

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 2022

(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 30 SEPTEMBER 2022

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

		(Condensed Unaudited) (Turkish Lira) Current Period 30 September 2022	(Audited) (Turkish Lira) Prior Period 31 December 2021	(US Dollar*) Current Period 30 September 2022	(US Dollar*) Prior Period 31 December 2021
	Notes				
ASSETS					
Current Assets		3.557.917.830	2.550.272.108	192.125.680	191.332.591
Cash and Cash Equivalents	3	251.019.627	99.823.827	13.554.927	7.489.221
Financial Assets	3	18.518.700	13.329.000	1.000.000	1.000.000
Trade Receivables	4-5	2.204.495.937	1.469.214.818	119.041.614	110.226.935
- Trade receivables from related parties	4	6.613.306	4.875.842	357.115	365.807
- Trade receivables from third parties	5	2.197.882.631	1.464.338.976	118.684.499	109.861.128
Other Receivables		222.891	504.316	12.036	37.836
- Other receivables from third parties		222.891	504.316	12.036	37.836
Derivative Financial Instruments		-	4.706.363	-	353.092
Inventories	7	1.000.311.673	909.666.117	54.016.301	68.247.139
Prepaid Expenses	8	3.585.702	1.401.891	193.626	105.176
Assets Related to Current Tax		78.936.107	50.791.301	4.262.508	3.810.586
Other Current Assets		827.193	834.475	44.668	62.606
Non-Current Assets		121.833.731	82.202.209	6.578.957	6.167.170
Investment Properties		2.190.707	1.576.781	118.297	118.297
Property, Plant and Equipment		23.604.805	17.339.737	1.274.647	1.300.903
Right of Use Assets		19.846.805	21.501.489	1.071.717	1.613.136
Intangible Assets		40.374.822	29.825.077	2.180.219	2.237.608
- Goodwill		35.844.648	25.799.506	1.935.592	1.935.592
- Other intangible assets		4.530.174	4.025.571	244.627	302.016
Deferred Tax Assets		35.816.592	11.959.125	1.934.077	897.226
TOTAL ASSETS		3.679.751.561	2.632.474.317	198.704.637	197.499.761

(*) 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 2022

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

		(Condensed Unaudited) (Turkish Lira) Current Period 30 September 2022	(Audited) (Turkish Lira) Prior Period 31 December 2021	(US Dollar*) Current Period 30 September 2022	(US Dollar*) Prior Period 31 December 2021
	Notes				
LIABILITIES					
Current Liabilities		2.275.522.596	1.643.025.204	122.877.016	123.266.952
Short-Term Borrowings		6.956.624	5.007.092	375.654	375.654
- Lease liabilities		6.956.624	5.007.092	375.654	375.654
Trade Payables	4-5	1.429.816.449	1.039.770.675	77.209.332	78.008.153
- Trade payables to related parties	4	6.438.026	4.172.324	347.650	313.026
- Trade payables to third parties	5	1.423.378.423	1.035.598.351	76.861.682	77.695.127
Payables Regarding Employee Benefits		6.118.004	2.737.883	330.369	205.408
Other Payables	4-6	622.906.104	442.568.172	33.636.600	33.203.404
- Other payables to related parties	4	622.490.637	442.425.999	33.614.165	33.192.738
- Other payables to third parties	6	415.467	142.173	22.435	10.666
Derivative Financial Instruments		947.361	-	51.157	-
Deferred Income	8	7.422.017	28.782.083	400.785	2.159.358
Current Tax Liabilities		135.230.270	86.569.243	7.302.363	6.494.804
Current Provisions		7.954.493	7.629.623	429.538	572.408
- Current provisions for employee benefits		7.954.493	7.629.623	429.538	572.408
Other Current Liabilities		58.171.274	29.960.433	3.141.218	2.247.763
Non-Current Liabilities		29.800.885	22.348.121	1.609.232	1.676.655
Long-Term Borrowings		3.932.446	6.153.879	212.350	461.691
- Lease liabilities		3.932.446	6.153.879	212.350	461.691
Non-Current Provisions		25.868.439	16.194.242	1.396.882	1.214.964
- Non-current provisions for employee benefits		21.423.951	12.995.282	1.156.882	974.964
- Other non-current provisions		4.444.488	3.198.960	240.000	240.000
EQUITY		1.374.428.080	967.100.992	74.218.389	72.556.154
Equity attributable to owners of the Company		1.374.428.080	967.100.992	74.218.389	72.556.154
Share Capital	10	43.724.000	43.724.000	22.739.558	22.739.558
Share Premium	10	372.000.000	372.000.000	44.567.444	44.567.444
Other Comprehensive Expense That Will Not Be Reclassified To Profit / (Loss)		888.616.793	507.647.281	(413.701)	(413.701)
- Accumulated losses on remeasurements of defined benefit plans		(1.170.003)	(1.170.003)	(413.701)	(413.701)
- Currency translation differences	10	889.786.796	508.817.284	-	-
Restricted Reserves Appropriated from Profit	10	13.880.245	13.880.245	3.629.318	3.629.318
Accumulated Gains		29.849.466	49.027.864	2.033.535	4.187.661
Net Profit / (Loss) for the Year		26.357.576	(19.178.398)	1.662.235	(2.154.126)
TOTAL LIABILITIES AND EQUITY		3.679.751.561	2.632.474.317	198.704.637	197.499.761

(*) 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 2022

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

		(Condensed Unaudited) (Turkish Lira) Current Period 1 January - 30 September 2022	(Condensed Unaudited) (Turkish Lira) Current Period 1 July - 30 September 2021	(Condensed Unaudited) (Turkish Lira) Prior Period 1 January - 30 September 2021	(Condensed Unaudited) (Turkish Lira) Prior Period 1 July - 30 September 2021	(US Dollar*) Current Period 1 January - 30 September 2022	(US Dollar*) Prior Period 1 January - 30 September 2021
Notes							
Revenue	11	6.407.987.516	2.360.744.341	3.837.881.439	1.313.965.176	404.118.607	474.897.165
Cost of Sales (-)	11	(5.920.138.000)	(2.173.448.818)	(3.567.936.258)	(1.222.978.375)	(373.352.463)	(441.494.309)
GROSS PROFIT		487.849.516	187.295.523	269.945.181	90.986.801	30.766.144	33.402.856
General Administrative Expenses (-)	12	(51.684.819)	(20.863.091)	(28.342.176)	(9.919.020)	(3.259.494)	(3.507.044)
Marketing, Sales and Distribution Expenses (-)	12	(89.344.624)	(33.467.722)	(50.719.050)	(18.182.906)	(5.634.503)	(6.275.945)
Other Income From Operating Activities	13	5.988.600	2.123.438	2.251.020	356.063	377.669	278.540
Other Expenses From Operating Activities (-)	13	(109.471.993)	(35.444.490)	(45.140.140)	(8.680.450)	(6.903.832)	(5.585.613)
OPERATING PROFIT		243.336.680	99.643.658	147.994.835	54.560.488	15.345.984	18.312.794
Income From Investing Activities		5.538.919	4.296.297	1.423.710	203.480	349.311	176.169
OPERATING PROFIT BEFORE FINANCE EXPENSE		248.875.599	103.939.955	149.418.545	54.763.968	15.695.295	18.488.963
Finance Income	15	9.950.476	9.786.836	5.470.771	146.221	627.525	676.950
Finance Expenses (-)	15	(113.788.076)	(44.191.562)	(62.715.445)	(17.964.485)	(7.176.025)	(7.760.372)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		145.037.999	69.535.229	92.173.871	36.945.704	9.146.795	11.405.541
Tax Expense From Continuing Operations		(118.680.423)	(46.294.140)	(34.270.748)	(11.135.583)	(7.484.560)	(4.240.642)
Current tax expense (-)		(135.121.458)	(58.915.033)	(50.246.761)	(19.861.232)	(8.521.411)	(5.659.375)
Deferred tax income		16.441.035	12.620.893	15.976.013	8.725.649	1.036.851	1.418.733
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		26.357.576	23.241.089	57.903.123	25.810.121	1.662.235	7.164.899
PROFIT FOR THE YEAR		26.357.576	23.241.089	57.903.123	25.810.121	1.662.235	7.164.899
Attributable to:							
Owners of the Company/Parent		26.357.576	23.241.089	57.903.123	25.810.121	1.662.235	7.164.899
		<u>26.357.576</u>	<u>23.241.089</u>	<u>57.903.123</u>	<u>25.810.121</u>	<u>1.662.235</u>	<u>7.164.899</u>
Earnings per Share (for 1 full TL share)	18	0,60	0,53	1,53	0,59	0,04	0,19
OTHER COMPREHENSIVE INCOME							
Items that will not be reclassified subsequently to profit or loss		380.969.512	138.799.276	74.332.339	17.195.629	-	-
Currency translation differences		380.969.512	138.799.276	74.332.339	17.195.629	-	-
OTHER COMPREHENSIVE INCOME		380.969.512	138.799.276	74.332.339	17.195.629	-	-
TOTAL COMPREHENSIVE INCOME		407.327.088	162.040.365	132.235.462	43.005.750	1.662.235	7.164.899
Profit attributable to:							
Owners of the Company/Parent		407.327.088	162.040.365	132.235.462	43.005.750	1.662.235	7.164.899
		<u>407.327.088</u>	<u>162.040.365</u>	<u>132.235.462</u>	<u>43.005.750</u>	<u>1.662.235</u>	<u>7.164.899</u>

(*) 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 30 SEPTEMBER 2022

(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	Currency Translation Differences	Restricted reserves	Retained earnings		Total equity
				Accumulated gain / (loss) on remeasurement of defined benefit plans			Prior Years' Profits or Losses	Net Profit or Loss	
Balances as of 1 January 2021		31.724.000	-	(1.022.413)	117.181.931	13.880.245	37.919.317	11.108.547	210.791.627
Transfers		-	-	-	-	-	11.108.547	(11.108.547)	-
Capital Increase		12.000.000	372.000.000	-	-	-	-	-	384.000.000
<i>Net income</i>		-	-	-	-	-	-	57.903.123	57.903.123
<i>Other comprehensive income</i>		-	-	-	74.332.339	-	-	-	74.332.339
Total comprehensive income		-	-	-	74.332.339	-	-	57.903.123	132.235.462
Balances as of 30 September 2021	10	43.724.000	372.000.000	(1.022.413)	191.514.270	13.880.245	49.027.864	57.903.123	727.027.089
Balances as of 1 January 2022		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	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

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 2022**

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

		(Condensed Unaudited) Current Period 1 January - 30 September 2022	(Condensed Unaudited) Prior Period 1 January - 30 September 2021
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		26.357.576	57.903.123
Adjustments for:			
IPO commissions and expenses		-	9.344.983
Depreciation and amortisation expenses		13.161.236	6.962.349
Provisions for employee termination benefits		9.874.666	2.826.682
Allowance for doubtful receivables	5	881.173	(47.261)
Unused vacation provision		1.211.309	353.743
Bonus provision		3.567.282	2.808.944
Trade receivables and trade payables discounts, net		(817.809)	-
Allowance for inventories	7	4.768.633	4.399.722
Income tax expense		118.680.423	34.270.748
Interest income		(5.538.919)	(1.423.710)
Interest and commissions expense	15	92.151.117	52.800.083
Derivative expense / (income)		5.653.724	(4.877.568)
Net foreign exchange loss / (income)		12.161.182	40.078.544
Movement in working capital		282.111.593	205.400.382
Changes in trade receivables		(175.066.087)	(93.787.189)
Changes in inventories		220.885.496	(90.440.236)
Changes in other receivables and other assets		(708.985)	(12.577.659)
Changes in trade payables		(12.666.665)	80.913.748
Changes in other payables		(11.549.830)	(39.324.932)
Net cash generated from operations		303.005.522	50.184.114
Income taxes (paid) / returns		(114.714.049)	(57.877.671)
Collections from doubtful receivables	5	1.812.833	111.387
Employee termination and unused vacation benefits paid		(986.176)	(1.816.705)
Bonus paid		(5.802.785)	(5.126.587)
Net cash generated from / (used in) operating activities		183.315.345	(14.525.462)

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 2022**

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

		(Condensed Unaudited) Current Period 1 January - 30 September 2022	(Condensed Unaudited) Prior Period 1 January - 30 September 2021
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES		2.289.136	(304.605)
Interest received		5.538.919	1.423.710
Purchases of tangible and intangible assets		(3.249.783)	(1.728.315)
CASH FLOWS FROM FINANCING ACTIVITIES		(89.422.401)	(45.112.970)
Capital increase		-	384.000.000
Interest and commissions paid		(70.377.061)	(60.702.520)
Changes in other receivables from related parties		-	(1.051)
Changes in other payables to related parties		-	(359.118.561)
(Repayment of) / proceeds from borrowings		(11.892.525)	(5.402.087)
Payments due to lease contracts		(7.152.815)	(3.888.751)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION EFFECTS		96.182.080	(59.943.037)
THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS		55.013.720	3.911.251
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		151.195.800	(56.031.786)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	99.823.827	110.903.277
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	251.019.627	54.871.491

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 2022

(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.

Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş. (“Penta” or the “Company”) was established in 2003 and incorporated in Istanbul, Türkiye. The registered addresses of its office and principal place of business are 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, Corsair, Dell-EMC, HP, Exper, Huawei, IBM, Intel, Lenovo, Logitech, Microsoft, MSI, OKI, Sandisk, Seagate, TP-Link, Viewsonic, Wacom, WD 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 15,77% as of 30.09.2022.

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 351 as of September 30, 2022 (December 31, 2021: 353).

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 7, 2022 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 2022

(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 2022, 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 (“TMS/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 IFRS Taxonomy published by the POA on April 15, 2019 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.

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 TL.

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 2022

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

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2022	31 December 2021	30 September 2021	31 December 2020
USD / TRY – as of reporting date	18,5187	13,3290	8,8785	7,3405
USD / TRY – average for the period	15,8567	8,9031	8,0815	7,0090

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

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. The Group did not have any reclassifications for the current 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 2022

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

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

2.6 Basis of Consolidation

The details of subsidiaries are as follows:

Name of subsidiaries	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group (%)	
			30 September 2022	31 December 2021
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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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE 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, 2022 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, 2022 and thereafter.

a) Standards, amendments, and interpretations applicable as of 30 September 2022:

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to TFRS 4 Insurance Contracts – deferral of TFRS 9 (effective 1 January 2021);** These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial instrument until 1 January 2023.
- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, ‘Business combinations’** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

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

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

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

b) New and revised TFRSs in issue but not yet effective (cont’d)

- **Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.
- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 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 TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** 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’, as amended in December 2021;** 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.

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.

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

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

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.

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3. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	30 September 2022	31 December 2021
Cash on banks	245.932.336	97.734.799
<i>Demand deposits</i>	137.867.864	97.734.799
<i>Time deposits</i>	108.064.472	-
Credit card receivables	5.087.291	2.089.028
	<u>251.019.627</u>	<u>99.823.827</u>

The average maturity of credit card receivables is 1 day as of 30 September 2022 (31 December 2021: 1 day).

The Group subtracts the blocked deposits held in banks (30 September 2022: 18,518.700 TL, 31 December 2021: 13,329.000 TL) 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 2022
TRY	3 October 2022	14,25% - 18,05%	108.064.472
			<u>108.064.472</u>

4. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries have been eliminated on consolidation and therefore are not disclosed in this note.

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 (2021: 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 30 September 2022 and 31 December 2021 is as follows:

Balances with Related Parties	30 September 2022				
	Receivables		Payables		
	Current		Current		Non-Current
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Yıldız Holding A.Ş. (*)	-	-	6.165.246	609.897.921	-
Bizim Toptan Satış Mağazaları A.Ş.	1.697.757	-	34.000	-	-
Şok Marketler Tic. A.Ş.	952.195	-	67.760	-	-
Most Bilgi Sistemleri Tic. A.Ş.	640.858	-	76.741	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	667.784	-	-	-	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	625.025	-	-	-	-
Future Teknoloji Tic. A.Ş.	391.300	-	-	-	-
Ülker Bisküvi San. A.Ş.	289.207	-	667	-	-
Kereviş Gıda San. Ve Tic. A.Ş.	106.057	-	-	-	-
Shareholders (*)	-	-	-	12.592.716	-
Other	1.243.123	-	93.612	-	-
	6.613.306	-	6.438.026	622.490.637	-

Balances with Related Parties	31 December 2021				
	Receivables		Payables		
	Current		Current		Non-Current
	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Yıldız Holding A.Ş. (*)	152.524	-	2.244.950	419.984.914	-
Şok Marketler Tic. A.Ş.	915.076	-	732.455	-	-
Most Bilgi Sistemleri Ticaret A.Ş.	1.033.891	-	835.502	-	-
Future Teknoloji Ticaret A.Ş.	647.110	-	9.384	-	-
Bizim Toptan Satış Mağazaları A.Ş.	800.033	-	64.126	-	-
Shareholders (*)	-	-	-	22.441.085	-
Other	1.327.208	-	285.907	-	-
	4.875.842	-	4.172.324	442.425.999	-

(*) As of 30 September 2022 and 31 December 2021, non-trade payables to Yıldız Holding and shareholders 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 30 September 2022 and 2021 are as follows:

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	-	-
	<u>12.297.828</u>	<u>5.083.281</u>	<u>300.770</u>	<u>33.422.385</u>

Transactions with related parties	1 January - 30 September 2021			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	2.352.689	5.470.345	7.696.258	34.093.104
Şok Marketler Tic.A.Ş.	1.412.741	263.974	-	-
Future Teknoloji Tic. A.Ş.	824.810	120.626	-	-
Most Bilgi Sistemleri Tic. A.Ş.	287.296	319.893	-	-
Gözde Girişim Ser.Yat.Ort.A.Ş.	257.788	41.494	-	-
Kerevitaş Gıda San. Ve Tic. A.Ş.	349.910	50.381	-	-
Ülker Bisküvi San. A.Ş.	346.298	7.422	-	-
Sağlam İnş.Taah.Tic. A.Ş.	331.367	-	-	-
Other	1.862.777	595.085	-	-
	<u>8.025.676</u>	<u>6.869.220</u>	<u>7.696.258</u>	<u>34.093.104</u>

The companies in the list consist of Yıldız Holding and its related parties. Purchases from Yıldız Holding mainly consist of service purchases. Ufuk Yatırım Yönetim ve Gayrimenkul A.Ş. purchases consist of rent payments. 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 - 30 September 2022	1 January - 30 September 2021
Salaries and other current benefits	7.939.337	4.001.178
	<u>7.939.337</u>	<u>4.001.178</u>

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	30 September 2022	31 December 2021
Short term trade receivables		
Trade receivables	2.056.554.968	1.322.768.974
Notes receivables	141.327.663	141.570.002
Due from related parties (Not 4)	6.613.306	4.875.842
Doubtful receivables	91.584.305	94.792.782
Provision for doubtful receivables (-)	(91.584.305)	(94.792.782)
	<u>2.204.495.937</u>	<u>1.469.214.818</u>

The average maturity of trade receivables is 78 days (2021: 70 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 2022	1 January - 30 September 2021
Movement of provision for doubtful receivables		
Balance at beginning of the year	94.792.782	88.936.162
Charge for the year (Note 13)	881.173	(47.261)
Collections (Note 13)	(1.812.833)	(111.387)
Translation difference	(2.276.817)	984.183
Closing balance	<u>91.584.305</u>	<u>89.761.697</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:

	30 September 2022	31 December 2021
<u>Short term trade payables</u>		
Trade payables	1.215.377.911	859.017.768
Due to related parties (Note 4)	6.438.026	4.172.324
Expense accruals (*)	208.000.512	176.580.583
	<u>1.429.816.449</u>	<u>1.039.770.675</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.

As of 30 September 2022, the average maturity of trade payables is 57 days (2021: 51 days).

6. OTHER PAYABLES

Other Payables

	30 September 2022	31 December 2021
<u>Short Term Other Payables</u>		
Non-trade payables to related parties (Note 4)	609.897.921	419.984.908
Other payables	415.467	142.173
Payables to shareholders (Note 4)	12.592.716	22.441.091
	<u>622.906.104</u>	<u>442.568.172</u>

7. INVENTORIES

	30 September 2022	31 December 2021
Raw materials	7.290.664	5.414.920
Finished goods	489.579	480.244
Trade goods	1.024.457.299	897.890.571
Consignment goods	23.761.214	41.736.511
Other inventory	290.873	426.035
Allowance for impairment on inventory (-)	(55.977.956)	(36.282.164)
	<u>1.000.311.673</u>	<u>909.666.117</u>

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7. INVENTORIES (cont’d)

	1 January - 30 September 2022	1 January - 30 September 2021
Movement of allowance for impairment on inventory		
Opening balance	(36.282.164)	(16.880.985)
Charge for the year / cancel of allowance, net	(4.768.633)	(4.399.722)
Translation gain / loss	(14.927.159)	(3.970.848)
Closing balance	<u>(55.977.956)</u>	<u>(25.251.555)</u>

8. PREPAID EXPENSES AND CONTRACT LIABILITIES

	30 September 2022	31 December 2021
Short term prepaid expenses		
Prepaid expenses	3.585.702	1.401.891
	<u>3.585.702</u>	<u>1.401.891</u>
Short term deferred income		
Short term deferred income (*)	-	21.915.675
Provision for revenue premiums (**)	7.422.017	6.866.408
	<u>7.422.017</u>	<u>28.782.083</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 2021 was recognized as revenue in 2022.

(**) 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 30 September 2022 and 31 December 2021 is as follows;

30 September 2022	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
-Collateral	1.133.351.695	60.405.443	10.186.543	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	1.017.303.490	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	2.150.655.185	95.734.753	373.237.140	250.000

The ratio of other CPM’s that is given by the Group to equity is 74% as of 30 September 2022 (31 December 2021: 86%).

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9. COMMITMENTS (cont'd)

Collaterals-Pledge-Mortgage ("CPM") (cont'd)

31 December 2021	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
-Collateral	776.183.083	57.505.443	5.921.365	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	833.954.970	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	1.610.138.053	92.834.753	368.971.962	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 399,7 million TL and non-cash bank loans amounting to 206,4 million TL 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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10. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 30 September 2022 and 31 December 2021, the share capital held is as follows:

Shareholders	%	30 September	%	31 December
		2022		2021
Gözde Girişim Serm.Yatırım Ort. A.Ş.	32,21	14.083.759	32,21	14.083.759
İstanbul Portföy Yıldız Serbest Özel Fon	20,53	8.974.600	20,53	8.974.600
Mustafa Ergün	10,20	4.458.386	10,20	4.459.397
Mürsel Özçelik	7,17	3.135.347	7,17	3.135.347
Sinan Güçlü	7,07	3.091.088	7,07	3.091.088
Bülent Koray Aksoy	7,05	3.082.430	7,05	3.082.430
Open to Public	15,77	6.898.390	15,77	6.897.379
Nominal Capital (TL)	100,00	43.724.000	100,00	43.724.000

The capital of the Company is 43.724.000 TL (31 December 2021: 43.724.000 TL) with a par value of 1 TL per share (31 December 2021: 1 TL) as of 30 September 2022. 11.824.231 of the Company's shares consist of group A shares and 31.889.769 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

	30 September	31 December
	2022	2021
Legal Reserves	13.880.245	13.880.245
	13.880.245	13.880.245

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	31 December
	2022	2021
Share Premiums	372.000.000	372.000.000
	372.000.000	372.000.000

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:

	30 September 2022	31 December 2021
Accumulated Gains	29.849.466	49.027.864
Net Profit / (Loss) for the Year	26.357.576	(19.178.398)
Total	56.207.042	29.849.466

11. REVENUE

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<u>a) Sales</u>				
Domestic sales	6.751.400.333	2.448.610.389	3.983.372.668	1.366.093.155
Export sales	35.909.083	13.186.415	28.896.357	13.496.731
Sales returns (-)	(285.694.826)	(79.757.293)	(120.003.899)	(48.686.710)
Sales discounts (-)	(93.627.074)	(21.295.170)	(54.383.687)	(16.938.000)
	6.407.987.516	2.360.744.341	3.837.881.439	1.313.965.176

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<u>Sales Channels</u>				
Retail	1.986.101.925	717.905.852	1.188.638.661	412.619.801
Value-Added Reseller	2.031.580.843	754.729.286	934.985.071	313.658.206
Dealer	964.732.807	339.200.061	554.901.105	194.584.074
Marketplace	709.107.866	257.048.504	541.780.383	185.930.512
Sub-distributor and other	716.464.075	291.860.638	617.576.219	207.172.583
	6.407.987.516	2.360.744.341	3.837.881.439	1.313.965.176

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<u>b) Cost of sales</u>				
Cost of goods sold (-)	(17.911.157)	(4.170.689)	(14.586.784)	(3.857.652)
Cost of merchandises sold (-)	(5.902.226.843)	(2.169.278.129)	(3.553.349.474)	(1.219.120.723)
	(5.920.138.000)	(2.173.448.818)	(3.567.936.258)	(1.222.978.375)

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12. GENERAL ADMINISTRATIVE EXPENSES AND SALES AND MARKETING EXPENSES

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
General administrative expenses (-)	(51.684.819)	(20.863.091)	(28.342.176)	(9.919.020)
Marketing, selling and distribution expenses (-)	(89.344.624)	(33.467.722)	(50.719.050)	(18.182.906)
	<u>(141.029.443)</u>	<u>(54.330.813)</u>	<u>(79.061.226)</u>	<u>(28.101.926)</u>
a) General administrative expenses details	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Employee benefit expenses	(17.663.777)	(7.056.912)	(8.683.750)	(3.111.334)
Depreciation and amortization expenses	(13.161.236)	(4.978.739)	(6.962.349)	(2.470.402)
Insurance expenses	(6.061.557)	(2.176.668)	(3.523.651)	(1.209.148)
Consulting expenses	(4.244.696)	(1.845.634)	(2.773.139)	(916.211)
IT expenses	(3.830.519)	(1.563.546)	(2.502.299)	(813.609)
Meal expenses	(3.190.685)	(1.372.595)	(1.079.233)	(534.732)
Outsourcing expenses	(1.700.076)	(745.886)	(1.367.498)	(376.190)
Travel expenses	(270.579)	(169.550)	(39.869)	(28.577)
Other	(1.561.694)	(953.561)	(1.410.388)	(458.817)
	<u>(51.684.819)</u>	<u>(20.863.091)</u>	<u>(28.342.176)</u>	<u>(9.919.020)</u>
b) Marketing, selling and distribution expenses details	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Employee benefit expenses	(60.307.074)	(21.878.703)	(36.606.135)	(12.425.249)
Logistics expenses	(13.645.689)	(5.848.736)	(9.875.957)	(3.277.105)
Technical service expenses	(2.097.239)	(627.773)	(297.338)	(183.811)
Vehicle expenses	(1.075.592)	(438.447)	(319.414)	(117.280)
Travel expenses	(895.682)	(437.470)	(91.762)	(19.806)
Outsourcing expenses	(881.823)	(314.957)	(544.115)	(192.056)
Meal expenses	(871.231)	(350.067)	(342.632)	(127.748)
Corporate communication expenses	(728.520)	(236.607)	(370.718)	(145.396)
Other	(8.841.774)	(3.334.962)	(2.270.979)	(1.694.455)
	<u>(89.344.624)</u>	<u>(33.467.722)</u>	<u>(50.719.050)</u>	<u>(18.182.906)</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 - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Terminated provisions (Note 5)	1.812.833	(894.938)	111.387	72.319
Other	4.175.767	3.018.376	2.139.633	283.744
	<u>5.988.600</u>	<u>2.123.438</u>	<u>2.251.020</u>	<u>356.063</u>

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

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Provision for doubtful receivables (Note 5)	(881.173)	(56.877)	47.261	47.261
One-off expenses (*)	-	-	(9.344.983)	(249.770)
Foreign exchange loss	(105.013.269)	(32.688.558)	(35.633.953)	(8.453.185)
Other	(3.577.551)	(2.699.055)	(208.465)	(24.756)
	<u>(109.471.993)</u>	<u>(35.444.490)</u>	<u>(45.140.140)</u>	<u>(8.680.450)</u>

(*) "One-off expenses" in 2021 consist of expenses related to the initial public offering of the Company such as brokerage commissions, consultancy expenses and other expenses for Borsa İstanbul, Central Securities Depository of Türkiye and Capital Markets Board of Türkiye.

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14. EXPENSES BY NATURE

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Employee benefit expenses	(77.970.851)	(28.935.615)	(45.289.885)	(15.536.583)
Logistics expenses	(13.645.689)	(5.848.736)	(9.875.957)	(3.277.105)
Depreciation and amortization expenses	(13.161.236)	(4.978.739)	(6.962.349)	(2.470.402)
Insurance expenses	(6.061.557)	(2.176.668)	(3.523.651)	(1.209.148)
Consulting expenses	(4.244.696)	(1.845.634)	(2.773.139)	(916.211)
Meal expenses	(4.061.916)	(1.722.662)	(1.421.865)	(662.480)
IT expenses	(3.830.519)	(1.563.546)	(2.502.299)	(813.609)
Outsourcing expenses	(2.581.899)	(1.060.843)	(1.911.613)	(568.246)
Technical service expenses	(2.097.239)	(627.773)	(297.338)	(183.811)
Travel expenses	(1.166.261)	(607.020)	(131.631)	(48.383)
Vehicle expenses	(1.075.592)	(438.447)	(319.414)	(117.280)
Corporate communication expenses	(728.520)	(236.607)	(370.718)	(145.396)
Other	(10.403.468)	(4.288.523)	(3.681.367)	(2.153.272)
	<u>(141.029.443)</u>	<u>(54.330.813)</u>	<u>(79.061.226)</u>	<u>(28.101.926)</u>

15. FINANCE INCOME AND EXPENSES

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Finance income	9.950.476	9.786.836	5.470.771	146.221
Total finance income	<u>9.950.476</u>	<u>9.786.836</u>	<u>5.470.771</u>	<u>146.221</u>
	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Interest expense on bank loans	(5.490.208)	(2.522.470)	(180.450)	-
Interest expense on payables to related parties	(32.780.873)	(12.390.222)	(26.396.846)	(6.099.687)
Commission expenses on credit cards	(13.184.909)	(6.440.297)	(6.137.568)	(2.393.480)
Total interest expenses	<u>(51.455.990)</u>	<u>(21.352.989)</u>	<u>(32.714.864)</u>	<u>(8.493.167)</u>
Foreign exchange loss	(11.686.483)	(3.632.070)	(4.444.591)	(1.423.711)
Early payment discounts	(24.786.258)	(9.508.551)	(13.378.859)	(3.228.489)
Letter of bank guarantee expenses	(18.778.789)	(7.503.451)	(7.925.673)	(3.170.852)
Other finance expenses	(7.080.556)	(2.194.501)	(4.251.458)	(1.648.266)
Total finance expenses	<u>(113.788.076)</u>	<u>(44.191.562)</u>	<u>(62.715.445)</u>	<u>(17.964.485)</u>

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16. FINANCIAL INSTRUMENTS

Financial Liabilities

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

Financial Liabilities	30 September 2022	31 December 2021
Short-term other payables to related parties (Note 4, 6)	622.490.637	442.425.999
	<u>622.490.637</u>	<u>442.425.999</u>

The borrowings are repayable as follows:

	30 September 2022	31 December 2021
To be paid within 1 year	622.490.637	442.425.999
	<u>622.490.637</u>	<u>442.425.999</u>

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17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

1) 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
Not ODR	There are no overdue receivables ("ODR").	No provision.
ODR < 90	The overdue period is less than 90 days.	No provision.
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)

1) Credit risk management (cont’d)

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

30 September 2022	Trade Receivables	Total
Past due 1-30 days	202.697.116	202.697.116
Past due 1-3 months	12.740.903	12.740.903
Past due 3-12 months	918.120	918.120
Total past due trade receivables	216.356.139	216.356.139
Non-overdue	1.988.139.798	1.988.139.798
Total trade receivables	2.204.495.937	2.204.495.937
The part under guarantee with collateral and insurance	976.875.073	976.875.073

31 December 2021	Trade Receivables	Total
Past due 1-30 days	153.615.086	153.615.086
Past due 1-3 months	9.999.949	9.999.949
Past due 3-12 months	13.178.716	13.178.716
Total past due trade receivables	176.793.751	176.793.751
Non-overdue	1.292.421.067	1.292.421.067
Total trade receivables	1.469.214.818	1.469.214.818
The part under guarantee with collateral and insurance	667.496.446	667.496.446

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 2022 – 31 December 2022, 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 30 September 2022, 953.815.046 TL of the total short-term receivables amounting to 2.204.495.937 TL has been covered by insurance (2021: 633.006.969 TL of the total short-term receivables amounting to 1.469.214.818 TL).

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

Financial Risk Factors (cont’d)

2) 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.

2.1) 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)

2) Market Risk Management (cont'd)

2.1) 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 2022		
	Total TL Equivalent	TL	Euro
1. Trade receivables	291.108.495	263.839.766	1.503.279
2.a Monetary financial assets	176.465.983	165.503.340	604.352
2.b Non monetary financial assests	-	-	-
3. Other	3.088.278	3.058.765	1.627
4. CURRENT ASSETS	470.662.756	432.401.871	2.109.258
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	470.662.756	432.401.871	2.109.258
10. Trade payables	86.582.374	22.573.883	3.528.680
11. Financial liabilities	362.358	286.118	4.203
12.a Other monetary liabilities	124.116.917	124.116.917	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	211.061.649	146.976.918	3.532.883
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	211.061.649	146.976.918	3.532.883
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	26.666.928	26.666.928	-
19.a Off-balance sheet foreign currency derivative assets	26.666.928	26.666.928	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	286.268.035	312.091.881	(1.423.625)
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	259.601.107	285.424.953	(1.423.625)
22. Fair value of foreign currency hedged financial assets	(947.361)	(947.361)	-
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)

2) Market Risk Management (cont'd)

2.1) Foreign currency risk management (cont'd)

	31 December 2021		
	Total		
	TL Equivalent	TL	Euro
1. Trade receivables	392.899.079	356.339.660	2.423.288
2.a Monetary financial assets	31.914.702	17.977.654	923.797
2.b Non monetary financial assests	-	-	-
3. Other	501.540	491.009	698
4. CURRENT ASSETS	425.315.321	374.808.323	3.347.783
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	425.315.321	374.808.323	3.347.783
10. Trade payables	58.256.497	29.676.992	1.894.351
11. Financial liabilities	1.802.589	1.766.140	2.416
12.a Other monetary liabilities	70.067.049	70.067.049	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	130.126.135	101.510.181	1.896.767
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	130.126.135	101.510.181	1.896.767
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	(6.664.500)	(6.664.500)	-
19.a Off-balance sheet foreign currency derivative assets	(6.664.500)	(6.664.500)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	288.524.685	266.633.642	1.451.016
21. Net foreign currency asset / liability position of monetary items	295.189.185	273.298.142	1.451.016
(1+2a+3+6a-10-11-12a-14-15-16a)			
22. Fair value of foreign currency hedged financial assets	4.706.363	4.706.363	-
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 2022

(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)

2) Market Risk Management (cont’d)

2.1) 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 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	28.542.495	(28.542.495)
2 - Portion hedged against TL risk (-)	2.666.693	(2.666.693)
3 - TL net effect (1 +2)	31.209.188	(31.209.188)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	(2.582.385)	2.582.385
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(2.582.385)	2.582.385
TOTAL (3 + 6)	28.626.803	(28.626.803)

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

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FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts expressed in Turkish Lira (TL))

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

Financial Risk Factors (cont'd)

2) Market Risk Management (cont'd)

2.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

	31 December 2021	
	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	27.329.814	(27.329.814)
2 - Portion hedged against TL risk (-)	(666.450)	666.450
3 - TL net effect (1 +2)	26.663.364	(26.663.364)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	2.189.104	(2.189.104)
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	2.189.104	(2.189.104)
TOTAL (3 + 6)	28.852.468	(28.852.468)

18. EARNINGS PER SHARE

	1 January - 30 September 2022	1 January - 30 September 2021
Net profit for the year from continuing operations	26.357.576	57.903.123
Average number of shares outstanding during the year	43.724.000	37.745.978
Profit from per share from continuing operations	<u>0,60</u>	<u>1,53</u>

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

19. EVENTS AFTER THE REPORTING PERIOD

In the Board of Directors meeting held on August 3, 2022, it was decided that the company will increase its paid-in capital by bonus issue from internal resources by 800%, from 43,724,000 TL to 393,516,000 TL. Bonus capital increase was approved by the Capital Markets Board on October 13, 2022 and the rights have been exercised on October 24, 2022. The amendment of the articles of association was registered by the Istanbul Trade Registry Directorate on October 25, 2022.

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 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2021
PROFIT FOR THE YEAR		26.357.576	57.903.123	1.662.235	7.164.899
(+) Tax Expense From Continuing Operations		118.680.423	34.270.748	7.484.560	4.240.642
(+) Finance Expenses	15	113.788.076	62.715.445	7.176.025	7.760.372
(-) Finance Income	15	(9.950.476)	(5.470.771)	(627.525)	(676.950)
(-) Income From Investing Activities		(5.538.919)	(1.423.710)	(349.311)	(176.169)
(+) Other Expenses From Operating Activities	13	109.471.993	45.140.140	6.903.832	5.585.613
(-) Other Income From Operating Activities	13	(5.988.600)	(2.251.020)	(377.669)	(278.540)
(+) Depreciation and Amortisation Expenses	14	13.161.236	6.962.349	830.011	861.517
EBITDA		359.981.309	197.846.304	22.702.158	24.481.384

(*) 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.