

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 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 31 MARCH 2022

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

		Unaudited (Turkish Lira) Current Period 31 March 2022	Audited (Turkish Lira) Prior Period 31 December 2021	(US Dollar*) Current Period 31 March 2022	(US Dollar*) Prior Period 31 December 2021
	Notes				
ASSETS					
Current Assets		2.657.605.246	2.550.272.108	181.566.379	191.332.591
Cash and Cash Equivalents	3	62.478.110	99.823.827	4.268.476	7.489.221
Financial Assets	3	14.637.100	13.329.000	1.000.000	1.000.000
Trade Receivables	4-5	1.615.189.933	1.469.214.818	110.349.040	110.226.935
- Trade receivables from related parties	4	3.606.025	4.875.842	246.362	365.807
- Trade receivables from third parties	5	1.611.583.908	1.464.338.976	110.102.678	109.861.128
Other Receivables		285.058	504.316	19.475	37.836
- Other receivables from third parties		285.058	504.316	19.475	37.836
Derivative Financial Instruments		-	4.706.363	-	353.092
Inventories	7	958.157.696	909.666.117	65.460.897	68.247.139
Prepaid Expenses	8	5.878.259	1.401.891	401.600	105.176
Assets Related to Current Tax		151.640	50.791.301	10.360	3.810.586
Other Current Assets		827.450	834.475	56.531	62.606
Non-Current Assets		92.056.308	82.202.209	6.289.245	6.167.170
Investment Properties		1.731.525	1.576.781	118.297	118.297
Property, Plant and Equipment		18.326.483	17.339.737	1.252.057	1.300.903
Right of Use Assets		20.970.032	21.501.489	1.432.663	1.613.136
Intangible Assets		32.464.781	29.825.077	2.217.979	2.237.608
- Goodwill		28.331.454	25.799.506	1.935.592	1.935.592
- Other intangible assets		4.133.327	4.025.571	282.387	302.016
Deferred Tax Assets		18.563.487	11.959.125	1.268.249	897.226
TOTAL ASSETS		2.749.661.554	2.632.474.317	187.855.624	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 31 MARCH 2022

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

		Unaudited (Turkish Lira) Current Period 31 March 2022	Audited (Turkish Lira) Prior Period 31 December 2021	(US Dollar*) Current Period 31 March 2022	(US Dollar*) Prior Period 31 December 2021
	Notes				
LIABILITIES					
Current Liabilities		1.662.502.018	1.643.025.204	113.581.380	123.266.952
Short-Term Borrowings		45.470.268	5.007.092	3.106.508	375.654
- Bank loans	16	39.971.783	-	2.730.854	-
- Lease liabilities		5.498.485	5.007.092	375.654	375.654
Trade Payables	4-5	1.033.150.798	1.039.770.675	70.584.392	78.008.153
- Trade payables to related parties	4	4.444.980	4.172.324	303.679	313.026
- Trade payables to third parties	5	1.028.705.818	1.035.598.351	70.280.713	77.695.127
Payables Regarding Employee Benefits		6.339.504	2.737.883	433.112	205.408
Other Payables	4-6	481.579.267	442.568.172	32.901.276	33.203.404
- Other payables to related parties	4	481.473.807	442.425.999	32.894.071	33.192.738
- Other payables to third parties	6	105.460	142.173	7.205	10.666
Derivative Financial Instruments		333.199	-	22.764	-
Deferred Income	8	17.319.729	28.782.083	1.183.276	2.159.358
Current Tax Liabilities		37.553.851	86.569.243	2.565.662	6.494.804
Current Provisions		7.018.350	7.629.623	479.490	572.408
- Current provisions for employee benefits		7.018.350	7.629.623	479.490	572.408
Other Current Liabilities		33.737.052	29.960.433	2.304.900	2.247.763
Non-Current Liabilities		23.761.897	22.348.121	1.623.406	1.676.655
Long-Term Borrowings		5.475.724	6.153.879	374.099	461.691
- Lease liabilities		5.475.724	6.153.879	374.099	461.691
Non-Current Provisions		18.286.173	16.194.242	1.249.307	1.214.964
- Non-current provisions for employee benefits		14.773.269	12.995.282	1.009.307	974.964
- Other non-current provisions		3.512.904	3.198.960	240.000	240.000
EQUITY		1.063.397.639	967.100.992	72.650.838	72.556.154
Equity attributable to owners of the Company		1.063.397.639	967.100.992	72.650.838	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)		602.625.254	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	603.795.257	508.817.284	-	-
Restricted Reserves Appropriated from Profit	10	13.880.245	13.880.245	3.629.318	3.629.318
Accumulated Gain / (Losses)		29.849.466	49.027.864	2.033.535	4.187.661
Net Profit / (Loss) for the Year		1.318.674	(19.178.398)	94.684	(2.154.126)
TOTAL LIABILITIES AND EQUITY		2.749.661.554	2.632.474.317	187.855.624	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 31 MARCH 2022

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

		Unaudited (Turkish Lira) Current Period 1 January - 31 March 2022	Unaudited (Turkish Lira) Prior Period 1 January - 31 March 2021	(US Dollar*) Current Period 1 January - 31 March 2022	(US Dollar*) Prior Period 1 January - 31 March 2021
	Notes				
Revenue	11	1.933.791.539	1.265.936.676	138.850.984	171.596.589
Cost of Sales (-)	11	(1.787.144.719)	(1.177.632.075)	(128.321.382)	(159.626.979)
GROSS PROFIT		146.646.820	88.304.601	10.529.602	11.969.610
General Administrative Expenses (-)	12	(15.004.528)	(8.920.036)	(1.077.362)	(1.209.103)
Marketing, Sales and Distribution Expenses (-)	12	(27.274.108)	(16.578.633)	(1.958.348)	(2.247.219)
Other Income From Operating Activities	13	2.123.075	836.132	152.442	113.337
Other Expenses From Operating Activities (-)	13	(41.400.840)	(13.709.979)	(2.972.682)	(1.858.375)
OPERATING PROFIT		65.090.419	49.932.085	4.673.652	6.768.250
Income From Investing Activities		514.105	332.396	36.914	45.056
OPERATING PROFIT BEFORE FINANCE EXPENSE		65.604.524	50.264.481	4.710.566	6.813.306
Finance Income	15	83.925	4.942.010	6.026	669.885
Finance Expenses (-)	15	(31.960.870)	(27.212.680)	(2.294.869)	(3.688.655)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		33.727.579	27.993.811	2.421.723	3.794.536
Tax Expense From Continuing Operations		(32.408.905)	(12.261.460)	(2.327.039)	(1.662.030)
Current tax expense		(37.576.179)	(9.224.304)	(2.698.062)	(1.107.918)
Deferred tax income / (expense)		5.167.274	(3.037.156)	371.023	(554.112)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		1.318.674	15.732.351	94.684	2.132.506
PROFIT / (LOSS) FOR THE YEAR		1.318.674	15.732.351	94.684	2.132.506
Attributable to:					
Owners of the Company/Parent		1.318.674	15.732.351	94.684	2.132.506
		<u>1.318.674</u>	<u>15.732.351</u>	<u>94.684</u>	<u>2.132.506</u>
Earnings / (Loss) per Share (for 1 full TL share)	18	0,03	0,50	0,00	0,07
OTHER COMPREHENSIVE INCOME/ (EXPENSES)					
Items that will not be reclassified subsequently to profit or loss		95.220.713	30.316.596	16.583	-
Currency translation differences		94.977.973	30.316.596	-	-
Defined Benefit Plans Measurement Gains / (Losses)		307.260	-	20.991	-
Tax (Expense) / Income related to other comprehensive income items		(64.520)	-	(4.408)	-
Deferred Tax (Expense) / Income		(64.520)	-	(4.408)	-
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		95.220.713	30.316.596	16.583	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		96.539.387	46.048.947	111.267	2.132.506
Attributable to:					
Owners of the Company/Parent		96.539.387	46.048.947	111.267	2.132.506
		<u>96.539.387</u>	<u>46.048.947</u>	<u>111.267</u>	<u>2.132.506</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 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		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 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)	-
<i>Net income</i>		-	-	-	-	-	-	15.732.351	15.732.351
<i>Other comprehensive income</i>		-	-	-	30.316.596	-	-	-	30.316.596
Total comprehensive income		-	-	-	30.316.596	-	-	15.732.351	46.048.947
Balances as of 31 March 2021	10	31.724.000	-	(1.022.413)	147.498.527	13.880.245	49.027.864	15.732.351	256.840.574
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>		-	-	-	-	-	-	1.318.674	1.318.674
<i>Other comprehensive income</i>		-	-	-	94.977.973	-	-	-	94.977.973
Total comprehensive income		-	-	-	94.977.973	-	-	1.318.674	96.296.647
Balances as of 31 March 2022	10	43.724.000	372.000.000	(1.170.003)	603.795.257	13.880.245	29.849.466	1.318.674	1.063.397.639

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

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

		Unaudited Current Period 1 January - 31 March 2022	Unaudited Prior Period 1 January - 31 March 2021
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1.318.674	15.732.351
Adjustments for:			
Depreciation and amortisation expenses		3.863.990	2.095.861
Provisions for employee termination benefits		2.369.332	924.868
Allowance for doubtful receivables	5	377.536	-
Unused vacation provision		1.052.958	266.870
Bonus provision		3.771.821	3.188.616
Trade receivables and trade payables discounts, net		(718.290)	-
Allowance for inventories	7	4.183.812	733.077
Income tax expense		32.408.905	12.261.460
Interest income		(514.105)	(332.396)
Interest and commissions expense	15	27.312.227	20.375.980
Derivative (income) / expense		5.039.562	(6.368.187)
Net foreign exchange (income) / loss		7.032.420	14.992.854
Movement in working capital		87.498.842	63.871.354
Changes in trade receivables		(13.167.446)	30.962.203
Changes in inventories		34.620.459	(121.682.304)
Changes in other receivables and other assets		(4.141.738)	(5.522.010)
Changes in trade payables		(103.391.462)	112.350.535
Changes in other payables		(11.058.017)	(33.225.590)
Net cash generated from operations		(9.639.362)	46.754.188
Income taxes returns (paid)		(35.929.582)	(27.410.962)
Collections from doubtful receivables	5	1.426.664	620.476
Employee termination and unused vacation benefits paid		(348.763)	(692.937)
Bonus paid		(5.802.790)	(5.126.591)
Net cash generated from operating activities		(50.293.833)	14.144.174

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022**

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

		Unaudited Current Period 1 January - 31 March 2022	Unaudited Prior Period 1 January - 31 March 2021
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES		97.006	(88.257)
Interest received		514.105	332.396
Purchases of tangible and intangible assets		(417.099)	(420.653)
CASH FLOWS FROM FINANCING ACTIVITIES		5.341.189	(59.106.076)
Interest and commissions paid		(26.375.629)	(19.937.025)
Changes in other payables to related parties		(4.159.559)	(32.831.555)
Proceeds from / (repayment of) borrowings		38.032.877	(4.931.430)
Payments due to lease contracts		(2.156.500)	(1.406.066)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION EFFECTS		(44.855.638)	(45.050.159)
		7.509.921	9.094.901
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(37.345.717)	(35.955.258)
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	62.478.110	74.948.019

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 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, Turkey. 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 31.03.2022.

The Company acquired 100% shares of Commonwealth Finance Investment Ltd. (“Commonwealth”) for a consideration of TL 3.277 on 1 December 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 357 as of 31 March 2022 (31 December 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 10 May 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 31 MARCH 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 condensed consolidated financial statements of the Group are in accordance with the provisions of the Capital Markets Board's (“CMB”) Communiqué Serial II, No. 14.1 on “Principles Regarding Financial Reporting in the Capital Markets” (“Communiqué”) published in the Official Gazette dated 13 June 2013 and numbered 28676. as has been prepared, pursuant to Article 5 of the Communiqué Public Oversight Accounting and Auditing Standards Authority (“POA”) that have been put into force by Turkish Accounting Standards (“TAS”) are considered. TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and the related addendum and interpretations. The condensed consolidated financial statements and accompanying notes have been presented in accordance with the TAS taxonomy published by the POA on 15 April 2019.

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 Correction of Financial Statements in High Inflation Periods

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) has not been applied.

2.3 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 Turkey, 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 31 MARCH 2022

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

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.3 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:

	31 March 2022	31 December 2021	31 March 2021	31 December 2020
USD / TRY – as of reporting date	14,6371	13,3290	8,3258	7,3405
USD / TRY – average for the period	13,9271	8,9031	7,3774	7,0090

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

2.4 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.

2.5 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.

2.6 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. Comparative information is reclassified, where necessary, to conform to the presentation of the current period condensed consolidated financial statements. The Group did not have any reclassifications for the current period.

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

2.7 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.

2.8 Application of New and Revised International Financial Reporting Standards (IFRSs)

The accounting policies adopted in preparation of the condensed consolidated financial statements as at March 31, 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. The effects of these standards and interpretations on the the Group’s financial position and performance have been disclosed in the related paragraphs.

a) New and revised IFRSs that are effective for the year 2022

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform - Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group’s consolidated financial statements.

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

2.8 Application of New and Revised International Financial Reporting Standards(IFRSs) (cont’d)

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

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9 and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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

2.8 Application of New and Revised International Financial Reporting Standards(IFRSs) (cont’d)

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

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

The International Auditing and Assurance Standards Board (“IAASB”) has published COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group’s accounting policies

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

Useful life of property, plant and equipment and intangible assets

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

Duration of Leasing Liabilities

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

Doubtful receivables provision

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

Severance benefits

Under Turkish Law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (Revised) *Employee Benefits* (“IAS 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

	31 March 2022	31 December 2021
Cash on banks	57.869.868	97.734.799
<i>Demand deposits</i>	57.869.868	97.734.799
Credit card receivables	4.608.242	2.089.028
	<u>62.478.110</u>	<u>99.823.827</u>

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

The Group subtracts the blocked deposits held in banks (31 March 2022: 14.637.100 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.

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 whereas non-trade receivables arise from financial 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, and financial transactions. 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%).

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

a) The detail of trade and non-trade receivables and payables as of 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022				
	Receivables		Payables		
	Current		Current	Non-Current	
Balances with Related Parties	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Yıldız Holding A.Ş. (*)	77.928	-	3.464.704	468.541.812	-
Şok Marketler Tic. A.Ş.	1.382.357	-	783.846	-	-
Future Teknoloji Ticaret A.Ş.	415.313	-	9.382	-	-
Kereviş Gıda San. Ve Tic. A.Ş.	253.266	-	-	-	-
Makina Takım Endüstrisi A.Ş.	208.666	-	-	-	-
Shareholders (**)	-	-	-	12.931.995	-
Other	1.268.495	-	187.048	-	-
	<u>3.606.025</u>	<u>-</u>	<u>4.444.980</u>	<u>481.473.807</u>	<u>-</u>

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4. RELATED PARTY DISCLOSURES (cont’d)

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	-

(*) The Company has given 3 promissory notes with maturities of 1 June 2021, 31 December 2021 and 30 June 2022, amounting to USD 35.000.000, USD 20.339.685 and USD 20.982.815, including interest accruals, with the agreement reached on March 11, 2021 regarding the financial debts of the Company to Yıldız Holding within the scope of the syndication loan. A payment of USD 44.687.249 was made from the proceeds of the public offering on May 18, 2021, and it was deducted from the first two notes payable with the closest maturity.

(**) As of 31 March 2022, 12.931.995 TL non-trade payables to shareholders consists of financial debt.

Other companies in the list are related parties of Yıldız Holding. Trade receivables arise from sales of commercial goods, trade payables arise from purchases of products and services.

b) The details of transactions with related parties in the interim period from 1 January to 31 March 2022 and 2021 are as follows:

Transactions with related parties	Sales	1 January - 31 March 2022		
		Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	108.406	1.005.606	-	739.457
Şok Marketler Tic. A.Ş.	399.495	51.850	-	-
Most Bilgi Sistemleri Ticaret A.Ş.	553	208.209	-	170
Makina Takım Endüstrisi A.Ş.	188.090	-	-	-
Biskot Bisküvi Gıda San.Tic. A.Ş.	159.924	-	-	-
Ülker Çikolata Sanayi A.Ş.	148.543	-	-	-
Polinas Plastik San. ve Tic. A.Ş.	123.947	-	-	-
Sağlam İnş.Taah.Tic. A.Ş.	121.160	-	-	-
Other	704.321	125.859	-	-
	1.954.439	1.391.524	-	739.627

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4. RELATED PARTY DISCLOSURES (cont’d)

Transactions with related parties	1 January - 31 March 2021			
	Sales	Purchases	Interest Income	Interest Expense
Yıldız Holding A.Ş.	105.511	916.128	4.942.010	15.808.366
Future Teknoloji Ticaret A.Ş.	635.848	110.915	-	-
Şok Marketler Tic.A.Ş.	417.589	72.640	-	-
Kerevitaş Gıda San. Ve Tic. A.Ş.	109.032	50.381	-	-
Sağlam İnş.Taah.Tic. A.Ş.	152.952	-	-	-
Ufuk Yatırım Yönetim Ve Gayrimenkul A.Ş	-	152.870	-	-
Most Bilgi Sistemleri Ticaret A.Ş.	90.490	27.649	-	-
Bizim Toptan Satış Mağazaları A.Ş.	25.558	68.973	-	-
Other	255.464	64.688	-	-
	<u>1.792.445</u>	<u>1.464.244</u>	<u>4.942.010</u>	<u>15.808.366</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.

Compensation of key management personnel:

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

	1 January - 31 March 2022	1 January - 31 March 2021
Salaries and other current benefits	2.889.701	1.977.922
	<u>2.889.701</u>	<u>1.977.922</u>

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5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	31 March 2022	31 December 2021
<u>Short term trade receivables</u>		
Trade receivables	1.442.351.778	1.322.768.974
Notes receivables	169.232.130	141.570.002
Due from related parties (Not 4)	3.606.025	4.875.842
Doubtful receivables	92.082.889	94.792.782
Provision for doubtful receivables (-)	(92.082.889)	(94.792.782)
	<u>1.615.189.933</u>	<u>1.469.214.818</u>

The average maturity of trade receivables is 72 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 - 31 March 2022	1 January - 31 March 2021
<u>Movement of provision for doubtful receivables</u>		
Balance at beginning of the year	94.792.782	88.936.162
Charge for the year (Note 19)	377.536	-
Collections (Note 19)	(1.426.664)	(620.476)
Translation difference	(1.660.765)	868.544
Closing balance	<u>92.082.889</u>	<u>89.184.230</u>

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

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5. TRADE RECEIVABLES AND PAYABLES (cont’d)

b) Trade Payables

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

	31 March 2022	31 December 2021
Short term trade payables		
Trade payables	853.733.243	859.017.768
Due to related parties (Note 4)	4.444.980	4.172.324
Expense accruals (*)	174.972.575	176.580.583
	<u>1.033.150.798</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 31 March 2021, the average maturity of trade payables is 53 days (2021: 51 days).

6. OTHER PAYABLES

Other Payables

	31 March 2022	31 December 2021
Short Term Other Payables		
Non-trade payables to related parties (Note 4)	468.541.812	419.984.908
Other payables	105.460	142.173
Payables to shareholders (Note 4)	12.931.995	22.441.091
	<u>481.579.267</u>	<u>442.568.172</u>

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7. INVENTORIES

	31 March 2022	31 December 2021
Raw materials	7.268.272	5.414.920
Finished goods	690.432	480.244
Trade goods	973.459.004	897.890.571
Consignment goods	20.923.084	41.736.511
Other inventory	56.880	426.035
Allowance for impairment on inventory (-)	(44.239.976)	(36.282.164)
	<u>958.157.696</u>	<u>909.666.117</u>
	1 January - 31 March 2022	1 January - 31 March 2021
Movement of allowance for impairment on inventory		
Opening balance	(36.282.164)	(16.880.985)
Charge for the year / cancel of allowance, net	(4.183.812)	(733.077)
Translation gain / loss	(3.774.000)	(2.360.140)
Closing balance	<u>(44.239.976)</u>	<u>(19.974.202)</u>

8. PREPAID EXPENSES AND CONTRACT LIABILITIES

	31 March 2022	31 December 2021
Short term prepaid expenses		
Prepaid expenses	5.699.438	1.401.891
Advances paid for trade goods	178.821	-
	<u>5.878.259</u>	<u>1.401.891</u>
	31 March 2022	31 December 2021
Short term deferred income		
Short term deferred income (*)	8.031.172	21.915.675
Provision for revenue premiums (*)	9.288.557	6.866.408
	<u>17.319.729</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 31 March 2022 and 31 December 2021 is as follows;

31 March 2022	TL Equivalent	USD	TL	Euro
A. CPM given on behalf of its own legal entity				
-Collateral	860.524.210	58.005.443	7.421.365	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	880.169.240	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	1.740.693.450	93.334.753	370.471.962	250.000

The ratio of other CPM’s that is given by the Group to equity is 83% as of 31 March 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 31 March 2022 and 31 December 2021, the share capital held is as follows:

Shareholders	%	31 March	%	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	4.459.397	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	6.897.379	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 31 March 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

	31 March	31 December
	2022	2021
Legal Reserves	13.880.245	13.880.245
	<u>13.880.245</u>	<u>13.880.245</u>

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

c) Share Premiums

	31 March	31 December
	2022	2021
Share Premiums	372.000.000	372.000.000
	<u>372.000.000</u>	<u>372.000.000</u>

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

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10. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

d) Foreign Currency Translations

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

e) Distributable Profit

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

	31 March 2022	31 December 2021
Accumulated Gain / (Losses)	29.849.466	49.027.864
Net Profit / (Loss) for the Year	1.318.674	(19.178.398)
Total	31.168.140	29.849.466

11. REVENUE

	1 January - 31 March 2022	1 January - 31 March 2021
<u>a) Sales</u>		
Domestic sales	2.035.096.067	1.318.447.467
Export sales	9.234.740	6.337.452
Sales returns (-)	(91.619.525)	(37.741.347)
Sales discounts (-)	(18.919.743)	(21.106.896)
	1.933.791.539	1.265.936.676

	1 January - 31 March 2022	1 January - 31 March 2021
<u>Sales Channels</u>		
Retail	636.124.710	379.008.399
Value-Added Reseller	548.689.794	321.658.963
Dealer	313.920.004	181.855.994
Marketplace	230.179.517	171.404.298
Sub-distributor and other	204.877.514	212.009.022
	1.933.791.539	1.265.936.676

	1 January - 31 March 2022	1 January - 31 March 2021
<u>b) Cost of sales</u>		
Cost of goods sold (-)	(6.975.917)	(5.911.363)
Cost of merchandises sold (-)	(1.780.168.802)	(1.171.720.712)
	(1.787.144.719)	(1.177.632.075)

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12. GENERAL ADMINISTRATIVE EXPENSES AND SALES AND MARKETING EXPENSES

	1 January - 31 March 2022	1 January - 31 March 2021
General administrative expenses (-)	(15.004.528)	(8.920.036)
Marketing, selling and distribution expenses (-)	(27.274.108)	(16.578.633)
	<u>(42.278.636)</u>	<u>(25.498.669)</u>
a) General administrative expenses details	1 January - 31 March 2022	1 January - 31 March 2021
Employee benefit expenses	(5.577.790)	(2.703.342)
Depreciation and amortization expenses	(3.863.990)	(2.095.861)
Insurance expenses	(1.678.522)	(1.084.726)
Consulting expenses	(1.397.543)	(1.196.682)
IT expenses	(1.086.119)	(644.076)
Meal expenses	(844.720)	(189.660)
Outsourcing expenses	(471.655)	(510.005)
Travel expenses	(32.868)	(11.292)
Other	(51.321)	(484.392)
	<u>(15.004.528)</u>	<u>(8.920.036)</u>
b) Marketing, selling and distribution expenses details	1 January - 31 March 2022	1 January - 31 March 2021
Employee benefit expenses	(19.019.321)	(12.359.198)
Logistics expenses	(4.288.266)	(3.427.071)
Technical service expenses	(699.934)	(30.873)
Outsourcing expenses	(291.397)	(23.375)
Vehicle expenses	(248.919)	(422.852)
Meal expenses	(223.196)	(110.006)
Corporate communication expenses	(221.497)	(10.837)
Travel expenses	(164.159)	(7.611)
Other	(2.117.419)	(186.810)
	<u>(27.274.108)</u>	<u>(16.578.633)</u>

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13. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	1 January - 31 March 2022	1 January - 31 March 2021
Terminated provisions (Note 5)	1.426.664	620.476
Other	696.411	215.656
	<u>2.123.075</u>	<u>836.132</u>

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

	1 January - 31 March 2022	1 January - 31 March 2021
Provision for doubtful receivables (Note 5)	(377.536)	-
Foreign exchange loss	(40.917.458)	(13.098.164)
Other	(105.846)	(611.815)
	<u>(41.400.840)</u>	<u>(13.709.979)</u>

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14. EXPENSES BY NATURE

	1 January - 31 March 2022	1 January - 31 March 2021
Employee benefit expenses	(24.597.111)	(15.062.540)
Logistics expenses	(4.288.266)	(3.427.071)
Depreciation and amortization expenses	(3.863.990)	(2.095.861)
Insurance expenses	(1.678.522)	(1.084.726)
Consulting expenses	(1.397.543)	(1.196.682)
IT expenses	(1.086.119)	(644.076)
Meal expenses	(1.067.916)	(299.666)
Outsourcing expenses	(763.052)	(533.380)
Technical service expenses	(699.934)	(30.873)
Vehicle expenses	(248.919)	(422.852)
Corporate communication expenses	(221.497)	(10.837)
Travel expenses	(197.027)	(18.903)
Other	(2.168.740)	(671.202)
	<u>(42.278.636)</u>	<u>(25.498.669)</u>

15. FINANCE INCOME AND EXPENSES

	1 January - 31 March 2022	1 January - 31 March 2021
Finance income	83.925	4.942.010
Total finance income	<u>83.925</u>	<u>4.942.010</u>
	1 January - 31 March 2022	1 January - 31 March 2021
Interest expense on bank loans	(429.122)	(169.252)
Interest expense on payables to related parties	(8.230.457)	(15.808.366)
Commission expenses on credit cards	(2.751.076)	(1.840.551)
Total interest expenses	<u>(11.410.655)</u>	<u>(17.818.169)</u>
Foreign exchange (loss) / gain	(4.564.718)	(1.894.690)
Early payment discounts	(8.513.455)	(4.209.921)
Letter of bank guarantee expenses	(5.087.570)	(2.795.990)
Other finance expenses	(2.384.472)	(493.910)
Total finance expenses	<u>(31.960.870)</u>	<u>(27.212.680)</u>

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16. FINANCIAL INSTRUMENTS

Financial Liabilities

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

Financial Liabilities	31 March 2022	31 December 2021
Bank Loans	39.971.783	-
Short-term other payables to related parties (Note 4, 6)	481.473.807	442.425.999
	<u>521.445.590</u>	<u>442.425.999</u>

The borrowings are repayable as follows:

	31 March 2022	31 December 2021
To be paid within 1 year	521.445.590	442.425.999
	<u>521.445.590</u>	<u>442.425.999</u>

Details of bank loans:

Currency	Interest Rate	31 March 2022	
		Current	Non- current
TRY	21,90%-23,50%	39.971.783	-
		<u>39.971.783</u>	<u>-</u>

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17. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Financial Risk Factors

a.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)

a) Financial Risk Factors (cont’d)

a.1) Credit risk management (cont’d)

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

31 March 2022	Trade Receivables	Total
Past due 1-30 days	133.109.056	133.109.056
Past due 1-3 months	4.574.035	4.574.035
Past due 3-12 months	1.985.025	1.985.025
Total past due trade receivables	139.668.116	139.668.116
Non-overdue	1.475.521.817	1.475.521.817
Total trade receivables	1.615.189.933	1.615.189.933
The part under guarantee with collateral and insurance	555.323.743	555.323.743

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 31 March 2022, 527.147.984 TL of the total short-term receivables amounting to 1.615.189.933 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)

a) Financial Risk Factors (cont’d)

a.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.

a.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)

a) Financial Risk Factors (cont'd)

a.2) Market Risk Management (cont'd)

a.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:

	31 March 2022		
	Total TL Equivalent	TL	Euro
1. Trade receivables	289.163.071	256.156.955	2.026.718
2.a Monetary financial assets	19.502.534	16.961.328	156.041
2.b Non monetary financial assests	-	-	-
3. Other	336.158	226.540	6.731
4. CURRENT ASSETS	309.001.763	273.344.823	2.189.490
5. Trade receivables	-	-	-
6.a Monetary financial assets	-	-	-
6.b Non monetary financial assests	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	309.001.763	273.344.823	2.189.490
10. Trade payables	31.879.129	26.427.232	334.770
11. Financial liabilities	39.465.572	39.416.536	3.011
12.a Other monetary liabilities	78.496.532	78.496.532	-
12.b Other non monetary liabilities	-	-	-
13. CURRENT LIABILITIES	149.841.233	144.340.300	337.781
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16.a Other monetary liabilities	-	-	-
16.b Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	-	-	-
18. TOTAL LIABILITIES	149.841.233	144.340.300	337.781
19. Net assets / liability possition of off-balance sheet derivatives (19a-19b)	(33.665.330)	(33.665.330)	-
19.a Off-balance sheet foreign currency derivative assets	(33.665.330)	(33.665.330)	-
19.b Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset liability position	125.495.200	95.339.193	1.851.709
21. Net foreign currency asset / liability position of monetary items (1+2a+3+6a-10-11-12a-14-15-16a)	159.160.530	129.004.523	1.851.709
22. Fair value of foreign currency hedged financial assets	(333.199)	(333.199)	-
23. Hedged amount of the assets with foreign currency	-	-	-

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

a) Financial Risk Factors (cont'd)

a.2) Market Risk Management (cont'd)

a.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 (1+2a+3+6a-10-11-12a-14-15-16a)	295.189.185	273.298.142	1.451.016
22. Fair value of foreign currency hedged financial assets	4.706.363	4.706.363	-
23. Hedged amount of the assets with foreign currency	-	-	-

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

a) Financial Risk Factors (cont'd)

a.2) Market Risk Management (cont'd)

a.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.

	31 March 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	12.900.452	(12.900.452)
2 - Portion hedged against TL risk (-)	(3.366.533)	3.366.533
3 - TL net effect (1 +2)	9.533.919	(9.533.919)
In the case of EUR gaining 10% value against USD		
4 - EUR net asset / liability	3.015.601	(3.015.601)
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	3.015.601	(3.015.601)
TOTAL (3 + 6 +9)	12.549.520	(12.549.520)

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

a) Financial Risk Factors (cont'd)

a.2) Market Risk Management (cont'd)

a.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 +9)	28.852.468	(28.852.468)

18. EARNINGS PER SHARE

	1 January - 31 March 2022	1 January - 31 March 2021
Net profit / (loss) for the year from continuing operations	1.318.674	15.732.351
Average number of shares outstanding during the year	43.724.000	31.724.000
Profit / (Loss) from per share from continuing operations	0,03	0,50

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 IFRS is considered important for the Group's financial performance by the Group Management and the calculation of earnings before interest, tax, depreciation and amortization “EBITDA” is presented below. The Group calculates the “EBITDA” amount by subtracting income from investing activities and other income from operating activities from profit for the period in the condensed consolidated statements of profit and loss and adding tax expense from continuing operations, finance expenses, expenses from investing activities, other expenses from operating activities and depreciation and amortization expenses.

		(Turkish Lira)	(Turkish Lira)	(US Dollar*)	(US Dollar*)
		1 January -	1 January -	1 January -	1 January -
	Notes	31 March 2022	31 March 2021	31 March 2022	31 March 2021
PROFIT FOR THE YEAR		1.318.674	15.732.351	94.684	2.132.506
(+) Tax Expense From Continuing Operations		32.408.905	12.261.460	2.327.039	1.662.030
(+) Finance Expenses	15	31.960.870	27.212.680	2.294.869	3.688.655
(-) Finance Income	15	(83.925)	(4.942.010)	(6.026)	(669.885)
(-) Income From Investing Activities		(514.105)	(332.396)	(36.914)	(45.056)
(+) Other Expenses From Operating Activities	13	41.400.840	13.709.979	2.972.682	1.858.375
(-) Other Income From Operating Activities	13	(2.123.075)	(836.132)	(152.442)	(113.337)
(+) Depreciation and Amortisation Expenses	14	3.863.990	2.095.861	277.444	284.092
EBITDA		108.232.174	64.901.793	7.771.336	8.797.380

(*) 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.