

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

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

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

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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 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(* 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 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

The current operations of the Company started under the roof of Penta Bilgisayar Sistemleri Ticaret Ltd. Şti. (“Penta Bilgisayar”) which was established in 1990. In 2012, Penta Bilgisayar was merged with Mersa Elektronik ve Teknolojik Ürünler Ticaret A.Ş. (“Mersa”), a subsidiary of Yıldız Holding A.Ş., which was established in 2003. Although the merger was realized under Mersa, the name of the Company was changed to Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş. in the period following the merger. The Company is registered in 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-EMC, HP, Exper, Huawei, IBM, Intel, Lenovo, Logitech, Microsoft, MSI, OKI, TP-Link, Viewsonic, Wacom, Xerox, xFusion and Zyxel.

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

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

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

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

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

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

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

Approval of Condensed Consolidated Financial Statements:

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

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

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

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

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

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

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

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

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

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

2.2 Functional Currency

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

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

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

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

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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)

2.2 Functional Currency (cont'd)

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

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

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

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

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

2.3 Going Concern

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

2.4 Changes in Accounting Policies

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

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

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

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

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

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

Impacts of related reclassifications and adjustments are as follows:

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

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

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

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

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

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

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

2.6 Basis of Consolidation

The details of subsidiaries are as follows:

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

Functional currencies of these subsidiaries are US Dollar.

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

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

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

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

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

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

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

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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 September 30, 2023 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, 2023 and thereafter.

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

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

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

- **Amendment to TMS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to 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.

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

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

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

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

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

2.8 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group’s accounting policies

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

Useful life of property, plant and equipment and intangible assets

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

Duration of Leasing Liabilities

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

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

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

Doubtful receivables provision

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

Severance benefits

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

Inventory impairment provision

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

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3. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

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

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

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

| Currency Type | Maturity | Interest Rate | 30 September 2023 |
|---------------|-----------------|---------------|----------------------|
| TRY | October 2, 2023 | 37% | 18.058.697 |
| | | | <u>18.058.697</u> |

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

4. RELATED PARTY DISCLOSURES

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

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

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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 2023 and 31 December 2022 is as follows:

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

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

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

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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 2023 and 2022 are as follows:

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

| 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> |

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

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

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

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

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

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

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

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

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

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

6. OTHER PAYABLES

Other Payables

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

7. INVENTORIES

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

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7. INVENTORIES (cont'd)

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

8. PREPAID EXPENSES AND CONTRACT LIABILITIES

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

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

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

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

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9. COMMITMENTS

Collaterals-Pledge-Mortgage (“CPM”)

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

| 30 September 2023 | TL Equivalent | USD | TL | Euro |
|--|----------------------|-------------------|--------------------|----------------|
| A. CPM given on behalf of its own legal entity | | | | |
| <i>-Collateral</i> | 1.072.106.129 | 38.505.443 | 10.696.543 | 250.000 |
| B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation | | | | |
| <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> | 1.330.250.518 | 35.329.310 | 363.050.597 | - |
| iii. Total amount of CPM given on behalf of third parties that are not included group C | | | | |
| <i>-Collateral</i> | - | - | - | - |
| Total | <u>2.402.356.647</u> | <u>73.834.753</u> | <u>373.747.140</u> | <u>250.000</u> |

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

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9. COMMITMENTS (cont’d)

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

| 31 December 2022 | TL Equivalent | USD | TL | Euro |
|--|----------------------|-------------------|--------------------|----------------|
| A. CPM given on behalf of its own legal entity | | | | |
| <i>-Collateral</i> | 829.048.093 | 43.505.443 | 10.586.543 | 250.000 |
| B. Total amounts of CPM given on behalf of subsidiaries that are included in full consolidation | | | | |
| <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> | 1.023.648.634 | 35.329.310 | 363.050.597 | - |
| iii. Total amount of CPM given on behalf of third parties that are not included group C | | | | |
| <i>-Collateral</i> | - | - | - | - |
| Total | <u>1.852.696.727</u> | <u>78.834.753</u> | <u>373.637.140</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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10. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

The share capital held is as follows:

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

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

b) Restricted Reserves

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

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

c) Share Premiums

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

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

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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 2023 | 31 December 2022 |
|-------------------------|----------------------|---------------------|
| Accumulated Gains | 125.737.943 | 22.057.466 |
| Net Profit for the Year | 78.579.191 | 103.680.477 |
| Total | <u>204.317.134</u> | <u>125.737.943</u> |

11. REVENUE

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

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

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

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12. GENERAL ADMINISTRATIVE EXPENSES AND SALES AND MARKETING EXPENSES

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

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

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

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

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

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

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

14. EXPENSES BY NATURE

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

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

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

15. FINANCE INCOME AND EXPENSES

| | 1 January - 30 September 2023 | 1 July - 30 September 2023 | 1 January - 30 September 2022 | 1 July - 30 September 2022 |
|---|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Finance income (*) | 316.795 | 69.503 | 9.950.476 | 9.786.836 |
| Total finance income | <u>316.795</u> | <u>69.503</u> | <u>9.950.476</u> | <u>9.786.836</u> |
| | 1 January - 30 September 2023 | 1 July - 30 September 2023 | 1 January - 30 September 2022 | 1 July - 30 September 2022 |
| Interest expense on bank loans | (2.113.832) | (2.113.832) | (5.490.208) | (2.522.470) |
| Interest expense on payables to related parties | (36.474.451) | (16.128.616) | (32.780.873) | (12.390.222) |
| Commission expenses on credit cards | (33.954.397) | (15.423.641) | (13.184.909) | (6.440.297) |
| Total interest expenses | <u>(72.542.680)</u> | <u>(33.666.089)</u> | <u>(51.455.990)</u> | <u>(21.352.989)</u> |
| Foreign exchange loss | (19.800.757) | (10.559.797) | (11.686.483) | (3.632.070) |
| Early payment discounts | (37.462.871) | (14.690.525) | (24.786.258) | (9.508.551) |
| Letter of bank guarantee expenses | (22.815.663) | (9.150.245) | (18.778.789) | (7.503.451) |
| Other finance expenses | (6.658.006) | (2.688.580) | (7.080.556) | (2.194.501) |
| Total finance expenses | <u>(159.279.977)</u> | <u>(70.755.236)</u> | <u>(113.788.076)</u> | <u>(44.191.562)</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 | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| Bank Loans | 62.621.381 | - |
| Short-term other payables to related parties (Note 4, 6) | 707.745.022 | 557.110.258 |
| | <u>770.366.403</u> | <u>557.110.258</u> |

Details of bank loans:

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

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

17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

1) Capital risk management

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

2) Credit risk management

Explanations on the credit quality of financial assets

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

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

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

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

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

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

Financial Risk Factors (cont’d)

2) Credit risk management (cont’d)

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

| 30 September 2023 | Trade Receivables | Total |
|--|--------------------------|---------------|
| Past due 1-30 days | 263.364.812 | 263.364.812 |
| Past due 1-3 months | 158.941.509 | 158.941.509 |
| Past due 3-12 months | 1.424.930 | 1.424.930 |
| Total past due trade receivables | 423.731.251 | 423.731.251 |
| Non-overdue | 3.894.282.766 | 3.894.282.766 |
| Total trade receivables | 4.318.014.017 | 4.318.014.017 |
| The part under guarantee with collateral and insurance | 2.217.343.786 | 2.217.343.786 |
| 31 December 2022 | Trade Receivables | Total |
| Past due 1-30 days | 166.898.875 | 166.898.875 |
| Past due 1-3 months | 65.174.869 | 65.174.869 |
| Past due 3-12 months | 3.341.330 | 3.341.330 |
| Total past due trade receivables | 235.415.074 | 235.415.074 |
| Non-overdue | 2.288.971.542 | 2.288.971.542 |
| Total trade receivables | 2.524.386.616 | 2.524.386.616 |
| The part under guarantee with collateral and insurance | 1.222.083.267 | 1.222.083.267 |

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

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

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

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

Financial Risk Factors (cont’d)

3) Market risk management

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

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

3.1) Foreign currency risk management

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

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

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

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

Financial Risk Factors (cont’d)

3) Market Risk Management (cont’d)

3.1) Foreign currency risk management (cont’d)

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

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

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

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

Financial Risk Factors (cont’d)

3) Market Risk Management (cont’d)

3.1) Foreign currency risk management (cont’d)

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

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

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

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

a) Financial Risk Factors (cont’d)

3) Market Risk Management (cont’d)

3.1) Foreign currency risk management (cont’d)

Foreign currency sensitivity analysis

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

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

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

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

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FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts expressed in Turkish Lira (TL))

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

Financial Risk Factors (cont'd)

3) Market Risk Management (cont'd)

3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

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

18. EARNINGS PER SHARE

| | 1 January - 30 September | 1 January - 30 September 2022 |
|--|-----------------------------|----------------------------------|
| Net profit for the year from continuing operations | 78.579.191 | 26.357.576 |
| Average number of shares outstanding during the period | 393.516.000 | 393.516.000 |
| Profit from per share from continuing operations | <u>0,20</u> | <u>0,07</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 | 30 September 2023 | 30 September 2022 | 30 September 2023 | 31 December 2022 | |
| PROFIT FOR THE YEAR | | 78.579.191 | 26.357.576 | 3.553.477 | 1.662.235 |
| (+) Tax Expense From Continuing Operations | | 244.473.279 | 118.680.423 | 11.055.486 | 7.484.560 |
| (+) Finance Expenses | 15 | 159.279.977 | 113.788.076 | 7.202.904 | 7.176.025 |
| (-) Finance Income | 15 | (316.795) | (9.950.476) | (14.326) | (627.525) |
| (-) Income From Investing Activities | | (51.088.025) | (5.538.919) | (2.310.285) | (349.311) |
| (+) Other Expenses From Operating Activities | 13 | 180.073.621 | 109.471.993 | 8.143.227 | 6.903.832 |
| (-) Other Income From Operating Activities | 13 | (19.706.046) | (5.988.600) | (891.136) | (377.669) |
| (+) Depreciation and Amortisation Expenses | 14 | 24.124.372 | 13.161.236 | 1.090.944 | 830.011 |
| EBITDA | | 615.419.574 | 359.981.309 | 27.830.291 | 22.702.158 |

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