

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 –
MARCH 31, 2024

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

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

		(Condensed Unaudited) (Turkish Lira) Current Period 31 March 2024	(Audited) (Turkish Lira) Prior Period 31 December 2023	(US Dollar*) Current Period 31 March 2024	(US Dollar*) Prior Period 31 December 2023
	Notes				
ASSETS					
Current Assets		7.962.077.625	7.815.174.941	246.615.424	265.477.337
Cash and Cash Equivalents	3	422.637.776	517.642.604	13.090.678	17.584.044
Financial Assets (Restricted Bank Deposits)	3	999.990	554.910	30.973	18.850
Trade Receivables	4-5	5.033.556.017	5.207.622.967	155.908.120	176.900.183
- Trade receivables from related parties	4	2.876.306	4.132.652	89.090	140.384
- Trade receivables from third parties	5	5.030.679.711	5.203.490.315	155.819.030	176.759.799
Other Receivables		9.775.244	9.845.929	302.776	334.461
- Other receivables from third parties		9.775.244	9.845.929	302.776	334.461
Inventories	7	2.429.981.876	2.072.517.724	75.265.658	70.402.325
Prepaid Expenses	8	13.207.796	6.117.052	409.095	207.793
Other Current Assets		51.918.926	873.755	1.608.124	29.681
Non-Current Assets		269.570.370	247.339.286	8.349.606	8.401.984
Investment Properties		3.819.266	3.482.451	118.297	118.297
Property, Plant and Equipment		57.996.557	54.123.868	1.796.371	1.838.559
Right of Use Assets		51.186.112	53.191.118	1.585.426	1.806.874
Intangible Assets		70.471.700	64.632.981	2.182.773	2.195.548
- Goodwill		62.491.362	56.980.344	1.935.592	1.935.592
- Other intangible assets		7.980.338	7.652.637	247.181	259.956
Deferred Tax Assets		86.096.735	71.908.868	2.666.739	2.442.706
TOTAL ASSETS		8.231.647.995	8.062.514.227	254.965.030	273.879.321

(*) 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 31 MARCH 2024

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

		(Condensed Unaudited) (Turkish Lira) Current Period 31 March 2024	(Audited) (Turkish Lira) Prior Period 31 December 2023	(US Dollar*) Current Period 31 March 2024	(US Dollar*) Prior Period 31 December 2023
	Notes				
LIABILITIES					
Current Liabilities		5.274.324.874	5.428.899.406	163.365.635	184.416.826
Short-Term Borrowings		254.272.126	150.487.901	7.875.762	5.111.994
- Bank loans	16	234.851.102	127.364.048	7.274.220	4.326.489
- Lease liabilities		19.421.024	23.123.853	601.542	785.505
Trade Payables	4-5	3.901.998.745	4.070.784.703	120.859.545	138.282.392
- Trade payables to related parties	4	3.970.394	288.583	122.978	9.803
- Trade payables to third parties	5	3.898.028.351	4.070.496.120	120.736.567	138.272.589
Payables Regarding Employee Benefits		28.202.459	16.258.835	873.536	552.304
Other Payables	4-6	783.232.052	748.769.331	24.259.636	25.435.296
- Other payables to related parties	4	771.476.841	748.539.065	23.895.533	25.427.474
- Other payables to third parties	6	11.755.211	230.266	364.103	7.822
Derivative Financial Instruments		4.444.214	4.110.397	137.654	139.628
Deferred Income	8	41.344.620	188.914.673	1.280.598	6.417.331
Liabilities		33.160.109	147.554.297	1.027.093	5.012.341
Current Provisions		26.841.381	17.763.078	831.378	603.402
- Current provisions for employee benefits		26.841.381	17.763.078	831.378	603.402
Other Current Liabilities		200.829.168	84.256.191	6.220.433	2.862.138
Non-Current Liabilities		101.452.317	89.486.888	3.142.359	3.039.826
Long-Term Borrowings		23.497.702	25.665.224	727.812	871.834
- Lease liabilities		23.497.702	25.665.224	727.812	871.834
Non-Current Provisions		77.954.615	63.821.664	2.414.547	2.167.992
- Non-current provisions for employee benefits		56.004.224	50.280.092	1.734.661	1.707.992
- Other non-current provisions		21.950.391	13.541.572	679.886	460.000
EQUITY		2.855.870.804	2.544.127.933	88.457.036	86.422.669
Equity attributable to owners of the Company		2.855.870.804	2.544.127.933	88.457.036	86.422.669
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)		2.034.205.521	1.785.251.353	(1.050.580)	(1.050.580)
- Accumulated losses on remeasurements of defined benefit plans		(15.852.471)	(15.852.471)	(1.050.580)	(1.050.580)
- Currency translation differences	10	2.050.057.992	1.801.103.824	-	-
Restricted Reserves Appropriated from Profit	10	13.880.245	13.880.245	3.629.318	3.629.318
Accumulated Gains		321.480.335	125.737.943	15.425.215	7.181.282
Net Profit for the Year		62.788.703	195.742.392	2.034.367	8.243.933
TOTAL LIABILITIES AND EQUITY		8.231.647.995	8.062.514.227	254.965.030	273.879.321

(*) 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 31 MARCH 2024

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

		(Condensed Unaudited) (Turkish Lira) Current Period 1 January - 31 March 2024	(Condensed Unaudited) (Turkish Lira) Prior Period 1 January - 31 March 2023	(US Dollar*) Current Period 1 January - 31 March 2024	(US Dollar*) Prior Period 1 January - 31 March 2023
	Notes				
Revenue	11	6.031.056.309	3.563.714.137	195.407.475	189.029.377
Cost of Sales (-)	11	(5.596.188.042)	(3.308.985.861)	(181.317.653)	(175.517.876)
GROSS PROFIT		434.868.267	254.728.276	14.089.822	13.511.501
General Administrative Expenses (-)	12	(62.203.275)	(30.548.990)	(2.015.399)	(1.620.404)
Marketing, Sales and Distribution Expenses (-)	12	(124.802.072)	(57.890.986)	(4.043.613)	(3.070.700)
Other Income From Operating Activities	13	1.300.146	5.124.560	42.125	271.820
Other Expenses From Operating Activities (-)	13	(72.038.767)	(15.705.694)	(2.334.071)	(833.074)
OPERATING PROFIT		177.124.299	155.707.166	5.738.864	8.259.143
Income From Investing Activities		17.013.008	7.258.195	551.225	384.995
OPERATING PROFIT BEFORE FINANCE EXPENSE		194.137.307	162.965.361	6.290.089	8.644.138
Finance Income	15	74.074	91.228	2.400	4.839
Finance Expenses (-)	15	(109.973.031)	(41.108.068)	(3.563.149)	(2.180.487)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		84.238.350	121.948.521	2.729.340	6.468.490
Tax Expense From Continuing Operations (-)		(21.449.647)	(39.639.687)	(694.973)	(2.102.599)
<i>Current tax expense (-)</i>		(28.364.201)	(32.718.955)	(919.006)	(1.735.505)
<i>Deferred tax income / (expense)</i>		6.914.554	(6.920.732)	224.033	(367.094)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		62.788.703	82.308.834	2.034.367	4.365.891
PROFIT FOR THE YEAR		62.788.703	82.308.834	2.034.367	4.365.891
Attributable to:					
Owners of the Company/Parent		62.788.703	82.308.834	2.034.367	4.365.891
		62.788.703	82.308.834	2.034.367	4.365.891
Earnings Per Share	18	0,16	0,21	0,01	0,01
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss		248.954.168	36.396.749	-	-
Currency translation differences		248.954.168	36.396.749	-	-
OTHER COMPREHENSIVE INCOME		248.954.168	36.396.749	-	-
TOTAL COMPREHENSIVE INCOME		311.742.871	118.705.583	2.034.367	4.365.891
Profit attributable to:					
Owners of the Company/Parent		311.742.871	118.705.583	2.034.367	4.365.891
		311.742.871	118.705.583	2.034.367	4.365.891

(*) 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 CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(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 2023 (Beginning of the Period)		393.516.000	30.000.000	(8.249.119)	911.753.844	13.880.245	22.057.466	103.680.477	1.466.638.913
Transfers		-	-	-	-	-	103.680.477	(103.680.477)	-
<i>Net income</i>		-	-	-	-	-	-	82.308.834	82.308.834
<i>Other comprehensive income</i>		-	-	-	36.396.749	-	-	-	36.396.749
Total comprehensive income		-	-	-	36.396.749	-	-	82.308.834	118.705.583
Balances as of 31 March 2023 (End of the Period)	10	393.516.000	30.000.000	(8.249.119)	948.150.593	13.880.245	125.737.943	82.308.834	1.585.344.496
Balances as of 1 January 2024 (Beginning of the Period)		393.516.000	30.000.000	(15.852.471)	1.801.103.824	13.880.245	125.737.943	195.742.392	2.544.127.933
Transfers		-	-	-	-	-	195.742.392	(195.742.392)	-
<i>Net income</i>		-	-	-	-	-	-	62.788.703	62.788.703
<i>Other comprehensive income</i>		-	-	-	248.954.168	-	-	-	248.954.168
Total comprehensive income		-	-	-	248.954.168	-	-	62.788.703	311.742.871
Balances as of 31 March 2024 (End of the Period)	10	393.516.000	30.000.000	(15.852.471)	2.050.057.992	13.880.245	321.480.335	62.788.703	2.855.870.804

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 31 MARCH 2024**

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

	Notes	(Condensed Unaudited) Current Period 1 January - 31 March 2024	(Condensed Unaudited) Prior Period 1 January - 31 March 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		62.788.703	82.308.834
Adjustments for:			
Depreciation and amortisation expenses		10.288.176	2.981.611
Provisions for employee termination benefits		4.445.258	2.510.276
Allowance for doubtful receivables	5	1.072.925	23.528
Unused vacation provision		4.377.349	3.120.819
Bonus provision		13.728.122	7.090.708
Allowance for inventories	7	93.950	(294.649)
Income tax expense		21.449.647	39.639.687
Interest income		(17.013.008)	(7.258.195)
Interest and commissions expense	15	97.753.510	39.335.405
Derivative expense		333.817	417.500
Net foreign exchange loss		2.499.986	48.097.413
ed before movement in working capital		201.818.435	217.972.937
Changes in trade receivables		638.363.137	(198.230.673)
Changes in inventories		(150.195.860)	(196.814.666)
Changes in other receivables and other assets		(53.952.124)	(4.645.550)
Changes in trade payables		(537.738.750)	367.449.737
Changes in other payables		(27.192.388)	(61.107.294)
Net cash generated from operations		71.102.450	124.624.491
Income taxes paid		(148.130.688)	(47.777.587)
Collections from doubtful receivables	5	29.660	93.773
Employee termination and unused vacation benefits paid		(2.419.771)	(3.879.151)
Bonus paid		(9.967.220)	(9.612.596)
Net cash (used in) / generated from operating activities		(89.385.569)	63.448.930

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 31 MARCH 2024**

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

		(Condensed Unaudited) Current Period 1 January - 31 March 2024	(Condensed Unaudited) Prior Period 1 January - 31 March 2023
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES		14.881.818	5.677.736
Interest received		17.013.008	7.258.195
Purchases of tangible and intangible assets		(1.757.026)	(1.580.459)
Cash out-flows from purchase of financial assets		(374.164)	-
CASH FLOWS FROM FINANCING ACTIVITIES		(64.179.497)	(43.705.498)
Interest and commissions paid		(97.401.198)	(38.947.077)
Changes in other payables to related parties		(47.281.827)	-
Proceeds from borrowings		224.511.526	-
Repayment of borrowings		(133.532.756)	-
Payments due to lease contracts		(10.475.242)	(4.758.421)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION EFFECTS		(138.683.248)	25.421.168
THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS		43.678.420	15.663.175
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(95.004.828)	41.084.343
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	517.642.604	637.658.607
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	422.637.776	678.742.950

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 31 MARCH 2024

(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 Istanbul, 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 / Istanbul.

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, HP, Exper, Huawei, IBM, Intel, Lenovo, Lexar, 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 38,87% as of March 31, 2024.

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 355 as of March 31, 2024 (December 31, 2023: 358).

Approval of Condensed Consolidated Financial Statements:

The condensed consolidated financial statements have been approved by Board of Directors and authorized on the date of May 6, 2024 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 31 MARCH 2024

(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 31 March 2024, in accordance with TMS 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 (“TMS/TFRS”), 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 TFRS 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. As the Group uses US Dollar as its functional currency, TMS 29 (Financial Reporting in Hyperinflationary Economies) has not been applied in the preparation of the financial statements. Explanations regarding the functional currency are given in Note 2.2.

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, 2023.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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 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.

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:

	31 March 2024	31 December 2023	31 March 2023	31 December 2022
USD / TRY – as of reporting date	32,2854	29,4382	19,1532	18,6983
USD / TRY – average for the period	30,8640	23,7438	18,8527	16,5638

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 31 MARCH 2024

(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 (%)	
			31 March 2024	31 December 2023
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.

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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 (IFRSs)

The accounting policies adopted in preparation of the condensed consolidated financial statements as at March 31, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRS interpretations effective as of January 1, 2024 and thereafter.

a. Standards, amendments, and interpretations applicable as of 31 March 2024:

- **Amendment to IFRS 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 IFRS 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.
- **Amendment to IAS 37 – 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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendments to IAS 37 and IFRS 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.
- **TSRS 1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. 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 the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

b. Standards, amendments, and interpretations that are issued but not effective as of 31 March 2024:

- **Amendments to IAS 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.

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

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(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

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.

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 31 MARCH 2024

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

3. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 March 2024	31 December 2023
Cash on banks	415.310.152	498.979.021
<i>Demand deposits</i>	310.810.152	361.087.510
<i>Time deposits</i>	104.500.000	137.891.511
Credit card receivables	7.327.624	18.663.583
	<u>422.637.776</u>	<u>517.642.604</u>

The average maturity of credit card receivables is 1 day as of 31 March 2024 (31 December 2023: 1 day).

The Group subtracts the blocked deposits held in banks (March 31, 2024: TL 999.990, December 31, 2023: TL 554.910) 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	31 March 2024
TRY	April 1, 2024	35%-46%	104.500.000
			<u>104.500.000</u>

Currency Type	Maturity	Interest Rate	31 December 2023
TRY	January 2, 2024	32%-42,5%	137.891.511
			<u>137.891.511</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 (2023: 6,80%).

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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 31 March 2024 and 31 December 2023 is as follows:

Balances with Related Parties	31 March 2024			
	Receivables		Payables	
	Current		Current	
	Trade	Non-Trade	Trade	Non-Trade
Yıldız Holding A.Ş. (*)	-	-	2.705.807	771.476.841
Ülker Bisküvi San. A.Ş.	1.218.806	-	-	-
Kereviş Gıda San. Ve Tic. A.Ş.	728.294	-	-	-
Şok Marketler Tic. A.Ş.	-	-	583.107	-
İzsal Gayrimenkul Geliştirme A.Ş.	86.267	-	321.304	-
Önem Gıda San. ve Tic. A.Ş.	212.083	-	-	-
Polinas Plastik San. ve Tic. A.Ş.	185.738	-	-	-
Horizon Hızlı Tüketim Ürünleri Üretim Paz. Satış ve Tic. A.Ş.	178.248	-	-	-
Other	266.870	-	360.176	-
	<u>2.876.306</u>	<u>-</u>	<u>3.970.394</u>	<u>771.476.841</u>
Balances with Related Parties	31 December 2023			
	Receivables		Payables	
	Current		Current	
	Trade	Non-Trade	Trade	Non-Trade
Yıldız Holding A.Ş. (*)	-	-	-	748.539.065
Ülker Bisküvi San. A.Ş.	1.129.632	-	-	-
Kereviş Gıda San. Ve Tic. A.Ş.	736.603	-	-	-
Horizon Hızlı Tüketim Ürünleri Üretim Paz. Satış ve Tic. A.Ş.	386.288	-	-	-
Marsa Yağ San. ve Tic. A.Ş.	313.340	-	-	-
Önem Gıda San. ve Tic. A.Ş.	290.702	-	-	-
Continental Confectionery Company Gıda San. ve Tic. A.Ş.	225.143	-	-	-
Şok Marketler Tic. A.Ş.	222.082	-	-	-
Donuk Fırıncılık Ürünleri Sanayi ve Tic. A.Ş.	163.441	-	-	-
Polinas Plastik San. ve Tic. A.Ş.	155.816	-	-	-
Diğer	509.605	-	288.583	-
	<u>4.132.652</u>	<u>-</u>	<u>288.583</u>	<u>748.539.065</u>

(*) As of 31 March 2024 and 31 December 2023, non-trade payables to Yıldız Holding consist of financial debt.

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4. RELATED PARTY DISCLOSURES (cont’d)

b) The details of transactions with related parties in the interim period from 1 January to 31 March 2024 and 2023 are as follows:

Transactions with related parties	1 January - 31 March 2024			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	560.336	5.806.723	74.074	85.774
Ülker Bisküvi San. A.Ş.	1.531.365	1.629	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	508.574	958.124	-	-
Şok Marketler Tic. A.Ş.	410.867	857.056	-	-
Önem Gıda San. ve Tic. A.Ş.	430.597	-	-	-
Bizim Toptan Satış Mağazaları A.Ş.	366.902	62.647	-	-
Polinas Plastik San. ve Tic. A.Ş.	175.008	-	-	-
Horizon Hızlı Tüketim Ürünleri Üretim Paz. Satış ve Tic. A.Ş.	167.989	-	-	-
Kerevitaş Gıda Sanayi ve Ticaret A.Ş.	44.554	-	-	-
Sağlam İnş. Taah. Tic. A.Ş.	34.480	3.199	-	-
Azmüsebat Çelik San. ve Tic. A.Ş.	4.635	-	-	-
Other	315.705	362.176	-	-
	<u>4.551.013</u>	<u>8.051.553</u>	<u>74.074</u>	<u>85.774</u>

Transactions with related parties	1 January - 31 March 2023			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	312.691	1.933.049	80.152	14.803.477
Şok Marketler Tic. A.Ş.	794.129	361.671	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	363.343	448.819	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	641.933	-	-	-
Ülker Bisküvi San. A.Ş.	430.377	-	-	-
Bizim Toptan Satış Mağazaları A.Ş.	347.958	1.539	-	-
Biskot Bisküvi Gıda San. Tic. A.Ş.	321.104	-	-	-
Ülker Çikolata Sanayi A.Ş.	270.700	-	-	-
Horizon Hızlı Tüketim Ürünleri Üretim Paz. Satış ve Tic. A.Ş.	221.585	-	-	-
Sağlam İnş. Taah. Tic. A.Ş.	213.435	-	-	-
Azmüsebat Çelik San. ve Tic. A.Ş.	163.954	-	-	-
Other	514.137	155.586	-	-
	<u>4.595.346</u>	<u>2.900.664</u>	<u>80.152</u>	<u>14.803.477</u>

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.

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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 - 31 March 2024	1 January - 31 March 2023
Salaries and other current benefits	25.561.743	12.963.729
	<u>25.561.743</u>	<u>12.963.729</u>

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	31 March 2024	31 December 2023
<u>Short term trade receivables</u>		
Trade receivables	4.813.985.530	5.032.607.834
Notes receivables	153.187.475	170.882.481
Due from related parties (Note 4)	2.876.306	4.132.652
Revenue accruals	63.506.706	-
Doubtful receivables	92.935.881	91.788.661
Provision for doubtful receivables (-)	(92.935.881)	(91.788.661)
	<u>5.033.556.017</u>	<u>5.207.622.967</u>

The average maturity of trade receivables is 65 days (December 31, 2023: 62 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 - 31 March 2024	1 January - 31 March 2023
<u>Movement of provision for doubtful receivables</u>		
Balance at beginning of the year	91.788.661	91.499.925
Charge for the year (Note 13)	1.072.925	23.528
Collections (Note 13)	(29.660)	(93.773)
Translation difference	103.955	(6.075)
Closing balance	<u>92.935.881</u>	<u>91.423.605</u>

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

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5. TRADE RECEIVABLES AND PAYABLES (cont’d)

b) Trade Payables

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

	31 March 2024	31 December 2023
Short term trade payables		
Trade payables	3.539.237.837	3.606.170.256
Due to related parties (Note 4)	3.970.394	288.583
Expense accruals (*)	358.790.514	464.325.864
	<u>3.901.998.745</u>	<u>4.070.784.703</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 54 days (December 31, 2023: 54 days).

6. OTHER PAYABLES

Other Payables

	31 March 2024	31 December 2023
Short Term Other Payables		
Non-trade payables to related parties (Note 4)	771.476.841	748.539.065
Other payables	11.755.211	230.266
	<u>783.232.052</u>	<u>748.769.331</u>

7. INVENTORIES

	31 March 2024	31 December 2023
Raw materials	102.245.344	52.257.162
Finished goods	1.370.096	9.664.885
Trade goods	2.362.323.525	2.045.198.367
Consignment goods	17.618.950	14.305.376
Other inventory	181.896	19.429
Allowance for impairment on inventory (-)	(53.757.935)	(48.927.495)
	<u>2.429.981.876</u>	<u>2.072.517.724</u>

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7. INVENTORIES (cont'd)

	1 January - 31 March 2024	1 January - 31 March 2023
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(48.927.495)	(47.369.694)
Charge for the year / cancel of allowance, net	(93.950)	294.649
Translation differences	(4.736.490)	(1.129.605)
Closing balance	<u>(53.757.935)</u>	<u>(48.204.650)</u>

8. PREPAID EXPENSES AND CONTRACT LIABILITIES

	31 March 2024	31 December 2023
<u>Short term prepaid expenses</u>		
Prepaid expenses	12.431.203	5.572.121
Advances paid for trade goods	776.593	544.931
	<u>13.207.796</u>	<u>6.117.052</u>

	31 March 2024	31 December 2023
<u>Short term deferred income</u>		
Short term deferred income (*)	25.672.156	155.516.005
Provision for revenue premiums (**)	15.672.464	33.398.668
	<u>41.344.620</u>	<u>188.914.673</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 2023 was recognized as revenue in 2024.

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

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9. COMMITMENTS

Collaterals-Pledge-Mortgage (“CPM”)

The Group’s collaterals/pledge/mortgage position as at 31 March 2024 and 31 December 2023 is as follows;

31 March 2024	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
<i>-Collateral</i>	1.296.046.147	39.505.443	11.896.543	250.000
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation				
<i>-Collateral</i>	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations				
<i>-Collateral</i>	-	-	-	-
D. Total amounts of other CPM given				
i. Total amount of CPM given on behalf of parent company				
<i>-Collateral</i>	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies that are not included group B and C				
<i>-Collateral</i>	859.400.745	17.934.326	280.383.856	-
iii. Total amount of CPM given on behalf of third parties that are not included group C				
<i>-Collateral</i>	-	-	-	-
Total	<u>2.155.446.892</u>	<u>57.439.769</u>	<u>292.280.399</u>	<u>250.000</u>

The ratio of other CPM’s that is given by the Group to equity is 30% as of 31 March 2024 (31 December 2023: 55%).

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FOR THE PERIOD ENDED 31 MARCH 2024**

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9. COMMITMENTS (cont’d)

Collaterals-Pledge-Mortgage (“CPM”) (cont’d)

31 December 2023	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
<i>-Collateral</i>	1.153.570.950	38.505.443	11.896.543	250.000
B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation				
<i>-Collateral</i>	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations				
<i>-Collateral</i>	-	-	-	-
D. Total amounts of other CPM given				
i. Total amount of CPM given on behalf of parent company				
<i>-Collateral</i>	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies that are not included group B and C				
<i>-Collateral</i>	1.403.081.891	35.329.310	363.050.597	-
iii. Total amount of CPM given on behalf of third parties that are not included group C				
<i>-Collateral</i>	-	-	-	-
Total	<u>2.556.652.841</u>	<u>73.834.753</u>	<u>374.947.140</u>	<u>250.000</u>

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.

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(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	%	31 March	%	31 December
		2024		2023
Gözde Girişim Serm.Yatırım Ort. A.Ş.	32,21	126.753.831	32,21	126.753.831
Mustafa Ergün	9,82	38.652.256	9,87	38.823.906
Bülent Koray Aksoy	7,02	27.617.870	7,02	27.617.870
Mürsel Özçelik	7,02	27.611.870	7,11	27.960.870
Sinan Güçlü	6,97	27.414.492	7,00	27.529.492
Other	36,96	145.465.681	36,79	144.830.031
Nominal Capital	100,00	393.516.000	100,00	393.516.000

As of March 31, 2024, the nominal capital of the Company is TL 393.516.000 (31 December 2023: TL 393.516.000) with a par value of TL 1 per share (31 December 2023: 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.

b) Restricted Reserves

	31 March	31 December
	2024	2023
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

	31 March	31 December
	2024	2023
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.

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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:

	31 March 2024	31 December 2023
Accumulated Gains	321.480.335	125.737.943
Net Profit for the Year	62.788.703	195.742.392
Total	<u>384.269.038</u>	<u>321.480.335</u>

11. REVENUE

<u>a) Sales</u>	1 January - 31 March 2024	1 January - 31 March 2023
Domestic sales	6.390.940.240	3.688.028.557
Export sales	25.528.664	10.893.279
Sales returns (-)	(337.994.781)	(96.187.361)
Sales discounts (-)	(47.417.814)	(39.020.338)
	<u>6.031.056.309</u>	<u>3.563.714.137</u>

<u>Sales Channels</u>	1 January - 31 March 2024	1 January - 31 March 2023
Retail	1.943.729.597	1.040.502.231
Value-Added Reseller	1.500.187.960	1.065.277.978
Dealer	599.311.689	388.198.434
Marketplace	1.251.787.544	665.570.536
Sub-distributor and other	736.039.519	404.164.958
	<u>6.031.056.309</u>	<u>3.563.714.137</u>

<u>b) Cost of sales</u>	1 January - 31 March 2024	1 January - 31 March 2023
Cost of goods sold (-)	(49.612.275)	(6.704.020)
Cost of merchandises sold (-)	(5.546.575.767)	(3.302.281.841)
	<u>(5.596.188.042)</u>	<u>(3.308.985.861)</u>

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12. GENERAL ADMINISTRATIVE EXPENSES AND SALES AND MARKETING EXPENSES

	1 January - 31 March 2024	1 January - 31 March 2023
General administrative expenses (-)	(62.203.275)	(30.548.990)
Marketing, selling and distribution expenses (-)	(124.802.072)	(57.890.986)
	<u>(187.005.347)</u>	<u>(88.439.976)</u>
	1 January - 31 March 2024	1 January - 31 March 2023
a) General administrative expenses details		
Employee benefit expenses	(21.538.010)	(12.126.415)
Depreciation and amortization expenses	(10.288.175)	(2.981.611)
Consulting expenses	(6.879.339)	(2.705.268)
IT expenses	(6.482.520)	(2.444.385)
Insurance expenses	(4.583.088)	(2.705.004)
Meal expenses	(4.067.844)	(2.217.964)
Security expenses	(2.726.557)	(1.277.666)
Outsourcing expenses	(2.724.180)	(1.056.845)
Corporate communication expenses	(764.686)	(349.906)
Travel expenses	(349.535)	(110.194)
Taxes and other legal dues	(224.968)	(102.936)
Other	(1.574.373)	(2.470.796)
	<u>(62.203.275)</u>	<u>(30.548.990)</u>
	1 January - 31 March 2024	1 January - 31 March 2023
b) Marketing, selling and distribution expenses details		
Employee benefit expenses	(88.609.124)	(44.336.328)
Logistics expenses	(21.438.474)	(8.316.661)
Travel expenses	(1.687.644)	(547.501)
Meal expenses	(1.592.582)	(652.605)
Technical service expenses	(1.416.874)	(569.540)
Outsourcing expenses	(1.122.524)	(522.163)
Corporate communication expenses	(1.094.407)	(561.528)
Vehicle expenses	(929.222)	(448.657)
Other	(6.911.221)	(1.936.003)
	<u>(124.802.072)</u>	<u>(57.890.986)</u>

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13. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	1 January - 31 March 2024	1 January - 31 March 2023
Terminated provisions (Note 5)	29.660	93.773
Other (*)	1.270.486	5.030.787
	<u>1.300.146</u>	<u>5.124.560</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 - 31 March 2024	1 January - 31 March 2023
Foreign exchange loss	(68.824.220)	(14.967.758)
Provision for doubtful receivables (Note 5)	(1.072.925)	(23.528)
Other	(2.141.622)	(714.408)
	<u>(72.038.767)</u>	<u>(15.705.694)</u>

14. EXPENSES BY NATURE

	1 January - 31 March 2024	1 January - 31 March 2023
Employee benefit expenses	(110.147.134)	(56.462.743)
Logistics expenses	(21.438.474)	(8.316.661)
Depreciation and amortization expenses	(10.288.175)	(2.981.611)
Consulting expenses	(6.879.339)	(2.705.268)
IT expenses	(6.482.520)	(2.444.385)
Meal expenses	(5.660.426)	(2.870.569)
Insurance expenses	(4.583.088)	(2.705.004)
Outsourcing expenses	(3.846.704)	(1.579.008)
Security expenses	(2.726.557)	(1.277.666)
Travel expenses	(2.037.179)	(657.695)
Corporate communication expenses	(1.859.093)	(911.434)
Technical service expenses	(1.416.874)	(569.540)
Vehicle expenses	(929.222)	(448.657)
Taxes and other legal dues	(224.968)	(102.936)
Other	(8.485.594)	(4.406.799)
	<u>(187.005.347)</u>	<u>(88.439.976)</u>

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15. FINANCE INCOME AND EXPENSES

	1 January - 31 March 2024	1 January - 31 March 2023
Finance income (*)	74.074	91.228
Total finance income	<u>74.074</u>	<u>91.228</u>
	1 January - 31 March 2024	1 January - 31 March 2023
Interest expense on bank loans	(22.938.433)	-
Interest expense on payables to related parties	(17.335.753)	(10.186.246)
Commission expenses on credit cards	(19.070.032)	(8.143.725)
Total interest expenses	<u>(59.344.218)</u>	<u>(18.329.971)</u>
Foreign exchange loss	(12.145.447)	(1.681.435)
Early payment discounts	(24.467.992)	(11.815.779)
Letter of bank guarantee expenses	(9.891.449)	(6.498.658)
Other finance expenses	(4.123.925)	(2.782.225)
Total finance expenses	<u>(109.973.031)</u>	<u>(41.108.068)</u>

(*) 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	31 March 2024	31 December 2023
Bank Loans	234.851.102	127.364.048
Short-term other payables to related parties (Note 4, 6)	771.476.841	748.539.065
	<u>1.006.327.943</u>	<u>875.903.113</u>

Details of bank loans:

Currency	Interest Rate	31 March 2024	
		Current	Non- current
TRY	53,5%	234.851.102	-
		<u>234.851.102</u>	<u>-</u>
Currency	Interest Rate	31 December 2023	
		Current	Non- current
TRY	49,5%	127.364.048	-
		<u>127.364.048</u>	<u>-</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

1) Capital risk management

	31 March 2024	31 December 2023
Bank loans	234.851.102	127.364.048
Payables to related parties	771.476.841	748.539.065
Lease liabilities	42.918.726	48.789.077
Less: Cash and cash equivalents, financial assets and receivables from related parties	423.637.766	518.197.514
Net financial debt	625.608.903	406.494.676
Equity	2.855.870.804	2.544.127.933
Total capital	3.481.479.707	2.950.622.609
Gearing ratio	17,97%	13,78%

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.

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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)

31 March 2024	Trade Receivables	Total
Past due 1-30 days	624.012.502	624.012.502
Past due 1-3 months	23.183.661	23.183.661
Past due 3-12 months	11.512.877	11.512.877
Total past due trade receivables	<u>658.709.040</u>	<u>658.709.040</u>
Non-overdue	4.374.846.977	4.374.846.977
Total trade receivables	<u>5.033.556.017</u>	<u>5.033.556.017</u>
The part under guarantee with collateral and insurance	2.819.533.476	2.819.533.476
31 December 2023	Trade Receivables	Total
Past due 1-30 days	345.683.568	345.683.568
Past due 1-3 months	5.817.871	5.817.871
Past due 3-12 months	11.571.126	11.571.126
Total past due trade receivables	<u>363.072.565</u>	<u>363.072.565</u>
Non-overdue	4.844.550.402	4.844.550.402
Total trade receivables	<u>5.207.622.967</u>	<u>5.207.622.967</u>
The part under guarantee with collateral and insurance	2.855.391.062	2.855.391.062

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 2024 – 31 December 2024, 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 March 31, 2024, TL 2.736.305.321 of the total short-term receivables amounting to TL 5.033.556.017 has been covered by insurance (December 31, 2023: TL 2.732.363.411 of the total short-term receivables amounting to TL 5.207.622.967).

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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.

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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:

	31 March 2024		
	Total TL Equivalent	TL	Euro
1. Trade receivables	396.676.145	358.724.933	1.090.480
2.a Monetary financial assets	186.908.529	182.787.415	118.415
2.b Non monetary financial assests	-	-	-
3. Other	27.714.497	9.906.195	511.699
4. CURRENT ASSETS	611.299.171	551.418.543	1.720.594
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	611.299.171	551.418.543	1.720.594
10. Trade payables	118.505.646	74.973.572	1.250.839
11. Financial liabilities	220.181.114	220.179.130	57
12.a Other monetary liabilities	165.017.899	156.533.585	243.786
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	503.704.659	451.686.287	1.494.682
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	503.704.659	451.686.287	1.494.682
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	(64.570.800)	(64.570.800)	-
19.a Off-balance sheet foreign currency derivative assets	(64.570.800)	(64.570.800)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	43.023.713	35.161.456	225.912
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	107.594.512	99.732.256	225.912
22. Fair value of foreign currency hedged financial assets	(4.444.214)	(4.444.214)	-
23. Hedged amount of the assets with foreign currency	-	-	-

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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 2023		
	Total		
	TL Equivalent	TL	Euro
1. Trade receivables	556.953.656	488.867.853	2.090.195
2.a Monetary financial assets	251.263.805	236.666.300	448.135
2.b Non monetary financial assests	-	-	-
3. Other	9.895.269	9.796.016	3.047
4. CURRENT ASSETS	818.112.730	735.330.169	2.541.377
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	818.112.730	735.330.169	2.541.377
10. Trade payables	139.381.077	56.514.737	2.543.949
11. Financial liabilities	120.180.365	120.178.508	57
12.a Other monetary liabilities	250.903.254	250.903.254	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	510.464.696	427.596.499	2.544.006
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	510.464.696	427.596.499	2.544.006
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	(88.314.600)	(88.314.600)	-
19.a Off-balance sheet foreign currency derivative assets	(88.314.600)	(88.314.600)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	219.333.433	219.419.070	(2.629)
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	307.648.034	307.733.670	(2.629)
22. Fair value of foreign currency hedged financial assets	(4.110.397)	(4.110.397)	-
23. Hedged amount of the assets with foreign currency	-	-	-

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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.

	31 March 2024	
	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	9.973.226	(9.973.226)
2 - Portion hedged against TL risk (-)	(6.457.080)	6.457.080
3 - TL net effect (1 +2)	3.516.146	(3.516.146)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	786.226	(786.226)
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	786.226	(786.226)
TOTAL (3 + 6)	4.302.372	(4.302.372)

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

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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 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	30.773.367	(30.773.367)
2 - Portion hedged against TL risk (-)	(8.831.460)	8.831.460
3 - TL net effect (1 +2)	21.941.907	(21.941.907)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	(8.564)	8.564
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(8.564)	8.564
TOTAL (3 + 6)	21.933.343	(21.933.343)

18. EARNINGS PER SHARE

	1 January - 31 March 2024	1 January - 31 March 2023
Net profit for the year from continuing operations	62.788.703	82.308.834
Average number of shares outstanding during the period	393.516.000	393.516.000
Profit from per share from continuing operations	<u>0,16</u>	<u>0,21</u>

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	31 March 2024	31 March 2023	31 March 2024	31 March 2023
PROFIT FOR THE YEAR		62.788.703	82.308.834	2.034.367	4.365.891
(+) Tax Expense From Continuing Operations	23	21.449.647	39.639.687	694.973	2.102.599
(+) Finance Expenses	22	109.973.031	41.108.068	3.563.149	2.180.487
(-) Finance Income	22	(74.074)	(91.228)	(2.400)	(4.839)
(-) Income From Investing Activities	20	(17.013.008)	(7.258.195)	(551.225)	(384.995)
(+) Other Expenses From Operating Activities	19	72.038.767	15.705.694	2.334.071	833.074
(-) Other Income From Operating Activities	19	(1.300.146)	(5.124.560)	(42.125)	(271.820)
(+) Depreciation and Amortisation Expenses	21	10.288.175	2.981.611	333.339	158.153
EBITDA		258.151.095	169.269.911	8.364.149	8.978.550

(*) 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.