communiqué Serial: II, 14.1 and the announcements explaining this communiqué.

The accompanying financial statements have been prepared in accordance with the provisions of the CMB's Communiqué Series II, No. 14.1 on the "Principles Regarding Financial Reporting in the Capital Markets" published in the Official Gazette dated 13 June 2013 and numbered 28676. Based on the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/IFRS"), which were put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA"), and their annexes and comments.

Interim condensed consolidated financial statements are presented in accordance with the formats specified in the "Announcement on IFRS Taxonomy" published by the POA on October 4, 2022 and the Financial Statement Examples and User Guide published by the CMB.

The Company complies with the principles and conditions issued by the CMB, the Turkish Commercial Code ("TCC"), the tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping accounting records and preparing its statutory financial statements. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. Condensed consolidated financial statements have been prepared on the basis of historical cost, except for derivative instruments shown at fair value.

The condensed consolidated interim financial statements of the Group do not include all of the disclosures and footnotes required in the year-end financial statements and therefore the condensed consolidated interim financial statements of the Group should be read in conjunction with the financial statements as at December 31, 2022.

2.2 Functional Currency

The financial statements of each enterprise of the Group are presented in the currency (functional currency) valid in the basic economic environment in which they operate. The company mainly uses USD in its operations (trading). The US dollar also reflects the economic basis of situations and events that are important to the Company. The Company's purchase and sales prices are largely based on US Dollars. The Company, by evaluating the economic environment and its activities, has determined the functional currency as USD in accordance with TAS 21 (Effects of Changes in Exchange Rates). Although the functional currency of the Group is US Dollars, the presentation currency is expressed in Turkish Lira ("TL" or "TRY").

If the legal records are kept in a currency other than the functional currency, the financial statements are first converted to the functional currency and then back to TL, which is the Group's presentation currency. For companies in Türkiye, the functional currency of the statutory records is TL. Conversion of TL into US Dollars is based on the framework described below;

- Monetary assets and liabilities accounts, T.C. The Central Bank ("CBRT") is converted to the functional currency with the foreign exchange buying rate.
- Non-monetary items are converted into functional currency with the CBRT buying rates valid on the date of the transaction.
- Income statement accounts have been converted to the functional currency using the exchange rates on the transaction date, excluding depreciation charges..
- Capital has been tracked according to historical costs.

The translation differences resulting from the above conversions are recorded in the profit or loss statement, in the foreign exchange income / expense accounts included in the financial income and expenses item.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Functional Currency (cont'd)

The exchange rates and methods used in converting from functional currency to presentation currency are listed below:

Items in the condensed consolidated statement of financial position are translated into Turkish Lira with the exchange rates announced by the Central Bank of the Republic of Türkiye ("CBRT"). Equity items are shown with their historical values. Income and expenses and cash flows are translated at the annual average exchange rate for the relevant period. Translation gain/loss arising from this conversion has been included in the "foreign currency translation differences" account under equity and accounted as a separate component of the other comprehensive income.

Average USD / TRY exchange rates for each period are as follows:

	30 September 2023	31 December 2022	30 September 2022	31 December 2021
USD / TRY – as of reporting date	27,3767	18,6983	18,5187	13,3290
USD / TRY – average for the period	22,1133	16,5638	15,8567	8,9031

The USD ("USD") amounts shown in the condensed consolidated financial statements are the financial statements prepared in accordance with the functional currency of the Group and are not part of the condensed consolidated financial statements.

2.3 Going Concern

The condensed consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future.

2.4 Changes in Accounting Policies

Important changes on the accounting policies are accounted retrospectively and prior period's financial statements are restated. The Group did not apply any changes in its accounting policies for current period.

2.5 Changes and Errors in Accounting Estimates, Comparative Information and Restatement of Prior Period Financial Statements

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, in the period of the change and future periods, if the change affects both. The Group does not have any important changes in the accounting estimates in the current year. Significant accounting errors are corrected retrospectively, by restating the prior period consolidated financial statements.

To enable the determination of financial status and performance trends, the Group's condensed consolidated financial statements for the current period are prepared in comparison with the previous period.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.5 Changes and Errors in Accounting Estimates, Comparative Information and Restatement of Prior Period Financial Statements

Impacts of related reclassifications and adjustments are as follows:

	Previously Reported 31 December 2022	Restatement Effect	Restated 31 December 2022
ASSETS			
Current Assets	4.343.494.185	(122.447.743)	4.221.046.442
Cash and Cash Equivalents	637.658.607	-	637.658.607
Financial Assets (Restricted Bank Deposits)	18.698.300	-	18.698.300
Trade Receivables	2.524.386.616	-	2.524.386.616
Other Receivables	1.063.765	-	1.063.765
Derivative Financial Instruments	-	-	-
Inventories	1.028.339.074	-	1.028.339.074
Prepaid Expenses	2.285.923	-	2.285.923
Assets Related to Current Tax (1)	122.447.743	(122.447.743)	-
Other Current Assets	8.614.157	-	8.614.157
Non-Current Assets	144.224.008	-	144.224.008
Investment Properties	2.211.953	-	2.211.953
Property, Plant and Equipment	23.264.257	-	23.264.257
Right of Use Assets	26.251.272	-	26.251.272
Intangible Assets	41.620.976	-	41.620.976
Deferred Tax Assets	50.875.550	-	50.875.550
TOTAL ASSETS	4.487.718.193	(122.447.743)	4.365.270.450

1) Assets related to current tax amounting to TRY 122.447.743 tax has been reclassified to current tax liabilities.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.5 Changes and Errors in Accounting Estimates, Comparative Information and Restatement of Prior Period Financial Statements (cont’d)

	Previously Reported		Restated
	31 December	Restatement	31 December
	2022	Effect	2022
LIABILITIES			
Current Liabilities	2.962.785.984	(122.447.743)	2.840.338.241
Short-Term Borrowings	6.555.418	-	6.555.418
Trade Payables	2.128.571.233	-	2.128.571.233
Payables Regarding Employee Benefits	7.718.527	-	7.718.527
Other Payables	557.385.384	-	557.385.384
Derivative Financial Instruments	1.385.862	-	1.385.862
Deferred Income	32.441.419	-	32.441.419
Current Tax Liabilities (1)	169.811.528	(122.447.743)	47.363.785
Current Provisions	14.224.497	-	14.224.497
Other Current Liabilities	44.692.116	-	44.692.116
Non-Current Liabilities	58.293.296	-	58.293.296
Long-Term Borrowings	17.934.923	-	17.934.923
Non-Current Provisions	40.358.373	-	40.358.373
EQUITY	1.466.638.913	-	1.466.638.913
Equity attributable to owners of the Company	1.466.638.913	-	1.466.638.913
Share Capital	393.516.000	-	393.516.000
Share Premium	30.000.000	-	30.000.000
Other Comprehensive Expense That Will Not Be Reclassified To Profit / (Loss)	903.504.725	-	903.504.725
Restricted Reserves Appropriated from Profit	13.880.245	-	13.880.245
Accumulated Gains	22.057.466	-	22.057.466
Net Profit for the Year	103.680.477	-	103.680.477
TOTAL LIABILITIES AND EQUITY	4.487.718.193	(122.447.743)	4.365.270.450

1) Assets related to current tax amounting to TRY 122.447.743 tax has been reclassified to current tax liabilities.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Basis of Consolidation

The details of subsidiaries are as follows:

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			30 September 2023	31 December 2022
Commonwealth Finance Investment Ltd.	International Trade of IT Products	British Virgin Islands	100%	100%
Penta International B.V.	International Trade of IT Products	Netherlands	100%	100%

Functional currencies of these subsidiaries are US Dollar.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it has still power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.6 Basis of Consolidation (cont’d)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Application of New and Revised International Financial Reporting Standards (TFRSs)

The accounting policies adopted in preparation of the condensed consolidated financial statements as at September 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter.

a. Standards, amendments, and interpretations applicable as of 30 September 2023:

- **Narrow scope amendments to TMS 1, Practice statement 2 and TMS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TMS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendment to TMS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

- **Amendment to TMS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.7 Application of New and Revised International Financial Reporting Standards (TFRSs) (cont’d)

b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023: (cont’d)

- **Amendments to TMS 7 and TFRS 7 on Supplier finance arrangements;** ; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the TMSB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **Amendments to TMS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **TSRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **TSRS 2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

These changes are not expected to have a significant impact on the Group's financial position and performance.

2.8 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group’s accounting policies

In the process of applying the Group’s accounting policies, the Group Management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Useful life of property, plant and equipment and intangible assets

The Group has calculated the depreciation and amortization amounts in accordance with TFRS. The calculations are based on the Group Management's expectations regarding the useful life of the related assets.

Duration of Leasing Liabilities

The Group's leasing liabilities within the scope of TFRS 16 are related to vehicle and building leasing contracts. The lifetime of the leasing agreements for vehicles are determined on the basis of the relevant lease agreement. The lifetime of the lease contracts for buildings are determined based on the best estimate of the period in which the management plans to use the asset in lease contracts and auto-renewal contracts.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.8 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont’d)

Doubtful receivables provision

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Severance benefits

Under Turkish Law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) *Employee Benefits* (“TAS 19”). The retirement benefit obligation recognized in the condensed consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Inventory impairment provision

When the net realizable value of inventories is less than their cost, the inventories are reduced to their net realizable value and are reflected to profit and loss as loss. According to the expectations of the Group, as the net realizable value of the inventories are below of their cost value, for some part of the inventories the Group has allocated provision and reduced to their net realizable value.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

3. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	30 September 2023	31 December 2022
Cash on banks	138.623.344	632.402.590
<i>Demand deposits</i>	120.564.647	249.171.268
<i>Time deposits</i>	18.058.697	383.231.322
Credit card receivables	6.847.077	5.256.017
	<u>145.470.421</u>	<u>637.658.607</u>

The average maturity of credit card receivables is 1 day as of 30 September 2023 (31 December 2022: 1 day).

The Group subtracts the blocked deposits held in banks (September 30, 2023: TL 0, December 31, 2022: TL 18.698.300) from cash and cash equivalents and presents them under Financial Assets (Restricted Bank Deposits) in the condensed consolidated statement of financial position.

Currency Type	Maturity	Interest Rate	30 September 2023
TRY	October 2, 2023	37%	18.058.697
			<u>18.058.697</u>
Currency Type	Maturity	Interest Rate	31 December 2022
TRY	January 2 - 6, 2023	8% - 25%	196.248.322
USD	January 2, 2023	1%	186.983.000
			<u>383.231.322</u>

4. RELATED PARTY DISCLOSURES

Trade receivables from related parties arise mainly from sales transactions. Trade receivables from related companies have 2 months of maturities on average. These receivables are by nature not secured and bear no interest.

Trade payables to related parties arise mainly from purchase of goods and services. Trade payables to related companies have 2 months of maturities on average. Non-trade payables are comprised of short term financial liabilities and long-term financial debts in the scope of the parent company's (Yıldız Holding) syndication loan agreement. Interest rates within the scope of the syndication loan agreement is fixed at 6,80% for USD denominated liabilities (2022: 6,80%).

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

4. RELATED PARTY DISCLOSURES (cont’d)

Details of transactions between the Group and other related parties are disclosed below.

a) The detail of trade and non-trade receivables and payables as of 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023				
	Receivables		Payables		
	Current		Current		Non-Current
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Yıldız Holding A.Ş. (*)	494.396	-	8.484.998	707.745.022	-
Ülker Bisküvi San. A.Ş.	1.444.915	-	-	-	-
Continental Confectionery Company Gıda San.ve Tic. A.Ş.	556.568	-	-	-	-
Kerevitaş Gıda San. ve Tic. A.Ş.	549.998	-	-	-	-
Önem Gıda San. ve Tic. A.Ş.	372.925	-	-	-	-
Şok Marketler Tic. A.Ş.	102.389	-	255.014	-	-
Ülker Çikolata San. A.Ş.	170.091	-	-	-	-
Polinas Plastik San. ve Tic. A.Ş.	145.069	-	-	-	-
Other	411.171	-	358.963	-	-
	4.247.522	-	9.098.975	707.745.022	-
31 December 2022					
	Receivables		Payables		
	Current		Current		Non-Current
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Yıldız Holding A.Ş. (*)	67.445	-	14.173	557.110.258	-
İzsal Gayrimenkul Geliştirme A.Ş. (**)	1.748.665	-	465.756	-	-
Kerevitaş Gıda San. ve Tic. A.Ş.	1.625.855	-	-	-	-
Şok Marketler Tic. A.Ş.	723.849	-	404.257	-	-
Ülker Bisküvi San. A.Ş.	518.990	-	-	-	-
Bizim Toptan Satış Mağazaları A.Ş.	459.903	-	39.117	-	-
Future Teknoloji Tic. A.Ş.	390.290	-	-	-	-
Donuk Fırıncılık Ürünleri San. ve Tic. A.Ş.	305.568	-	-	-	-
Marsa Yağ San. Ve Tic. A.Ş.	233.897	-	-	-	-
Other	540.510	-	190.648	-	-
	6.614.972	-	1.113.951	557.110.258	-

(*) As of 30 September 2023 and 31 December 2022, non-trade payables to Yıldız Holding consist of financial debt.

(**) Most Bilgi Sistemleri Tic. A.Ş. has merged with İzsal Gayrimenkul Geliştirme A.Ş. on 30 December 2022. Therefore, current trade payables to Most Bilgi Sistemleri Tic. A.Ş. and current trade receivables from Most Bilgi Sistemleri Tic. A.Ş. as of December 31, 2022 are given under İzsal Gayrimenkul Geliştirme A.Ş..

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

4. RELATED PARTY DISCLOSURES (cont’d)

b) The details of transactions with related parties in the interim period from 1 January to 30 September 2023 and 2022 are as follows:

Transactions with related parties	1 January - 30 September 2023			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	921.593	8.713.292	316.795	51.372.074
Ülker Bisküvi San. A.Ş.	5.064.236	-	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	3.151.865	-	-	-
Şok Marketler Tic. A.Ş.	2.169.365	945.557	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	929.934	1.740.427	-	-
Bizim Toptan Satış Mağazaları A.Ş.	1.261.794	9.485	-	-
Önem Gıda San. ve Tic. A.Ş.	1.153.309	-	-	-
Kerevitaş Gıda Sanayi ve Ticaret A.Ş.	1.096.390	-	-	-
Sağlam İnş.Taah.Tic. A.Ş.	631.122	150.000	-	-
Other	2.303.007	216.865	-	-
	18.682.615	11.775.626	316.795	51.372.074

Transactions with related parties	1 January - 30 September 2022			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	678.900	3.246.903	300.770	33.422.385
Şok Marketler Tic. A.Ş.	2.129.372	441.142	-	-
Most Bilgi Sistemleri Ticaret A.Ş.	1.066.321	768.255	-	-
Bizim Toptan Satış Mağazaları A.Ş.	1.463.107	62.439	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	1.081.379	-	-	-
Sağlam İnş.Taah.Tic. A.Ş.	797.569	16.000	-	-
Ülker Bisküvi San. A.Ş.	741.287	625	-	-
Ülker Çikolata Sanayi A.Ş.	634.267	-	-	-
Makina Takım Endüstrisi A.Ş.	561.991	-	-	-
Biskot Bisküvi Gıda San.Tic. A.Ş.	455.384	-	-	-
Önem Gıda Sanayi Tic. A.Ş.	396.648	-	-	-
Other	2.291.603	547.917	-	-
	12.297.828	5.083.281	300.770	33.422.385

The companies in the list consist of Yıldız Holding and its related parties. Purchases from Yıldız Holding mainly consist of service purchases. Trade receivables from other companies arise from sales of commercial goods, trade payables from other companies arise from purchases of products and services.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

4. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel:

The key management personnel of the Group consists of board members, the general manager and the directors. The benefits provided to key management comprise benefits such as salary and premiums. The remuneration of top management during the period were as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Salaries and other current benefits	21.476.344	7.939.337
	<u>21.476.344</u>	<u>7.939.337</u>

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

The details of the Group's trade receivables are as follows:

	30 September 2023	31 December 2022
Short term trade receivables		
Trade receivables	4.130.890.495	2.374.383.805
Notes receivables	182.876.000	143.387.839
Due from related parties (Not 4)	4.247.522	6.614.972
Doubtful receivables	91.538.377	91.499.925
Provision for doubtful receivables (-)	(91.538.377)	(91.499.925)
	<u>4.318.014.017</u>	<u>2.524.386.616</u>

The average maturity of trade receivables is 41 days (December 31, 2022: 64 days)

Allowances for doubtful receivables are recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty. Movements of provision for doubtful trade receivables are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022
Movement of provision for doubtful receivables		
Balance at beginning of the year	91.499.925	94.792.782
Charge for the year (Note 13)	113.684	881.173
Collections (Note 13)	(154.085)	(1.812.833)
Translation difference	78.853	(2.276.817)
Closing balance	<u>91.538.377</u>	<u>91.584.305</u>

Explanations about the nature and level of risks related to trade receivables are provided in Note 17.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

5. TRADE RECEIVABLES AND PAYABLES (cont'd)**b) Trade Payables**

The details of the Group's trade payables are as follows:

	30 September 2023	31 December 2022
Short term trade payables		
Trade payables	3.026.568.047	1.921.264.704
Due to related parties (Note 4)	9.098.975	1.113.951
Expense accruals (*)	593.620.840	206.192.578
	<u>3.629.287.862</u>	<u>2.128.571.233</u>

(*) Mainly consist of cost accruals such as price protection and marketing support to be provided to the Group's customers within the framework of the operational activities and preferences of the Group's suppliers.

The average maturity of trade payables is 37 days (December 31, 2022: 54 days).

6. OTHER PAYABLES**Other Payables**

	30 September 2023	31 December 2022
Short Term Other Payables		
Non-trade payables to related parties (Note 4)	707.745.022	557.110.258
Other payables	3.384.828	275.126
	<u>711.129.850</u>	<u>557.385.384</u>

7. INVENTORIES

	30 September 2023	31 December 2022
Raw materials	15.762.026	5.905.484
Finished goods	2.336.902	960.831
Trade goods	2.375.866.075	1.045.969.607
Consignment goods	9.535.524	22.501.516
Other inventory	112.573	371.330
Allowance for impairment on inventory (-)	(56.346.642)	(47.369.694)
	<u>2.347.266.458</u>	<u>1.028.339.074</u>

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

7. INVENTORIES (cont’d)

	1 January - 30 September 2023	1 January - 30 September 2022
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(47.369.694)	(36.282.164)
Charge for the year / cancel of allowance, net	10.507.621	(4.768.633)
Translation gain / loss	(19.484.569)	(14.927.159)
Closing balance	<u>(56.346.642)</u>	<u>(55.977.956)</u>

8. PREPAID EXPENSES AND CONTRACT LIABILITIES

	30 September 2023	31 December 2022
<u>Short term prepaid expenses</u>		
Prepaid expenses	6.500.132	2.285.923
Advances paid for trade goods	363.535	-
	<u>6.863.667</u>	<u>2.285.923</u>

	30 September 2023	31 December 2022
<u>Short term deferred income</u>		
Short term deferred income (*)	3.881.934	25.459.792
Provision for revenue premiums (**)	37.071.857	6.981.627
	<u>40.953.791</u>	<u>32.441.419</u>

(*) Deferred income related to products which are not delivered yet as of the year end but invoiced in current period. All deferred income as at 31 December 2022 was recognized as revenue in 2023.

(**) Provision of revenue premiums consists of estimated after sales cost provisions that may given to the customers.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

9. COMMITMENTS

Collaterals-Pledge-Mortgage (“CPM”)

The Group’s collaterals/pledge/mortgage position as at 30 September 2023 and 31 December 2022 is as follows;

30 September 2023	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
-Collateral	1.072.106.129	38.505.443	10.696.543	250.000
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation				
-Collateral	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations				
-Collateral	-	-	-	-
D. Total amounts of other CPM given				
i. Total amount of CPM given on behalf of parent company				
-Collateral	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies that are not included group B and C				
-Collateral	1.330.250.518	35.329.310	363.050.597	-
iii. Total amount of CPM given on behalf of third parties that are not included group C				
-Collateral	-	-	-	-
Total	2.402.356.647	73.834.753	373.747.140	250.000

The ratio of other CPM’s that is given by the Group to equity is 59% as of 30 September 2023 (31 December 2022: 70%).

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

9. COMMITMENTS (cont'd)**Collaterals-Pledge-Mortgage ("CPM") (cont'd)**

31 December 2022	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
-Collateral	829.048.093	43.505.443	10.586.543	250.000
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation				
-Collateral	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations				
-Collateral	-	-	-	-
D. Total amounts of other CPM given				
i. Total amount of CPM given on behalf of parent company				
-Collateral	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies that are not included group B and C				
-Collateral	1.023.648.634	35.329.310	363.050.597	-
iii. Total amount of CPM given on behalf of third parties that are not included group C				
-Collateral	-	-	-	-
Total	1.852.696.727	78.834.753	373.637.140	250.000

With the syndication loan agreement signed with various Turkish banks in 2018, Yıldız Holding A.Ş. and its group companies' short term debts are combined under the roof of Yıldız Holding A.Ş. In this context, the loans that were previously payable to banks were consolidated in the "other long term payables to Yıldız Holding A.Ş." account on 8 June 2018, in accordance with this syndication loan agreement.

As of 8 June 2018, the Company's cash loans amounting to TL 399,7 million and non-cash bank loans amounting to TL 206,4 million transferred to Yıldız Holding A.Ş. There has been no increase in the Company's total debt amount due to syndicated loan. As of the date of loan used, the Company became the guarantor of Yıldız Holding A.Ş., limited to the total bank loan risk exposure.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

10. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS**a) Share Capital**

The share capital held is as follows:

Shareholders	%	30 September 2023	%	31 December 2022
Gözde Girişim Serm.Yatırım Ort. A.Ş.	32,21	126.753.831	32,21	126.753.831
Mustafa Ergün	10,17	40.003.210	10,19	40.105.174
İstanbul Portföy Yıldız Serbest Özel Fon	9,00	35.433.779	20,53	80.771.400
Mürsel Özçelik	7,11	27.960.870	7,17	28.202.870
Bülent Koray Aksoy	7,02	27.617.870	7,06	27.787.492
Sinan Güçlü	7,02	27.614.492	7,03	27.671.870
Other	27,47	108.131.948	15,81	62.223.363
Nominal Capital	100,00	393.516.000	100,00	393.516.000

As of September 30, 2023, the nominal capital of the Company is TL 393.516.000 (31 December 2022: TL 393.516.000) with a par value of TL 1 per share (31 December 2022: TL 1). 106.418.079 of the Company's shares consist of group A shares and 287.097.921 of them are group B shares. Group A shares are privileged shares; their only privilege is the privilege of nominating candidates for members of the Board of Directors. The issued capital of the company was increased by 800% from TL 43.724.000 to TL 393.516.000 through bonus issue from internal sources. The capital increase was approved by the Capital Markets Board on October 13, 2022 and the right was exercised on October 24, 2022. TL 342.000.000 from share premiums and TL 7.792.000 from retained earnings were used for the capital increase.

b) Restricted Reserves

	30 September 2023	31 December 2022
Legal Reserves	13.880.245	13.880.245
	<u>13.880.245</u>	<u>13.880.245</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, if the general legal reserve not exceed half of capital or the issued capital, only the closure of loss, to ease the work of the cross in front of or unemployment to continue the business when it goes well and the results used to take suitable measures.

c) Share Premiums

	30 September 2023	31 December 2022
Share Premiums	30.000.000	30.000.000
	<u>30.000.000</u>	<u>30.000.000</u>

The Company's shares are publicly traded on Borsa İstanbul as of 17 May 2021. The positive difference between the nominal value of the shares and the actual selling price are shown under share premiums.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

10. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)**d) Foreign Currency Translations**

Foreign currency translation differences are the conversion differences that arise when converting the condensed consolidated financial statements in US Dollars, which is the functional currency of the Group, to Turkish Lira, which is the reporting currency (Note 2).

e) Distributable Profit

Details of the Group’s net profit for the period as of the reporting date and other profits that may be subject to profit distribution are given below:

	30 September 2023	31 December 2022
Accumulated Gains	125.737.943	22.057.466
Net Profit for the Year	78.579.191	103.680.477
Total	204.317.134	125.737.943

11. REVENUE

a) Sales	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Domestic sales	12.655.865.458	5.163.454.664	6.751.400.333	2.448.610.389
Export sales	29.427.716	12.012.593	35.909.083	13.186.415
Sales returns (-)	(520.416.636)	(272.066.034)	(285.694.826)	(79.757.293)
Sales discounts (-)	(136.942.094)	(61.480.286)	(93.627.074)	(21.295.170)
	12.027.934.444	4.841.920.937	6.407.987.516	2.360.744.341

Sales Channels	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Retail	4.004.456.388	1.797.323.133	1.986.101.925	717.905.852
Value-Added Reseller	3.230.103.021	1.179.560.942	2.031.580.843	754.729.286
Dealer	1.209.737.089	464.057.199	964.732.807	339.200.061
Marketplace	2.224.808.720	940.045.133	709.107.866	257.048.504
Sub-distributor and other	1.358.829.226	460.934.530	716.464.075	291.860.638
	12.027.934.444	4.841.920.937	6.407.987.516	2.360.744.341

b) Cost of sales	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Cost of goods sold (-)	(23.862.750)	(7.261.772)	(17.911.157)	(4.170.689)
Cost of merchandises sold (-)	(11.120.039.123)	(4.476.027.215)	(5.902.226.843)	(2.169.278.129)
	(11.143.901.873)	(4.483.288.987)	(5.920.138.000)	(2.173.448.818)

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

12. GENERAL ADMINISTRATIVE EXPENSES AND SALES AND MARKETING EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
General administrative expenses (-)	(106.731.457)	(43.127.063)	(51.684.819)	(20.863.091)
Marketing, selling and distribution expenses (-)	(186.005.912)	(74.934.556)	(89.344.624)	(33.467.722)
	<u>(292.737.369)</u>	<u>(118.061.619)</u>	<u>(141.029.443)</u>	<u>(54.330.813)</u>

a) General administrative expenses details	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Employee benefit expenses	(33.972.066)	(12.493.117)	(17.663.777)	(7.056.912)
Depreciation and amortization expenses	(24.124.372)	(6.364.503)	(13.161.236)	(4.978.739)
Consulting expenses	(10.527.081)	(3.681.316)	(4.244.696)	(1.845.634)
Insurance expenses	(9.789.425)	(3.748.759)	(6.061.557)	(2.176.668)
IT expenses	(8.115.537)	(3.124.247)	(3.830.519)	(1.563.546)
Meal expenses	(6.276.418)	(2.642.476)	(3.190.685)	(1.372.595)
Outsourcing expenses	(3.688.919)	(1.593.360)	(1.700.076)	(745.886)
Travel expenses	(489.854)	(205.984)	(270.579)	(169.550)
Other	(9.747.785)	(9.273.301)	(1.561.694)	(953.561)
	<u>(106.731.457)</u>	<u>(43.127.063)</u>	<u>(51.684.819)</u>	<u>(20.863.091)</u>

b) Marketing, selling and distribution expenses details	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Employee benefit expenses	(127.537.883)	(52.947.273)	(60.307.074)	(21.878.703)
Logistics expenses	(28.896.201)	(12.316.606)	(13.645.689)	(5.848.736)
Travel expenses	(3.454.650)	(1.334.929)	(895.682)	(437.470)
Technical service expenses	(3.116.140)	(1.631.047)	(2.097.239)	(627.773)
Meal expenses	(2.339.742)	(1.066.428)	(871.231)	(350.067)
Outsourcing expenses	(1.836.487)	(778.400)	(881.823)	(314.957)
Corporate communication expenses	(1.790.005)	(615.446)	(728.520)	(236.607)
Vehicle expenses	(1.595.873)	(718.466)	(1.075.592)	(438.447)
Other	(15.438.931)	(3.525.961)	(8.841.774)	(3.334.962)
	<u>(186.005.912)</u>	<u>(74.934.556)</u>	<u>(89.344.624)</u>	<u>(33.467.722)</u>

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

13. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Terminated provisions (Note 5)	154.085	41.672	1.812.833	(894.938)
Other (*)	19.551.961	3.020.788	4.175.767	3.018.376
	<u>19.706.046</u>	<u>3.062.460</u>	<u>5.988.600</u>	<u>2.123.438</u>

(*) Consists of refund income from customs procedures, insurance compensation income and other extraordinary income items.

The details of other expenses from operating activities are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Provision for doubtful receivables (Note 5)	(113.684)	(62.562)	(881.173)	(56.877)
Foreign exchange loss	(178.041.717)	(95.038.113)	(105.013.269)	(32.688.558)
Other	(1.918.220)	(909.928)	(3.577.551)	(2.699.055)
	<u>(180.073.621)</u>	<u>(96.010.603)</u>	<u>(109.471.993)</u>	<u>(35.444.490)</u>

14. EXPENSES BY NATURE

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Employee benefit expenses	(161.509.949)	(65.440.390)	(77.970.851)	(28.935.615)
Logistics expenses	(28.896.201)	(12.316.606)	(13.645.689)	(5.848.736)
Depreciation and amortization expenses	(24.124.372)	(6.364.503)	(13.161.236)	(4.978.739)
Consulting expenses	(10.527.081)	(3.681.316)	(4.244.696)	(1.845.634)
Insurance expenses	(9.789.425)	(3.748.759)	(6.061.557)	(2.176.668)
Meal expenses	(8.616.160)	(3.708.904)	(4.061.916)	(1.722.662)
IT expenses	(8.115.537)	(3.124.247)	(3.830.519)	(1.563.546)
Outsourcing expenses	(5.525.406)	(2.371.760)	(2.581.899)	(1.060.843)
Travel expenses	(3.944.504)	(1.540.913)	(1.166.261)	(607.020)
Technical service expenses	(3.116.140)	(1.631.047)	(2.097.239)	(627.773)
Corporate communication expenses	(1.790.005)	(615.446)	(728.520)	(236.607)
Vehicle expenses	(1.595.873)	(718.466)	(1.075.592)	(438.447)
Other	(25.186.716)	(12.799.262)	(10.403.468)	(4.288.523)
	<u>(292.737.369)</u>	<u>(118.061.619)</u>	<u>(141.029.443)</u>	<u>(54.330.813)</u>

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

15. FINANCE INCOME AND EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Finance income (*)	316.795	69.503	9.950.476	9.786.836
Total finance income	316.795	69.503	9.950.476	9.786.836
	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest expense on bank loans	(2.113.832)	(2.113.832)	(5.490.208)	(2.522.470)
Interest expense on payables to related parties	(36.474.451)	(16.128.616)	(32.780.873)	(12.390.222)
Commission expenses on credit cards	(33.954.397)	(15.423.641)	(13.184.909)	(6.440.297)
Total interest expenses	(72.542.680)	(33.666.089)	(51.455.990)	(21.352.989)
Foreign exchange loss	(19.800.757)	(10.559.797)	(11.686.483)	(3.632.070)
Early payment discounts	(37.462.871)	(14.690.525)	(24.786.258)	(9.508.551)
Letter of bank guarantee expenses	(22.815.663)	(9.150.245)	(18.778.789)	(7.503.451)
Other finance expenses	(6.658.006)	(2.688.580)	(7.080.556)	(2.194.501)
Total finance expenses	(159.279.977)	(70.755.236)	(113.788.076)	(44.191.562)

(*) Finance income consists of interest income from the intragroup transactions.

16. FINANCIAL INSTRUMENTS

Financial Liabilities

The details of financial liabilities shown at amortized value are as follows:

Financial Liabilities	30 September 2023	31 December 2022
Bank Loans	62.621.381	-
Short-term other payables to related parties (Note 4, 6)	707.745.022	557.110.258
	<u>770.366.403</u>	<u>557.110.258</u>

Details of bank loans:

Currency	Interest Rate	30 September 2023	
		Current	Non- current
TRY	47%	62.621.381	-
		<u>62.621.381</u>	<u>-</u>

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

1) Capital risk management

	30 September 2023	31 December 2022
Payables to related parties	707.745.022	557.110.258
Lease liabilities	38.574.701	24.490.341
Less: Cash and cash equivalents, financial assets and receivables from related parties	145.470.421	656.356.907
Net financial debt	663.470.683	(74.756.308)
Equity	2.244.629.291	1.466.638.913
Total capital	2.908.099.974	1.391.882.605
Gearing ratio	22,81%	-5,37%

2) Credit risk management

Explanations on the credit quality of financial assets

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

The methodology of the Group for credit quality rating is as follows:

Category	Description	Expected Credit Loss Calculation Method
None ODR	There are no overdue receivables.	Credit losses are not incurred.
ODR < 90	The overdue period is less than 90 days.	Credit losses are not incurred.
ODR >=90 & <180	The overdue period is over 90 days and less than 180 days.	25% of the total credit amount is incurred as loss.
ODR >=180 & <270	The overdue period is over 180 days and less than 270 days.	50% of the total credit amount is incurred as loss.
ODR >=270+	The overdue period is 270 days or more.	100% of the total credit amount is incurred as loss.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments of the Group that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Group's maximum exposure to credit risk is the same as the amounts recognized in the financial statements.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Financial Risk Factors (cont’d)

2) Credit risk management (cont’d)

Explanations on the credit quality of financial assets (cont’d)

30 September 2023	Trade Receivables	Total
Past due 1-30 days	263.364.812	263.364.812
Past due 1-3 months	158.941.509	158.941.509
Past due 3-12 months	1.424.930	1.424.930
Total past due trade receivables	423.731.251	423.731.251
Non-overdue	3.894.282.766	3.894.282.766
Total trade receivables	4.318.014.017	4.318.014.017
The part under guarantee with collateral and insurance	2.217.343.786	2.217.343.786

31 December 2022	Trade Receivables	Total
Past due 1-30 days	166.898.875	166.898.875
Past due 1-3 months	65.174.869	65.174.869
Past due 3-12 months	3.341.330	3.341.330
Total past due trade receivables	235.415.074	235.415.074
Non-overdue	2.288.971.542	2.288.971.542
Total trade receivables	2.524.386.616	2.524.386.616
The part under guarantee with collateral and insurance	1.222.083.267	1.222.083.267

The Company has a credit insurance policy with Atradius Collections B.V. (“Atradius”) for its domestic trade receivables. The details of this insurance policy are as follows:

- The policy is valid between 1 January 2023 – 31 December 2023, and has been issued for 1 year.
- The currency of the claims subject to the policy is determined as USD.
- The collateral rate has been determined as 90% for trade receivables for which credit limit has been requested.
- As of September 30, 2023, TL 2.158.757.250 of the total short-term receivables amounting to TL 4.318.014.017 has been covered by insurance (December 31, 2022: TL 1.185.573.115 of the total short-term receivables amounting to TL 2.524.386.616).

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Financial Risk Factors (cont’d)

3) Market risk management

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Market risk exposures are supplemented by sensitivity analysis. During the current period, any change to either exposed risks or management and measurement methods of these risks, was not happened compared to the previous year.

3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk. The Group is exposed to foreign currency risk due to the translation of its foreign currency denominated assets and liabilities into its functional currency, US Dollar. The Group primarily focus on managing this risk naturally by having balances foreign currency based assets and liabilities. The Group Management ensures to take precautions where necessary by analysing the Group’s foreign currency position. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to TL and Euro.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

3) Market Risk Management (cont'd)

3.1) Foreign currency risk management (cont'd)

The Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting date are as follows:

	30 September 2023		
	Total TL Equivalent	TL	Euro
1. Trade receivables	674.929.550	539.662.255	4.659.489
2.a Monetary financial assets	94.099.238	74.268.039	683.116
2.b Non monetary financial assests	-	-	-
3. Other	7.768.037	7.658.186	3.784
4. CURRENT ASSETS	776.796.825	621.588.480	5.346.389
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	776.796.825	621.588.480	5.346.389
10. Trade payables	173.565.725	39.870.315	4.605.343
11. Financial liabilities	60.205.326	60.166.599	1.334
12.a Other monetary liabilities	25.510.388	25.510.388	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	259.281.439	125.547.302	4.606.677
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	259.281.439	125.547.302	4.606.677
19. Net assets / liability possition of off-balance sheet derivatives (19a-19b)	(112.518.237)	(112.518.237)	-
19.a Off-balance sheet foreign currency derivative assets	(112.518.237)	(112.518.237)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	404.997.150	383.522.941	739.712
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	517.515.387	496.041.178	739.712
22. Fair value of foreign currency hedged financial assets	(8.985.115)	(8.985.115)	-
23. Hedged amount of the assets with foreign currency	-	-	-

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

3) Market Risk Management (cont'd)

3.1) Foreign currency risk management (cont'd)

	31 December 2022		
	Total TL Equivalent	TL	Euro
1. Trade receivables	317.792.081	253.040.795	3.248.137
2.a Monetary financial assets	251.456.356	237.155.956	717.355
2.b Non monetary financial assests	-	-	-
3. Other	2.376.183	2.343.749	1.627
4. CURRENT ASSETS	571.624.620	492.540.500	3.967.119
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	571.624.620	492.540.500	3.967.119
10. Trade payables	125.124.644	34.963.597	4.522.774
11. Financial liabilities	96.983	-	4.865
12.a Other monetary liabilities	94.935.064	94.935.064	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	220.156.691	129.898.661	4.527.639
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	220.156.691	129.898.661	4.527.639
19. Net assets / liability possition of			
off-balance sheet derivatives (19a-19b)	(100.035.905)	(100.035.905)	-
19.a Off-balance sheet foreign currency derivative assets	(100.035.905)	(100.035.905)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
Net foreign currency asset liability position	251.432.024	262.605.934	(560.520)
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	351.467.929	362.641.839	(560.520)
22. Fair value of foreign currency hedged financial assets	(1.385.862)	(1.385.862)	-
23. Hedged amount of the assets with foreign currency	-	-	-

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

a) Financial Risk Factors (cont'd)

3) Market Risk Management (cont'd)

3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to TL and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in TL and Euro against USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	30 September 2023	
	Profit / Loss	
	Valuation of foreign currency	Devaluation of foreign currency
In the case of TL gaining 10% value against USD		
1 - TL net asset / liability	49.604.118	(49.604.118)
2 - Portion hedged against TL risk (-)	(11.251.824)	11.251.824
3 - TL net effect (1 +2)	38.352.294	(38.352.294)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	2.147.421	(2.147.421)
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	2.147.421	(2.147.421)
TOTAL (3 + 6)	40.499.715	(40.499.715)

**PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş.
AND ITS SUBSIDIARY**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (TL))

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

3) Market Risk Management (cont'd)

3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

	31 December 2022	
	Profit / Loss	
	Valuation of foreign currency	Devaluation of foreign currency
In the case of TL gaining 10% value against USD		
1 - TL net asset / liability	36.264.184	(36.264.184)
2 - Portion hedged against TL risk (-)	(10.003.591)	10.003.591
3 - TL net effect (1 +2)	26.260.593	(26.260.593)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	(1.117.391)	1.117.391
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(1.117.391)	1.117.391
TOTAL (3 + 6)	25.143.202	(25.143.202)

18. EARNINGS PER SHARE

	1 January - 30 September	1 January - 30 September 2022
Net profit for the year from continuing operations	78.579.191	26.357.576
Average number of shares outstanding during the period	393.516.000	393.516.000
Profit from per share from continuing operations	0,20	0,07

Diluted earnings per share is equal to earnings per share from continuing operations.

19. EVENTS AFTER THE REPORTING PERIOD

None.

PENTA TEKNOLOJİ ÜRÜNLERİ DAĞITIM TİCARET A.Ş. AND ITS SUBSIDIARIES

SUPPLEMENTARY UNAUDITED INFORMATION

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

APPENDIX I – SUPPLEMENTARY UNAUDITED INFORMATION

The supporting information not required by TFRS is considered important for the Group's financial performance by the Group Management and the calculation of earnings before interest, tax, depreciation and amortization “EBITDA” is presented below. The Group calculates the “EBITDA” amount by subtracting income from investing activities and other income from operating activities from profit for the period in the condensed consolidated statements of profit and loss and adding tax expense from continuing operations, finance expenses, expenses from investing activities, other expenses from operating activities and depreciation and amortization expenses.

		(Turkish Lira)	(Turkish Lira)	(US Dollar*)	(US Dollar*)
		1 January -	1 January -	1 January -	1 January -
Notes	30 September 2023	30 September 2022	30 September 2023	31 December 2022	
PROFIT FOR THE YEAR		78.579.191	26.357.576	3.553.477	1.662.235
(+) Tax Expense From Continuing Operations		244.473.279	118.680.423	11.055.486	7.484.560
(+) Finance Expenses	15	159.279.977	113.788.076	7.202.904	7.176.025
(-) Finance Income	15	(316.795)	(9.950.476)	(14.326)	(627.525)
(-) Income From Investing Activities		(51.088.025)	(5.538.919)	(2.310.285)	(349.311)
(+) Other Expenses From Operating Activities	13	180.073.621	109.471.993	8.143.227	6.903.832
(-) Other Income From Operating Activities	13	(19.706.046)	(5.988.600)	(891.136)	(377.669)
(+) Depreciation and Amortisation Expenses	14	24.124.372	13.161.236	1.090.944	830.011
EBITDA		615.419.574	359.981.309	27.830.291	22.702.158

(*) Refers to the amounts in US Dollars, which is the functional currency of the Group. Presentation currency is Turkish Lira. For the conversion of US Dollar and Turkish Lira, see Note 2.