

# WE ADD VALUE TO LIFE WITH TECHNOLOGY

Annual  
Report  
2021



# Contents

## About Teknosa

- 10 Teknosa in Brief
- 12 Capital and Shareholding Structure
- 13 Vision, Mission, Culture and Values, Quality and Complaint Management Policies
- 14 Milestones

## Teknosa in 2021

- 16 Main Competitive Advantages
- 24 2021 Highlights
- 32 Key Financial and Operational Indicators
- 34 Sector Developments and 2022 Expectations

## Management of Teknosa

- 36 Message from the Chairman of the Board of Directors
- 40 Board of Directors
- 42 Message from the General Manager
- 48 Executive Board
- 51 Organizational and Employee Structure

## Sustainability

- 52 Sustainability Approach
- 54 Human Resources
- 58 Corporate Social Responsibility
- 60 Occupational Health and Safety
- 61 Environment

## Corporate Governance

- 64 Information on the Organization
- 65 Corporate Governance and Sustainability Principles Compliance Report
- 75 Independence Declarations
- 77 Dividend Distribution Table
- 78 Audit Report on the Early Risk Detection System and the Early Risk Detection Committee
- 79 Independent Auditor's Report on the Annual Report

## Financial Information

- 81 Independent Auditor's Report, Financial Statements and Footnotes

# Agenda of the 2021 Ordinary General Assembly Meeting

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING FOR 2021 TO BE HELD ON MARCH 22, 2022

1. Opening and formation of Meeting Chairmanship,
2. Reading and discussion of the Board of Directors' Annual Report for 2021,
3. Reading of the summary of Auditors' Reports for 2021,
4. Review and approval of Financial Statements for 2021,
5. Approval of the members of the Board who are appointed by the Board of Directors for the vacant memberships for the remaining duty period,
6. Release of the members of the Board of Directors with regard to the 2021 activities,
7. Determination of the use of 2021 profits/losses
8. Election of Members of the Board of Directors and determination of duty terms,
9. Determination of the remuneration for the Members of Board of Directors,
10. Election of the auditor,
11. Informing the General Assembly regarding the Donations made in 2021,
12. Determination of Company's donation limit in 2022,
13. Granting permission to the Chairman and Members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of the Turkish Commercial Code.
14. Wishes and Regards.

## **The most successful performance in recent years**

At Teknosa, we focus on offering a wider technology offer and holistic customer experience in all of our channels in accordance with our purpose of “bringing the technology of the world to everyone and creating happy moments”. As the Company evolves from a traditional retailer to a digital platform with physical presence, it constitutes a key building block in the Sabancı Group’s ecosystem with its strategic digital initiatives.

A black smartphone is centered in the frame, displaying a financial graphic. The screen shows a line chart with a grid background, overlaid with the text 'TL 7.5 BILLION TURNOVER'. The chart has several data points and a trend line. The background of the entire image is dark blue with a large, light blue arrow pointing upwards and to the right. The bottom of the image features a white area with a grid of small dots.

**TL 7.5**  
**BILLION**  
**TURNOVER**

# Smart growth

**We maintain steady growth  
through smart operations  
and broad experience in the  
omnichannel model offered  
to our customers.**

**34%**

Growth rate in turnover  
compared to 2020



A large, black-framed television screen is centered in the image. The screen displays a solid blue background with white text. The background of the entire image is a vibrant orange with faint, light-colored geometric lines and shapes. The bottom portion of the image features a white background with a grid of small, light gray dots.

**TL 131.5 MILLION  
NET PROFIT**

# Net growth

**We significantly increased our net profit with breakthroughs in digitalization and customer-oriented transformation.**



**TL 1.1  
BILLION**  
**e-commerce turnover**



# Technological growth

**While continuously improving customer experience in our digital channels, we actively utilize all technological opportunities to make a difference in our business.**

**15.3%**

Share of e-commerce  
in retail turnover



A silver refrigerator is shown against a bright orange background. The refrigerator has a digital display on the upper door. The display is a black rectangle with white text. The text is arranged in two lines: 'TL 70 MILLION' on the top line and 'INVESTMENT' on the bottom line. The refrigerator has a modern design with a silver handle on the left side of the upper door. The background is a solid orange color with some faint geometric patterns.

TL 70 MILLION  
INVESTMENT

# Permanent growth

**We continued to demonstrate healthy and sustainable growth while maintaining our investments in digitalization and customer-oriented transformation.**



## Teknosa in Brief

**Carrying out its activities with the motto “Technology for Everyone” since its foundation, Teknosa makes a difference in the industry with its breakthroughs in digitalization and customer-oriented transformation.**

Established under the umbrella of Sabancı Holding in 2000, Teknosa İç ve Dış Ticaret A.Ş. has been traded on BIST since 2012. Driven by the philosophy of “Technology for Everyone,” the Company stands by its customers anytime and anywhere, makes their access to technology easier, and offers a pleasurable shopping experience.

Shaping the future with its stakeholders, Teknosa advances in its industry via utilizing the strength of its widespread penetration, superior service quality, reliability, and product diversity, as well as its dynamic, innovative, and entrepreneurial corporate structure.

Teknosa carries on its works for offering more value to its society and all stakeholders while continuing its activities with a focus on sustainability.

Having concluded its 21<sup>st</sup> year in the industry, Teknosa conducts operations under two groups: Retail/e-commerce and its dealer network. Teknosa stores and online channels provide the retailing of consumer electronics, imaging,

information technology, telecom products, and household appliances, in addition to operations in the air conditioning sector with iklimsa, its retailer group brand.

Teknosa continuously invests in its brand and people, trains human resources to be experts in their respective fields, spearheads innovative services for customer satisfaction, creates the product mix through ideal channels for consumers' needs, takes bold steps, and leads the industry.

Having introduced to consumers the concept of technology markets in Turkey, Teknosa is the most widespread technology retail chain in Turkey today, owing to a broad network of stores, teknosa.com and mobile platforms.

Teknosa offers innovative services to its customers in the multi-channel model

through applications blending digital and physical channels to address customers' expectations.

Teknosa's digital transformation extends from the supply chain to the delivery to end consumer and after-sales operations. In the meantime, it adopts a data-driven management culture and continues with CRM investments without respite. The Company initiates new efforts to analyze data and optimize customer experience via the use of AI algorithms.

Working at full throttle for the "Teknosa of the Future," the Company will continue to be the pioneer of holistic experience in retail by launching the marketplace within the scope of digital transformation, expanding the scope of its services, and customer-oriented breakthroughs, and to turn its acquisitions into benefits for its stakeholders and country in the upcoming period.



**102 thousand m<sup>2</sup>**

Store Area



**69**

Provinces with  
Teknosa Presence



# Capital and Shareholding Structure



Teknosa's approved and issued share capital consists of 20,100,000,000 shares with a nominal value of 1 Kr each (December 31, 2020: 11,000,000,000).

As of December 31, 2021, Teknosa's capital structure consisted of the following:

Company Title/Name-Surname	Share in Capital (TL)	Share in Capital (%)
Hacı Ömer Sabancı Holding A.Ş.	100,500,001.44	50.00
Other	100,499,998.56	50.00
<b>Total</b>	<b>201,000,000.00</b>	<b>100.00</b>

# Vision, Mission, Culture and Values, Quality and Complaint Management Policies

## Vision

To act as the leading electronics retailer in the region through “innovative” and “distinctive” products and services.

## Mission

To always be with customers through its widespread sales channels, a diverse portfolio of high-quality products, and superior services.

## Culture and Values

As a pioneer of innovation, Teknosa is a young company that puts customer and stakeholder needs and requirements at the heart of its operations, promotes different opinions, values broad participation in decisions, does not fear to make mistakes and considers them an improvement opportunity, and focuses on creating sustainable value. Sincerity, continuous development, inclusion, courage and passion are Teknosa's core values.

## Quality Policy

Offering technology products and services, Teknosa is a company that prioritizes customer satisfaction, continuously improving its relationships with suppliers, and places importance on the development of its employees,

ensuring the sustainability and efficiency of its lean and fast-moving organization by practicing modern management techniques and always conducts assessments for further improvement with an innovative approach.

## Complaint Management Policy

Teknosa handles all complaints and requests received through customer interaction channels in accordance with laws and Company policies, and in a confidential, fair, and impartial manner. The Company continuously improves its complaint management system, thereby increasing customer satisfaction.



## Milestones

### Teknosa launched its new loyalty program TeknoClub in 2021.

#### 2000

- Teknosa launched operations with five retail stores.

#### 2003

- The [www.teknosa.com](http://www.teknosa.com) website was launched.

#### 2005

- Teknosa Academy was founded as a first in the industry.

#### 2006

- The "Scientific Retailing Program" was initiated for operational efficiency and infrastructure projects.
- Dealership operations in air conditioning sector were organized under Iklimsa brand.
- E-learning program was started.
- The number of stores exceeded 150.

#### 2007

- Gebze Logistics Center with 30 thousand m<sup>2</sup> of closed space entered into service.
- Five stores in Turkey belonging to the German consumer electronics retailer Electronic Partner were acquired.
- Two music stores of Uzelli in Turkey were acquired.
- After-sales and product exchange/return services were made available to customers for the first time in the technology retail sector in Turkey.





**2008**

- Turuncu Card loyalty program was put at the disposal of customers.

**2009**

- "Extra" stores with larger closed spaces were opened.

**2010**

- "Rapid growth" strategy was replaced by "sustainable and profitable growth."

**2011**

- The Turkish operations of the American electronics retailer Best Buy were acquired.

**2012**

- Company's shares began trading on the Istanbul Stock Exchange (BIST) on May 17,

**2013**

- Teknosa's mobile applications for Android and iOS devices were launched.

**2014**

- Click & Collect was launched in line with the multi-channel strategy.
- Teknosa started to offer alternative financing options to customers with TeknoFinans

**2015**

- With Teknosacell, Teknosa became the first and only technology retail company in Turkey to provide mobile communication and line services.
- Teknosa Preo-branded special products were introduced to the market.

**2016**

- Installment sales options for mobile devices were made available with Teknosacell.
- Teknosa's Preo-branded product range was expanded. Sales of new accessories and products (gaming, accessories, VR, drone) began.

**2017**

- The corporate social responsibility project, Technology for Women, celebrated its 10<sup>th</sup> anniversary.

**2018**

- The teknosa.com infrastructure and interface were renewed.
- A new CRM platform was created.
- Turkey's first "Satisfaction Guaranteed Return" practice was launched.
- Technology products leasing services for SMEs were initiated.

**2019**

- Transformation Program for the Teknosa of the New Generation was launched.
- Small home appliances and new accessories were included in the Preo product family.

**2020**

- Technology spaces were created in Carrefoursa markets.
- Teknosa mobile apps were revamped.
- Click & Drive service was launched as a first in the industry.
- Video-Chat practices were also launched, yet another first in Turkey.

**2021**

- Marketplace investment decision was taken.
- In-store digitalization projects (TeknoTAG, TeknoGO) were realized.
- The new loyalty program TeknoClub was launched.
- The "Technology for Women, Solidarity for All" project was initiated with the cooperation of the Sabancı Foundation and TKDF.



# Main Competitive Advantages

**For customers to promptly access the right product at the right time, in the right place, and for affordable prices, Teknosa manages its activities based on AI algorithms and a data-driven smart system that predicts the future.**



**145.7 million**

Number of store and teknosa.com visitors

Turkey's most widespread and accessible technology and e-commerce company, Teknosa has become a reference point in digital channels in addition to retailing activities with its multi-channel investments and introduced a globally-acclaimed model for the industry. In parallel with the transformation of the industry and a strong omnichannel focus today, the Company develops distinctive business models and special services to steer the industry and maintains its rising performance even in the face of the challenges brought by the pandemic.

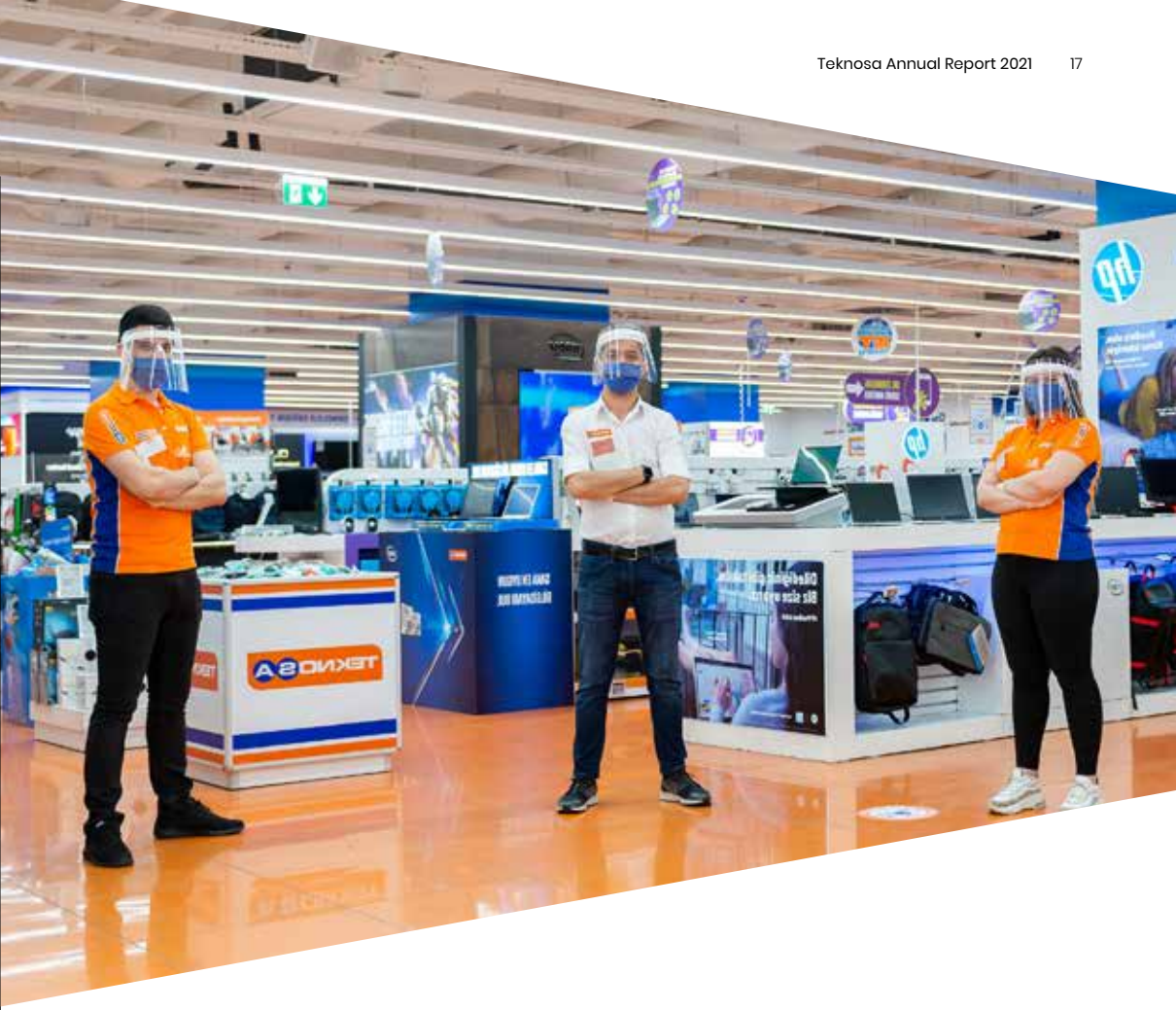
Teknosa also takes steps that concern its ecosystem and consumers with sustainability works it carries out in line with the vision of Sabancı Group.

## The Pioneer of Multi-Channel in Technology Retail Sector

Teknosa provides customers with a seamless and integrated shopping experience through its stores, teknosa.com, and mobile platform, while enhancing investments to deepen the multi-channel model, which was pioneered by the Company in Turkey. Indeed, it makes a difference in the industry through innovative practices blending online and offline experiences.

## Unlimited Customer Satisfaction

Teknosa boosts customer satisfaction via seamless experience across all channels, fast and qualified service, customer relations program, and service-oriented training programs for employees. The Company measures customer satisfaction through all channels and focuses on increasing its NPS (Net Promoter Score), which is already above the relevant benchmarks.



### **Data-Driven Management Approach**

Parallel to the “Sabancı of the New Generation” vision, Teknosa puts advanced data analytics at the core of its business. For customers to promptly access the right product at the right time, in the right place, and for affordable prices, Teknosa manages its activities based on AI algorithms and a data-driven smart system that predicts the future.

### **Extensive Customer Services**

As the first company in Turkey to have launched after-sales services in the sector, Teknosa strives to address customer needs and requirements in full, and therefore provides seamless services through the call center, at in-store customer relations corners,

and via social media accounts and its online store [teknosa.com](https://www.teknosa.com). The Company analyzes customers' shopping journeys and preferences to offer personalized and accelerated services via the use of a CRM-integrated system while monitoring all maintenance and repair requirements related to its products.

## Main Competitive Advantages

**For the first time in the industry, Teknosa launched the “Satisfaction Guaranteed Return” program which enables customers to exchange TVs, monitors, notebooks, tablets, desktops, irons, vacuum cleaners and Preo small home appliances within 30 days of purchase, regardless of whether these products had been used.**

**Teknosa customers can contact the Company and get information via 14 different channels such as phone, web-chat, WhatsApp, e-mail, web communication forms.**

The Teknosa Call Center targets improved customer satisfaction by meticulously analyzing the entire retail process in order to meet every information need of customers. Within this scope, Teknosa diversified its communication channels for a better customer experience and started to address customers' requirements via digital channels, including web-chat, live support, and WhatsApp support services. Teknosa customers can contact the Company and get information via 14 different channels such as phone, web-chat, WhatsApp, e-mail, web communication forms. Last year, Teknosa also enabled order placements and payments via call center and web-chat channels to guarantee a better shopping experience for customers. NPS satisfaction surveys are conducted after calls to keep customer satisfaction at the maximum level and improve the quality of services and communications.

Teknosa Customer Services always monitors technology developments closely, while undertaking efforts to maximize customer experience and satisfaction.

### Value-Added Services

Teknosa delivers wide-ranging technological services from installation and technical support to safety which customers can benefit from at stores, over the phone, at home, or at work under the roof of Tekno Service, its new service brand. Teknosa reassures its customers that they will support them not only during the sale but also after the sale.

It offers service packages in different categories such as “TeknoGuarantee,” “Service in Store,” “Local Installation,” “Remote Technology Support Service” and “Full Support Service Packages.”

The Remote Technology Support Package enables customers to remotely access experts 24/7 through the Call Center, and obtain answers to all their technology-related questions. Meanwhile, instant in-store support services, such as guidance for usage and installation, are available in stores for those customers who are new to the latest technology.

Teknosa classified Full Support Service Packages, which it put into practice in 2021 for the first time, under two categories: "All Products" and "Product-Specific." While the All Products package covers all services provided by Teknosa, the Product-Specific package is sold with the relevant devices.

With Additional Guarantee Package Insurance, which extends the product warranty up to 5 years after the end of the manufacturer's warranty, the Company offers a warranty for 2 years against electricity, humidity, and dust and 1 year against breaking, contact with liquids, and theft, regardless of the purchase outlet and with expired supplier's warranty.

Coming to the forefront as the brand of "firsts," Teknosa launched the "Satisfaction Guaranteed Return" program which enables customers to exchange TVs, monitors, notebooks, tablets, desktops, irons, vacuum cleaners, and Preo small home appliances within 30 days of purchase, regardless of whether these products had been used.

At service points opened in selected Teknosa stores, all mobile devices – i.e. notebooks, phones, tablets – are eligible for servicing and 360° device cases, regardless of whether they were purchased at Teknosa. Affordable services are also offered to customers for all out-of-warranty mobile devices.

Offering solutions that bring technology to life, Teknosa guides customers before, during, and after-sales and continues to develop new and value-added services.

Teknosa prioritizes presenting its customers with "a holistic customer experience for technology," and works with its business partners to create an ecosystem that offers end-to-end after-sales services.

## **Teknosacell, the New Look of Mobile Communications**

Teknosa continues to operate as a one-stop shop for technology and provides mobile communication services with Teknosacell, the first and only in the sector. The Company meets customers' communication and technology needs at a single point and with a single invoice through Teknosacell, offering generous Internet packages and exclusive benefits. Continuing to offer competitive and rich-content packages, Teknosacell reached over 300,000 subscribers as of the end of 2021.

Teknosacell put its signature under another innovation in 2021 and started Türk Telekom internet sales from all Teknosa stores. The brand aims to expand its field of activity with the new projects it implements and continues to work to provide the best customer experience.



## Main Competitive Advantages

**Offering the latest technology to its consumers with Preo-branded small home appliances, personal care products, gaming accessories, notebooks, and smartphone accessories; Teknosa will continue to diversify Preo products in accordance with customer demands.**

### **The Industry's Most Comprehensive Private Label: Teknosa Preo**

Launched in 2015 as a private brand, Preo now features more than 900 products in its product range as of the end of 2021 and is the most comprehensive private label brand in the industry. Offering the latest technology to its consumers with Preo-branded small home appliances, personal care products, gaming accessories, notebooks, and smartphone accessories; Teknosa will continue to diversify Preo products in accordance with customer demands. Within this scope, it is aimed to add product groups such as smartwatches, tablets, TVs, etc. to Preo's product range in 2022.

Aiming to facilitate the lives of its customers by offering innovative, reliable, high-quality, and latest technology products at advantageous

prices, Preo is strengthened with the vision of becoming a preferred brand at homes in Turkey and around the world.

### **A Robust Structure for Consumer Finance**

Teknosa offers alternatives for consumer finance to facilitate shopping. These include ING's Teknokredi finance and Akbank's AKON at its stores; and ING's Shopper, Akbank's Direct, and Yapi Kredi's Shopping Loans for the online channel. Over 1.2 million customers utilized loans from the day shopping through finance was introduced to the end of 2021. Consumers are able to take out cost-free loans, either at the store or on online platforms, quickly, easily, and with compelling interest rates, enjoying up to 36 months of installments. Customers can benefit from installment opportunities at the cash sale price in different installments and categories in certain campaign periods.



Furthermore, customers with an ING Turuncu Extra account are able to enjoy loans with installments at the cash sale price for all products throughout the year, thanks to Teknokredi.

### **The Innovative Learning Destination: Teknosa Academy**

Teknosa gives priority to training its employees to make them highly qualified experts in order to maximize customer and employee satisfaction. Founded for this purpose in 2005 as the first academy in technology retailing in Turkey, Teknosa Academy provides employees with training and development opportunities through various programs and guides them on their career paths. Teknosa Academy, which more than 17,500 people graduated from over 1,725,000 hours of training in 16 years, carries out programs to provide all employees with equal training opportunities and to ensure continuous education in line with the rapid advances in technology.

Adopting the blended learning model, Teknosa Academy takes changing user habits and means of access to information into account. Within this scope, it offers learning and development opportunities to employees also at [teknosaakademi.com](https://teknosaakademi.com), where technology infrastructure and user experience are continuously improved.

For the last 3 years, Teknosa Academy has been offering an average of 20 hours of in-class and online training per employee each year. It continues to contribute to the development of employees online with 12 product videos, 10 development videos, 10 blog posts, and 2 digital books every month. Digital books and blog posts of more than 2,750 hours were read at Teknosa Academy in 2021.

In addition to the in-class courses of Teknosa Academy, employees benefit from learning and development opportunities based on six main digital channels. Accordingly, [teknosaakademi.com](https://teknosaakademi.com) is positioned as the main medium on which all these channels are gathered. There are six main channels in the medium where e-training, e-exams, and surveys are presented:

- Teknosa Training Platform (LMS),
- TeknoTube, the video-based learning platform,
- TeknoBlog for interactive communication with the employees,
- e-Orientation, which can always be a source of reference for employees from the first day they start working,
- TeknoGuide to follow the on-the-job training, coaching, and mentoring meetings of the employees,

**More than 17,500 people graduated from Teknosa Academy in 16 years.**

- TeknoDictionary for the meanings of words and abbreviations used specifically for Retail and Teknosa.

In the meantime, a "Digital Library" was launched under [teknosaakademi.com](https://teknosaakademi.com) in 2021 as a program to contribute to employees' personal and professional development. As part of the program, employees were provided with access to summaries of 2 books patented by Teknosa every month.

Teknosa Academy, which aims to contribute to the foreign language training of its employees, has also implemented the English training project. After determining the written and verbal levels of the applicants, a total of 40 hours of English training is provided 4 hours a week for each different level.

The Mentee - Mentoring Program, various Manager Development Programs (All-Star Manager Program, Store Manager Training Program, Store Development Program, etc.), Young Talent Development Program, and



## Main Competitive Advantages

**Boasting the largest logistics center in its sector, Teknosa handles all logistics operations from its dedicated logistics center at Gebze.**



**The “Mother Mentors of Teknosa” Project received 4 awards in 2 international award programs in 2021.**

Corporate Coaching Program are in place at Teknosa to manage and develop talent.

Teknosa continues to create a difference through its project, “Mother Mentors of Teknosa,” introduced in 2020 to support female employees on their career paths and to help them learn from one another’s experiences. The project is intended to help women, working mothers in particular, to convey their experience in how to strike a work/private-life balance and thus assist their female colleagues by utilizing the mentoring tool. 23 Mother Mentors of Teknosa performed interviews in 58 different sessions and more than 37 hours in total in 2021.

The “Mother Mentors of Teknosa” Project received 4 awards in 2 international award programs in 2021. Teknosa received 2 Silver awards in the “Best Training Program” and “Best Use of Human Resources” categories

and 1 Bronze award in the “Most Original and Innovative Human Resources Program” category within the scope of Brandon Hall HCM Excellence Awards (Human Capital Management Excellence Awards), one of the world’s most prestigious corporate organizations that evaluates employer practices, as well as a Bronze award in the “Women Supporting Women in Business Life” category in the Stevie Awards Women in Progress program, one of the world’s leading business award organizations.

### Strong Logistics Infrastructure

Teknosa continues its investments in order to establish a powerful logistics infrastructure and maximize the efficient use of technology. As of year-end 2021, the Company has a sales area of 102 thousand m<sup>2</sup> and a warehouse covering 30 thousand m<sup>2</sup> of closed space. Boasting the largest



logistics center in its sector, Teknosa handles all logistics operations from its dedicated logistics center at Gebze. The Company's logistics center has an online connection to all stores and all operations are carried out by utilizing information systems. Similarly, at the stores, retail operations are supported by technology while all processes, including stock level controlling, product placement, and label changing, are carried out via scientific retailing tools.

### Exclusive Benefits for Enterprises

Through its corporate sales organization to address organizations' technology needs, Teknosa provides corporate sales services both at its stores and at İklimsa centers. Accordingly, all enterprises can now procure technology products at exclusive price benefits and take advantage of leasing opportunities at the time of

their purchase. Corporate gift cards available at the headquarters enable enterprises to provide their employees, customers, and business partners with the chance to meet their technology needs on special occasions.

### Turkey's Air Conditioning Center İklimsa

İklimsa, which has leveraged the accumulated experience of Sabancı Holding, which has been in the air conditioning sector for 37 years, positions itself as "Turkey's Air Conditioning Center." Mitsubishi Heavy Industries, Sigma (private label), GE Appliances, Sharp wall-mounted air-conditioners, Mitsubishi Heavy, Sigma professional split and multi-head split air-conditioners, Sigma and Samsung VRF system air-conditioners, Sigma heat pumps and

air-conditioner units, Sharp refrigerators as well as GES (solar energy system) are available at İklimsa, offering customers the world's leading brands at its distinguished centers.

Gathering five different brands and more than 200 models under its umbrella, İklimsa spans Turkey with 339 authorized dealers in 65 provinces, in addition to 275 air-conditioning service centers in 72 provinces, and 163 white goods service centers in 68 provinces.

İklimsa, which is at the forefront of the sector through distinctive campaigns aimed at customer satisfaction, sells Teknosa's electronic products exclusively for corporate customers via its Corporate and Sales Directorate.



## 2021 Highlights

**Teknosa continued its work to ensure that its customers have the best experience through both physical and digital channels in 2021.**

**Teknosa continues the Transformation Program for the Teknosa of the New Generation it launched, geared towards a sustainable brand that creates further value for stakeholders, boasts a solid financial structure, and looks into the future with confidence.**

With the pandemic process, which has radically changed our lives and ways of doing business, digitalization processes were brought forward all over the world, and in parallel, access to technology gained more importance. Technology became a basic need for the continuity of work, education, and social life during the period people stayed at home. Online education, remote work, and intensive online shopping have become the new normal within a short time.

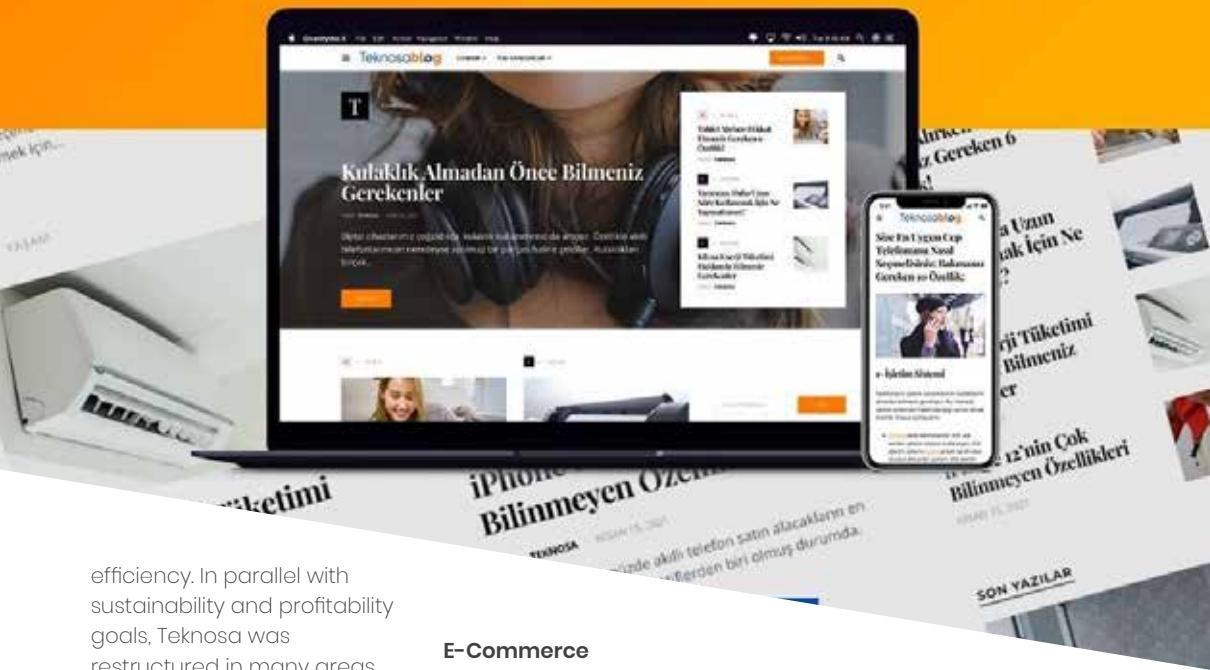
In 2021, when the fight against the coronavirus pandemic continued all over the world and in Turkey, companies that could manage the digital transformation process correctly came to the fore, with Teknosa being in the first place. Standing out as the brand that sets the rules of the game in its industry since its establishment, Teknosa implemented many innovative

practices to make the lives of its customers easier and to increase the quality of service in 2021.

Teknosa continues its work to offer its customers the healthiest, safest, and uninterrupted shopping experience.

### **Customer-Oriented Transformation**

The Company continues the Transformation Program for the Teknosa of the New Generation it launched, geared towards a sustainable brand that creates further value for stakeholders, boasts a solid financial structure, and looks into the future with confidence. Under the Transformation Program, the Company has undergone a comprehensive transformation period in numerous areas, from store and sales staff efficiency and category management to supply chain and spending



efficiency. In parallel with sustainability and profitability goals, Teknosa was restructured in many areas, from the provision of the right products at the right prices and at the right store, to the improvement of field operations, the efficiency of sales staff, and promotion management. Through such projects, the Company has clearly and directly increased the value it generates.

In 2021, Teknosa intensified efforts towards digitalization and transformation and made investments continuously even in the face of challenging market conditions. The Company will continue the Transformation Program at full speed in 2022 as well. It will improve customer experience and operational efficiency further and will continue to increase its growth-oriented initiatives.

### E-Commerce

Increasing its online customer base with innovative and solution-oriented services implemented during the pandemic period, Teknosa continued its future-oriented breakthroughs and strong growth with digital transformation in 2021.

Transferring the infrastructure of teknosa.com to one of the best e-commerce platforms in the world at the end of 2018, Teknosa decided to invest in the Marketplace creation project in order to meet consumers with a stronger product range and to respond quickly to changing customer needs in electronic retailing by putting e-commerce at the center of its multi-channel strategy in 2021.

**In 2021, Teknosa intensified efforts towards digitalization and transformation and made investments continuously even in the face of challenging market conditions.**

The Company offers technology and life news in many categories to consumers and publishes interesting technology content in an up-to-date manner with the Teknosa Blog, which the Company started to publish on its website in 2021.

Customer reviews made in countries where the global electronics purchasing group Euronics is present began to be published on teknosa.com, to enable consumers to know the products that they are looking for and to share the opinions of different users.

## 2021 Highlights

**In 2021, Teknosa started working for the realization of the marketplace model unprecedented in Turkey, with the expertise and holistic experience it will offer.**

**The share of online sales in the retail turnover was 15.3%.**

Thanks to the computer finder, which Teknosa launched in the notebook category in December 2020 to be developed and put into use in other categories as well, consumers can easily access the computer most suitable for them without having to know the technical specifications with customized questions such as the purpose of use and activities to do.

With the development made by Teknosa, consumers can add extra products related to the product they are interested in with a single click, in order to increase the customer experience in the online channel, to easily reach the right product that may be needed besides the purchased product, and even to quickly compare the alternatives. Teknosa's performance in meeting its customers with complementary products increased thanks to this development put forward in 2021.

In 2021, the Company continued to take actions for increasing customer satisfaction in line with its multi-channel strategy, and draw a rising graphic in both teknosa.com and mobile applications. Teknosa.com grew stronger than the pre-pandemic period with its strong infrastructure, product range and innovative applications, and achieved a turnover of TL 1.1 billion in e-commerce. The share of online sales in the retail turnover was 15.3%.

### **Marketplace Business Model**

In 2021, Teknosa started working for the realization of the marketplace model as a first in the industry, with the expertise and holistic experience it will offer. With this investment intended to increase its online competencies, the Company aims to be the first marketplace specialized in technology and to offer customers a comprehensive

range of products and services. The Marketplace transformation is seen as a significant growth catalyst in Teknosa's multi-channel strategy.

### Virtual Store Experience

After online shopping became more widely preferred in the pandemic process, Teknosa diversified its customer outreach channels. Within this scope, the Company provides services over teknosa.com with Video Chat, which is used by very few companies in the world and for the first time in Turkey.

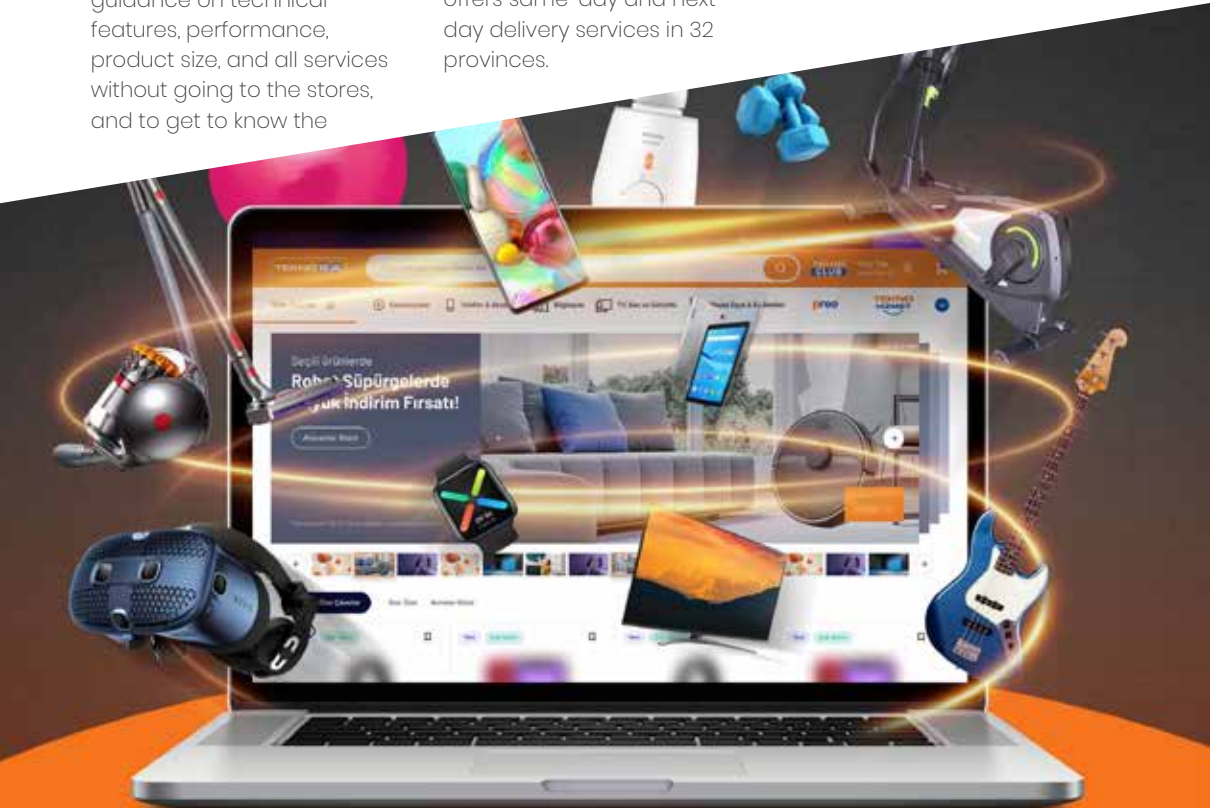
Launched with the aim of enabling consumers to get more detailed first-hand guidance on technical features, performance, product size, and all services without going to the stores, and to get to know the

product in detail by easily asking any questions that arise in their minds, the Video Chat application was developed with customer feedback, regular trainings provided to the teams in the stores, and infrastructure improvements. By adopting this service, in 2021 customers engaged more and the Video Chat average cart value increased.

### Quick Delivery and Click & Drive

Boasting the most widespread store network in the industry, Teknosa extended its same-day and next-day delivery capabilities so that all consumers were able to quickly and easily reach their technology needs. The Company currently offers same-day and next-day delivery services in 32 provinces.

Continuing to improve its delivery capabilities with its multi-channel structure and the advantage of its prevalence, Teknosa develops the "Delivery in Store" (Click & Collect) option based on data-based findings. The Company also introduced another innovation in the industry by commissioning the "Delivery in Vehicle" (Click & Drive) service. Within this scope, consumers can receive their product from the delivery/parking point agreed with the store. An increase of 44% was observed in purchases made with the "Delivery in Store" option in 2021.



## 2021 Highlights

### Placing customer satisfaction in its focus, Teknosa launched its new loyalty program TeknoClub in 2021.

#### CRM and Data Analytics

Teknosa continued to strengthen its multi-channel infrastructure and services and in this context, continued CRM and data analytics investments in 2021 to guarantee a better shopping experience for consumers. Effectively managing targeted and customized campaign processes by analyzing customer data and benefiting from data analysis methods in 2021, the Company made its processes more efficient with supplier collaborations.

and advantages in third-party brands by being included in TeknoPlus, TeknoPro, and TeknoElit membership levels according to their shopping level, and also have privileged services such as free shipping and priority in the call center and delivery services.

Enhancing CRM brand partnerships in 2021, Teknosa carried out joint B2B and B2C campaigns with the companies of the Sabancı Group and external firms to generate more value for existing customers and acquire new customers.

**Enhancing CRM brand partnerships in 2021, Teknosa carried out joint B2B and B2C campaigns with the companies of the Sabancı Group and external firms to generate more value for existing customers and acquire new customers.**

Placing customer satisfaction in its focus, Teknosa put its new loyalty program TeknoClub at the disposal of its customers in 2021. Customers who become TeknoClub members get more discounts as they spend, in addition to surprise gifts and special privileges. Within the scope of TeknoClub, customers receive advantageous campaigns, special birthday discounts,

Teknosa organizes raffles, surveys, and prize competitions to improve data quality in customer communication. It also communicates with customers via gamification practices, thanks to wireless internet connections installed at the stores in order to know its customer profile visiting the





stores and to provide better service to their customers in the store.

Teknosa put NPS measurement processes into common use in all contact points in order to understand its customers better and hear their voices, and designed its processes according to data obtained. The Company continues studies to re-design and ensure the continuity of systemic processes in a lean, customer-focused manner, and to provide the best experience at all points of contact with customers.

#### **Alternative Access Channel**

Teknosa joined forces with Carrefoursa to develop an alternative channel of access for those who did not either shop online or prefer online channels during the time period when people stayed at home due to the pandemic. Services are provided in

technology sections at selected Carrefoursa markets in order for customers who go to the market for their basic food needs can also access the technology products they need.

#### **In-Store Digitalization**

While undertaking enhancements to optimize the experience on digital channels, Teknosa also accelerated in-store digitalization plans. Within this scope, the infrastructure of the contactless payment and digital tag (TeknoTAG) system was completed in 2021 and expanded to all Teknosa stores. Moreover, electronic tag investment was completed and activated in 6 Teknosa stores.

**Teknosa put NPS measurement processes into common use in all contact points in order to understand its customers better and hear their voices, and designed its processes according to data obtained.**

The Company also expanded its Mobile Sales/Handheld Terminal (TeknoGO) solutions in order to simplify the operations of all field teams and to offer customers a more comprehensive experience.

## 2021 Highlights

### Teknosa received awards in “Best Omnichannel Customer Experience,” “Best Digital Transformation,” “Customer Experience in Crisis” and “Call Center” categories at the International Customer Experience Awards.

#### Awards and Achievements

- First prize in the “Technology Retailing” and “Anchor Store” categories according to results from the survey “Consumers’ Number One Brand at Shopping Malls,” conducted by the Shopping Centers and Investors Association,
- “Coolest Technology Market of Turkey” award in the Cool Brands Survey,
- Golden Award in the “Technology Markets” category at Social Media Awards,



- Golden award in the “Best Omnichannel Customer Experience” category at Turkey CX Awards,
- First prize in the “Hardware of the Year” category at Bilisim 500 Awards,
- First prize in the “Technology Markets” category and second prize in the “Store e-Commerce” category of Fast Company Customer Experience Survey,
- “Best Digital Service” award at IMI Conferences Turkey Call Center Awards,
- Golden awards in “Best Omnichannel Customer Experience,” “Best Digital Transformation-Less Than 25 Years in Business,” “Customer Experience in Crisis” categories, and a silver award in the “Call Center” category at the International Customer Experience Awards,
- Diamond award in “Technology Chain Stores” category at Şikayetvar A.C.E. Awards,
- 2 Silver awards in the “Best Training Program” and “Best Use of Human Resources” categories and a Bronze



# TEKNOSA DIAMOND



- award in the "Most Original and Innovative Human Resources Program" category of Brandon Hall HCM Excellence Awards with "Mother Mentors of Teknosa" Project,
- "Women-Friendly Brands Awareness Award" of Women-Friendly Brands Platform with "Technology for Women" Project,
- Bronze award in the "Women Supporting Women in Business Life" category in the Stevie Awards Women in Progress program,
- "Turkey's Outstanding Digital Brand" award in the "Technology Retailer" category of "Turkey's Digital Brands Research" by XSIGHTS Research & Marketing Turkey,

- "Respect for Human" award by Kariyer.net,
- Golden award in the "Best Search Marketing Team" category at the Hammers Awards 2021,
- "E-Commerce Transformation of the Year" award at SAP Innovation Awards,
- Award in the "Firsts of the Industry" category at Nice Medya 4. CX Awards Turkey Customer Experience Awards,
- Award for Teknosa CEO Sitare Sezgin in "Turkey's Top 50 CEOs" List by KREA M.I.C.E. Golden Leader Awards 2021.



# Key Financial and Operational Indicators

**Maintaining its growth with its investments in the Teknosa of the New Generation transformation program and customer experience, Teknosa invested TL 70 million in 2021.**

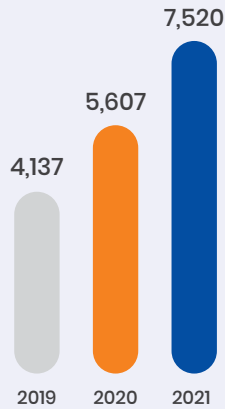


**TL 1.1 billion**  
teknosa.com Sales



**TL 243 million**  
Shareholders' Equity

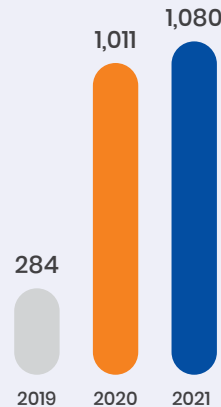
**Net Sales** (TL Million)



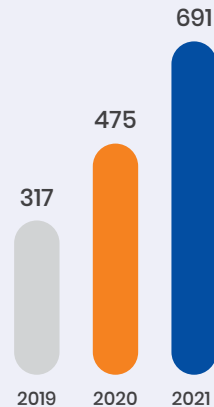
**Sales Area** (Thousand m<sup>2</sup>)



**teknosa.com Sales**  
(TL Million)



**EBITDA** (TL Million)





Financial Indicators (TL million)	2019	2020	2021
Net Sales	4,137	5,607	7,520
Total Assets	1,513	1,961	3,001
Total Equity Capital	-252	-166	243
EBITDA	317	475	691
Net Profit/(Loss)	-149	85	131

Operational Indicators	2019	2020	2021
Sales Area (thousand m <sup>2</sup> )	105	97	102
Number of Stores	200	211	198
teknosa.com Sales (TL million)	284	1,011	1,080

Financial Ratios	2019	2020	2021
Current Ratio (Current Assets/Short-Term Liabilities)	0.67	0.81	1.00
Liquidity Ratio (Liquid Assets-Stocks/Short-Term Liabilities)	0.09	0.26	0.34
Total Liabilities/Equity Capital	-7.01	-12.84	11.35
Total Liabilities/Total Assets	1.17	1.08	0.92

## Sector Developments and 2022 Expectations

**Teknosa.com, the first online shopping platform that comes to mind in technology shopping, achieved a turnover of TL 1.1 billion in e-commerce with its strong infrastructure, product range and innovative applications.**

**In 2022, it will continue the infrastructural, systemic, procedural and strategic investments of TL 169 million without slowing down in the fields of customer-oriented transformation and digitalization in line with the vision of the Teknosa of the New Generation.**

The Consumer Electronics Market (Panel Market) comprises five sales channels: Chain Stores, Traditional Channel, Computer Shops, Telecom Dealers, and Technology Superstores.

According to the Technology Retail Panel Study conducted by independent research institute GFK, the total size of the Consumer Electronics Market –including White Goods and Small Home Appliances– was TL 113 billion in 2021. The market grew by 27.2% compared to 2020. The share of TSS in total PM (Panel Market) was 24.7% in 2021.

A closer look at the details of product categories in the Consumer Electronics market reveals that the Small Home Appliances segment, with 45.4%, is the fastest-growing. This segment is followed by Large Domestic Appliances (including air conditioners) with 34.9%, consumer electronics with 26.9%,

Telecommunications with 21.1%, and information technologies with 15.9%.

At year-end, Teknosa achieved a turnover of TL 7.5 billion with an increase of 34% compared to the previous year and a net profit of TL 131.5 million. Furthermore, the Company invested TL 70 million in infrastructure and customer outreach channels. Teknosa.com, the first online shopping platform that comes to mind in technology shopping, achieved a turnover of TL 1.1 billion in e-commerce with its strong infrastructure, product range, and innovative applications. The share of online sales in the retail turnover was 15.3%.

The Regulation Amending the Regulation on Bank Cards and Credit Cards, and the Regulation Amending the Regulation on Banks' Loan Transactions, published during the year in the Official Gazette, introduced a series



of changes to the statutory installment periods in various product categories, which had an impact on consumer demand.

Following the course of the uncertain environment caused by the COVID-19 (Coronavirus) epidemic in the global economy and indirectly in the industry in which we are in service, the ongoing political crises in the world, the macroeconomic and industrial improvements with the effect of the developments in the global and Turkish economic

conjuncture, it was decided to announce to the public the objectives and expectations which will be updated after the end of the uncertain environment.

In 2022, it will continue the infrastructural, systemic, procedural, and strategic investments of TL 169 million without slowing down in the fields of customer-oriented transformation and digitalization in line with the vision of the Teknosa of the New Generation.

# Message from the Chairman of the Board of Directors

**Thanks to the steps taken  
to realize our vision of  
the Teknosa of the New  
Generation, we crowned  
2021 with successful  
results despite the difficult  
conditions of the pandemic.**

Esteemed Shareholders,

Having achieved a steadily rising performance with digitalization and customer-oriented transformation moves in technology retailing, Teknosa entered 2022 with pioneering initiatives in its industry and a strong growth target.

Despite the ongoing pandemic processes in 2021, recovery was experienced in the global economy, and

growth expectations were revised upwards against regional differences. In addition, expansionary fiscal and monetary policy steps were taken, continuing to exert inflationist pressure, while Omicron and other variants that emerged in the last quarter brought along risks to the global economy. During this period, the global economy was affected by problems in supply chains. However, despite the global shocks delivered by the

pandemic, we saw that economic actors focused on developing policies in accordance with the "new normal." In 2021, Turkey's economic process was similar to that of the rest of the world. In the last quarter of the year, we experienced the impact of issues in the global supply chain on the one hand, while facing exchange rate fluctuations and high inflation on the other. We believe in the strong potential of our country's economy and



As a company conducting its activities with the slogan “Technology for Everyone” for more than 20 years, we made it easier to access technology throughout Turkey during the pandemic.

anticipate an acceleration in recovery with the right steps to be taken.

Due to the pandemic, access to technology became an essential need in every area of life, leading to rising demand for technology products. The market continued to grow on a global scale despite the challenging environment, and the share of online shopping continued to expand in global and Turkish technology

retailing, especially in parallel with breakthroughs in e-commerce.

**“Digitalization and customer-oriented transformation crowned with successful results”**

As a company conducting its activities with the slogan “Technology for Everyone” for more than two decades, we made it easier to access technology throughout Turkey during this challenging

time. Our omnichannel model, blending our stores and digital channels, allowed us to support our customers at all times. By focusing on digitalization and data analytics, we set the bar higher for customer experience and made our operations smarter.

Thanks to our breakthroughs in digitalization and customer-oriented transformation in line with our vision of the Teknosa of the New Generation, we

## Message from the Chairman of the Board of Directors

**Offering a seamless experience and innovative services, teknosa.com remained the preferred destination for technology enthusiasts and online shoppers.**



**TL 131.5 million**

Net Profit

**While maximizing the Company's current performance, we give priority to pioneering initiatives that will add value to our business in the future.**

crowned 2021 with successful results, despite the difficult conditions caused by the pandemic. In 2021, we reached a turnover of TL 7.5 billion and a net profit of TL 131.5 million, with a growth of 34% – which is above the market standard. Teknosa.com, our online shopping platform that comes first to mind in technology shopping, continued to grow with its strong infrastructure, product range, and innovative applications. We gained a turnover of TL 1.1 billion in e-commerce, and the share of online sales in our retail turnover was 15.3%.

### **“We will continue to grow with pioneering initiatives”**

Not only the rules of the game but the game itself changed in the business world during the past period. Rapidly adapting to these enormous changes with its vision, values, experience, prevalence, strong omnichannel structure, and agile organization as the playmaker of the industry, Teknosa continues to take steps that make a difference in its industry. We made an

investment of TL 70 million despite uncertainties in the economy in 2021, and are planning an investment of TL 169 million in 2022 – approximately 2.5 times that of the previous year. We consistently focus on sustainable growth by developing our current operations, expanding our sphere of influence, and transforming our business; and we shape our investments accordingly. Next year, we will focus mainly on strategic transformation projects and improve the experience across all our channels. In the name of operational excellence, we will invest in technology and human resources at the highest level.

While maximizing the Company's current performance, we give priority to pioneering initiatives that will add value to our business in the future. In this direction, we started our marketplace transformation efforts for the first time in Turkey's technology retailing in order to evaluate the rapidly



developing e-commerce potential worldwide and in Turkey. Thanks to our unique marketplace model specializing in technology, we aim to meet our customers with a stronger product range, respond to changing needs in the fastest and most appropriate way, and offer the best value to our customers by increasing their e-commerce capabilities. Teknosa Marketplace will be a growth catalyst in our multi-channel strategy and will contribute to the Company's stronger and more sustainable performance in the future.

With the vision of the Teknosa of the New Generation, we are transforming into a digital platform combined with physical stores and human power. For this purpose, we are focusing on providing a strong "phygital" customer experience with a wider product range both in stores and online channels. We will continue to sow the seeds of the bright future ahead within the framework of our strategic roadmap. We will diversify our value-adding moves such as customer-oriented experience design, marketplace transformation, and an end-to-end service ecosystem from pre-sales to post-sales, along with smart and lean operations, development of

our private brand Preo, and the inclusion of solar panel systems into the portfolio of our air conditioning business unit, İklima.

**"We will create more value with a focus on sustainability"**

As Sabancı Group, our promise is based on sustainability. We say, "We will unite Turkey and the world with pioneering initiatives for a sustainable life." We continue our activities at Teknosa by focusing on optimizing the value we create for today and the future, and finding solutions to social problems.

We are determined to accelerate the actions we take within the framework of our Group's "Net Zero Emission" and "Zero Waste" targets. We will intensify our efforts in the fields where our Company can create meaningful change, such as contributing to the circular economy, reducing greenhouse gas emissions, and ensuring energy efficiency and responsible use of resources. In addition to our Equality, Inclusion and Diversity policy and practices, we are leading social projects on gender equality. To ensure that women are digitally literate and have access to technology, we will continue our projects under the roof of "Technology for Women" by expanding their sphere of influence.

As has been our mission since the day we were founded, we aim to create more value for our country and our stakeholders. We will accomplish this through technological engagement, investing in more equipped human resources with advanced digital skills, and designing innovative and sustainable business models. While mobilizing all our sources for Teknosa to make use of opportunities, we also create and implement risk management strategies in the most effective manner.

I would like to thank all Teknosa employees, who have worked hard to meet our customers' increasing technology needs with confidence during this difficult period; our millions of customers who trust and prefer us in technology shopping; and all our business partners, investors, and stakeholders who have accompanied us on this path. I wish 2022 to be beneficial for our country and our Company.

Yours sincerely,

**Hakan TİMUR**  
**Chairman of the Board of**  
**Directors of Teknosa**

## Board of Directors



**Hakan Timur**  
Chairman of the Board of Directors

Hakan Timur graduated from Istanbul University, Department of Economics (English) and holds a Master's degree from Sabancı University, Energy and Technology Management Graduate Program. He began his professional career in 1997 at Marsa-Kraft Foods International.

He pursued his career journey from Human Resources Specialist to Human Resources Manager level here until 2006. After that, he held various roles in Sabancı Group including different industries, different companies, and international responsibilities. He worked as Human Resources Manager at Sabancı Food Group, Human Resources Manager at SA Holding A.Ş., Global Human Resources Director at Kordsa Global, Human Resources Vice General Manager at Akçansa, and Chief Officer, Human Resources and Corporate Capabilities at Enerjisa respectively. He has been working as Sabancı Group HR & Sustainability Group President since February 1, 2018.

Appointed as the Chairman of the Board of Teknosa as of May 12, 2021, Hakan Timur also continues to serve as Vice Chairman of the Board at SabancıDx and Çimsa, and Board member at Enerjisa Enerji and Enerjisa Üretim.

He is also a Board Member of several NGOs such as the Private Sector Volunteers Association (ÖSGD), Board Members Association (YKÜD), Sustainable Development Association (SKD Turkey), and World Business Council for Sustainable Development (WBCSD). Hakan Timur serves as Chairman of TÜSIAD Employment and Social Security Working Group.



**Zeynep Pelin Erkiralp**  
Vice Chairman of the Board of Directors

Pelin Erkiralp graduated from Üsküdar American Academy in 1991 and the Department of Economics at Bağıçi University in 1996. She started her professional career in the same year as the Brand Manager in the Household Cleaning Products Category at Unilever.

Between 2002 and 2006, she worked as the Brand Development Manager in the Hair Care Products Category at Unilever, accounting for 28 countries in the regions of Africa, The Middle East, and Turkey. In 2006, Erkiralp became the Vice President in the Charge of Marketing at Citibank and managed marketing operations for private and commercial banking. In 2009, she joined Philip Morris Sabancı. After carrying out various marketing duties here in Turkey, she undertook the global management of the Marlboro brand at the headquarters of Philip Morris International in Lausanne, Switzerland from 2012 to 2013. After returning to Turkey, she worked as the Marketing Director at Philip Morris Sabancı for the following 4.5 years. In 2017, she joined LC Waikiki as the Assistant General Manager in Charge of Marketing and conducted projects that promoted the brand's domestic and international growth. From 2019 to 2020, Erkiralp worked as the Chief Marketing Officer at Kızılay Yatırım Holding where she was responsible for the strategy and marketing functions of 8 companies in the Group.

Erkiralp has been working as the President of Corporate Brand Management and Communications at Sabancı Holding since September 2020.



**Uğur Gülen**  
Board Member

Uğur Gülen received his Bachelor's degree from Middle East Technical University's Department of Industrial Engineering and obtained a Master's degree from the same department.

Uğur Gülen started his career in 1991 and assumed various positions at Interbank, DenizBank, Ak Internet, and MNG Bank. From 2004 to 2009, he served as the Assistant General Manager at Ak Emeklilik and AvivaSA Emeklilik ve Hayat A.Ş. Since May 2009, Uğur Gülen has been serving as Aksigorta General Manager and as a Board Member.



**Erkan Şahinler**  
Board Member

After graduating from the Department of Business Administration, Faculty of Economics and Administrative Sciences at Boğaziçi University, Erkan Şahinler began his career in 1990 in independent external audit.

Since 1993, he has held several management positions in Finance and Information Systems at Sabancı Holding companies, including Marsa Kraft Foods International (1993-2005), GıdaSA (2005-2008), and Exsa UK (2008). Şahinler joined Aksigorta as the Assistant General Manager in Charge of Treasury in 2008 and also undertook the responsibilities of the Claims and Operations Department there in 2016, and then served as Assistant General Manager in Charge of Finance at AvivaSA between 2017 and 2021. Erkan Şahinler, who received his certificate of Independent Accountant and Financial Advisor in 1994, has been working as the Planning, Analysis, and Financing Director at Sabancı Holding since March 1, 2021. In addition to this duty, he also serves as Board Member at Temsa İş Makinaları and Teknosa İç ve Dış Ticaret A.Ş., and General Manager and Board Member at Exsa, Tursa and AEO.



**Mevlüt Aydemir**  
Independent Board Member

Mevlüt Aydemir graduated from Istanbul University, Department of Economics, and worked as an Accountant at the Board of Accountants of the Ministry of Finance between 1972 and 1981. He resigned as a Chief Accountant in 1981 and joined Sabancı Holding. Having carried out various functions at Sabancı Holding and its subsidiaries, Aydemir served as Head of Financial Affairs and Finance until 2010, as Sabancı Holding Board Member as well as a member of Audit, Corporate Governance, Risk and Finance Committees between 2010 and 2015.

He retired while serving as Sabancı Holding Board of Management Consultant in 2018.

Mevlüt Aydemir is a member of various social institutions and holds a Certified Public Accountant Certificate.



**Temel Cüneyt Evirgen**  
Independent Board Member

Upon his graduation from Robert College in 1982, Cüneyt Evirgen obtained Electrical Engineering and Mathematics degrees (BSc) at Boğaziçi University, MBA at Boğaziçi University Faculty of Administrative Sciences, and Ph.D. in Marketing from Michigan State University. In 2010, he received the Outstanding Alumni Achievement Award from the MSU Eli Broad College of Business.

Dr. Evirgen is an expert in marketing and retailing strategies and market research and has several publications and studies on these subjects. He started his career at International Business Centers (IBC) in the USA, continued as the General Manager at Bileşim International Araştırma ve Danışmanlık A.Ş. in Turkey between 1994 and 2003, and played a role in helping the company expand into international markets.

Dr. Evirgen has been working as the Executive Development Unit (EDU) Director at Sabancı University since 2004 and also, he teaches bachelor's and master's programs at Sabancı University Business School as Lecturer.

Dr. Evirgen worked as a Member of the Board of Directors at Teknosa A.Ş. from 2005 to 2012 and as the Vice President from 2012 to 2018. He also was an Independent Board Member at Carrefoursa A.Ş. and Çilek Mobilya A.Ş. from 2012 to 2018, and the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Retail Sector Council consultant from 2010 to 2020.

# Message from the General Manager

**We focus on providing our customers with the best experience and the technology products and services that they need, supported by our 2,303 employees, 198 stores across 69 provinces, [teknosa.com](https://teknosa.com) and our mobile platforms.**

Esteemed Shareholders,

We left behind a year in which we achieved strong growth in line with our targets, despite the ongoing pandemic conditions and the emergence of new variants, and the risks in global and local economies.

As Teknosa, we define our reason for being as "bringing the technology of the world to everyone and creating

happy moments." We focus on providing our customers with the best experience and the technology products and services that they need, supported by our 2,303 employees, 198 stores across 69 provinces, [teknosa.com](https://teknosa.com) and our mobile platforms.

During the pandemic, we brought numerous innovative applications to our customers in order to meet their

increasing technology needs without interruption and to make their lives easier, and to further increase our service quality. We took the right steps at the right time in digitalization and customer-oriented transformation. We elevated our customer recommendation scores above the benchmarks with the uninterrupted experience we provided during this difficult time.



We developed many innovations and brought them to customers via our stores, our website and mobile application in order to offer a personalized and need-oriented experience in a holistic manner. We implemented applications that strengthen online-offline transitivity.

In 2021, we achieved success in our financial results through breakthroughs we implemented within the scope of customer experience and digitalization. Despite the cyclical difficulties triggered by the pandemic, we completed the year with a growth of 34%, a turnover of TL 7.5 billion, and a net profit of TL 131.5 million.

**“We grew above the market”**

As new lifestyle dynamics such as distance education, working from home, and e-commerce became permanent in our lives with the pandemic, consumer demand for technology products grew. The technology products market, in which we operate, grew by 27% in 2021 compared to the previous year and reached a volume of TL 113

billion. The need for technology became more critical in all areas of life, triggering growth across all main categories, from information technologies to telecoms, and from consumer electronics to white goods and small home appliances. As Teknosa, our growth exceeded the market.

## Message from the General Manager

**We prioritize after-sales customer services, including via social media, and respond to the questions and requests of our customers from 14 different channels.**



**TL 7.5 billion**  
Net Sales



**TL 691 million**  
EBITDA

New habits made access to technology even more critical, and shaped the way we do business. We developed many innovations and delivered them to customers in our stores, and via our website and mobile application, offering a holistic, personalized and need-oriented experience. We implemented applications that strengthen online-offline transitivity. We increased our sales conversion rates with the improvements to our Webchat, Videochat, WhatsApp, and telephone support channels. We prioritized after-sales customer services, including social media, and responded to the questions and requests of our customers from 14 different channels.

Teknosa.com continued to be the choice of technology lovers and online shoppers, offering a wide range of innovations from fast delivery to payment options, as well as

an uninterrupted experience in integration with our stores. Thus, we continued our rising performance in e-commerce and reached a turnover of TL 1.1 billion. Our e-commerce turnover had a share of 15.3% in our retail turnover.

### **“We focus on providing a unique customer experience”**

With a focus on providing a unique customer experience by synthesizing the competencies in our stores and digital channels, we expanded our investments beyond digital channels. We continued important projects for in-store digitalization and improvement of store design. Solutions such as contactless payment, TeknoTag digital tags, and TeknoGo hand terminals, put into common use in our stores last year, contributed to the simplification of processes and led us to achievements that improve operational efficiency and customer experience.

We effectively use analytical models and artificial intelligence-based estimation for product management, stock optimization, assortment, and dynamic pricing to maximize customer satisfaction and sales. With our analytical capabilities, we took steps in accordance with the practices and expectations of our customers to transform the data of more than 18 million customers in our system into value. By launching TeknoClub, our new loyalty program, in this direction in 2021, we started to offer advantages and privileges according to the shopping preferences of those customers who are program members.

The different projects we implemented in the field of digitalization and customer experience were crowned with numerous awards. We were proud to receive four major awards in the categories of "Best Digital Customer Experience," "Best Digital Transformation-Under 25 Years in Business Life," "Customer Experience in Crisis" and "Call Center" in the competition organized by Awards International and featuring participants from 50 countries, and to represent Turkey on this global platform.

Teknosacell, our first and only mobile communication and line service in the industry, implemented new tariffs and advantages that will fulfil the internet and communication needs of everyone in the family. We further enlarged the Teknosacell family by increasing the number of our subscribers.

We continued to develop our iklimsa channel, positioned as the air conditioning center of Turkey. While growing our air conditioner business model via our widespread dealer and service network, we focused on integrating technology products and solar panel systems that meet the needs of our customers into this highly effective business.

Customer experience, digitalization, and sustainability are at the center of our strategic roadmap, where we focus on new growth areas together with our current businesses. In this direction, while renewing our organizational structure and processes, we also expanded our teams in 2021.

**"Our unique marketplace model will expand the entire business volume of our Company"**

In 2022, our consumers will be offered our strategic initiatives, the seeds of which we planted in 2021, to further improve our value proposition

to our customers. The first of these is the Teknosa Marketplace model, which will be a key building block in digital transformation within the scope of our omnichannel strategy. We aim to offer all the technology-related products and services that our customers may seek – with advantageous options, strong experience, and the Teknosa assurance and expertise – by designing a unique marketplace specialized in technology in Turkey. In the second half of 2021, our teams worked hard to redesign both our website and mobile applications for an enhanced experience via the implementation of the infrastructure and ecosystem of our marketplace model. Our marketplace model, which is the first in our industry, will add value for our customers and our network while expanding our Company's entire business volume.

We also enhanced our end-to-end service structure in order to offer more added value to our customers at every stage of their shopping journey, especially after sales. We created a strong ecosystem to diversify our services, including payment and delivery options, after-sales product return and exchange opportunities, and protection, installation, technical support,



## Message from the General Manager

### While we focus on raising female leaders in the Company, we also carry out social projects for women's active participation in life and their adaptation to the digital world.

**We expanded the product family of our private brand Preo to offer quality and affordable options in technology products and brought 1.8 million products to consumers in one year.**

maintenance and repair services, as well as assistance in transitioning from the old to the new product, and the provision of services in the maintenance and repair of technology products, whether or not they are purchased from Teknosa. We positioned our entire after-sales service system under the umbrella brand of "Tekno Service" and brought it together with our consumers.

We expanded the product family of our private brand Preo, established to offer quality and affordable options in technology products, and offered 1.8 million products to consumers in one year. Our Preo brand, which reached nine-hundred product types in a brief time, entered a new era. In the upcoming period, we aim to ensure that our products are used in more homes and touch our customers' lives by entering new categories and evaluating alternative sales channels.

Our most valuable asset is our human resources. With this understanding, we focus on the transformation of corporate culture, retaining talent in the Company and being a preferred company for new talents. In 2021, we designed our working models, methods and processes accordingly. The Company's agile business models, created with digital and lean processes, and the changes made in the organization were effective in facilitating our ability to implement new projects rapidly. In the upcoming period, we will continue to improve the employee experience by using technology at the maximum level.

#### **"Sustainability is at the center of our strategic roadmap"**

We are establishing our principles in accordance with the mission of being a pioneer and an exemplar of the Sabancı Group, of which we are a part, and we are raising our targets on sustainability, which is at the center of our strategic roadmap. In 2021, we

saved approximately 1.9 million KW of energy through the automated heating, cooling, and lighting systems installed in our stores to reduce greenhouse gas emissions and raise energy efficiency. The number of stores that switched to LED lighting reached 171. The necessary infrastructure for the zero-waste system was established in our General Directorate building. In 2022, we will diversify our activities in this area, including green energy and green office policies.

For a more equal and stronger future, gender equality is as important a priority as the environment. In this direction, we are strengthening our steps towards attracting more women to the Company, opening their career paths, and enabling them to take an expanded role in managerial processes. Happily, the rate of women employees in Teknosa headquarters exceeded 50% for the first time. The rate of women in the Company's managerial positions also reached 38% this year.

While we focus on raising female leaders in the Company, we also carry out social projects for women's active participation in life and their adaptation to the digital world. We are enriching the content of the "Technology for Women" project, which we have been conducting with the Habitat Association

since 2007. Within the scope of the project, which reached its fifteenth anniversary in 2022, we contributed to the provision of digital literacy training to more than 22 thousand women to date. In addition, we launched a social solidarity movement for women who have been subjected to violence and have limited access to technology, in cooperation with the Sabancı Foundation and the Federation of Women's Associations of Turkey (TKDF). We carry out the maintenance and repair of smartphones that are brought to Teknosa stores for donation or that we personally receive from homes, and we deliver them to TKDF.

We focus on creating more value for our country and all our stakeholders by through our expertise. We aim to advance towards our goals with new and pioneering initiatives and to grow sustainably.

I anticipate that 2022 will bring successful results for our country and our Company. I also sincerely thank all our stakeholders, especially our employees, for contributing to Teknosa's progress towards its goals.

Yours sincerely,

**Sitare SEZGİN**  
*General Manager of Teknosa*

**Within the scope of the "Technology for Women" project, which reached its 15<sup>th</sup> year in 2022, we contributed to the provision of digital literacy training to more than 22 thousand women to date.**

## Executive Board



**Sitare Sezgin**  
General Manager

After graduating from Izmir American College, Sitare Sezgin completed her undergraduate education at Bilkent University Department of Business Administration in 1997 and finance-focused Master of Business Administration program at UMIST/ Manchester Business School.

Sitare Sezgin started her career as a Consultant at Bain & Company in 1999 and went on to work as a Senior Consultant at Boston Consulting Group between 2001 and 2004. She joined Sabancı Group in 2004 and served as Strategy and Business Development Manager at Sabancı Holding Retail Group in 2004-2009 and President of New Product and Channel Development at Akbank in 2010-2011. After assuming the duty of Assistant General Manager in Charge of Sales, Marketing and Supplier Relations at Back-Up company affiliated to Boyner Group at the beginning of 2011, she worked as the General Manager of Back-Up and Bofis Turizm companies from August 2011 to 2018. Having served as an Independent Board Member at Carrefoursa and Avivas from March 2016 to 2018, Sitare Sezgin continued her duty as the General Manager and Board Member of AkÖde, a subsidiary of Akbank, as of February 2018.

Sitare Sezgin has been working as the General Manager of Teknosa since September 1, 2021.



**Ümit Kocagil**  
Assistant General Manager - Finance

Ümit Kocagil graduated from Marmara University, Department of Economics (English).

Mr. Kocagil began his professional career at the Tax Department of Ernest & Young (Arthur Andersen) in 1995. From 1999 to 2007, he worked at Danone Tikeşil as Budget Planning & Control Specialist, Budget Planning & Control Manager, and Reporting & Accounting Manager, respectively. He served as Accounting, Reporting and Tax Group Manager at Carrefoursa between 2007 and 2014, and continued working in Carrefoursa as Accounting, Closing and Tax Group Manager after 2014.

Mr. Kocagil has been serving as the Finance Assistant General Manager since October 25, 2016.



**Önder Ömer Oğuzhan\***  
Assistant General Manager - Technology

Önder Oğuzhan graduated from Boğaziçi University, Industrial Engineering Department in 1996 and completed his MBA at the University of Georgia.

Oğuzhan started his career at FedEx USA in 1998, serving as a Strategic Marketing Analyst for 10 years, and then as Global Pricing and Sales Support Manager. He worked as a Partner and Analytical Projects Manager at Peppers & Rogers Group from 2008 to 2010, and as a Founding Partner at North Atlantic Group from 2010 to 2016. At the same time, Oğuzhan worked as a Management Consultant between 2011 and 2014 at IBM USA and between 2014 and 2016 in Abu Dhabi. He served as the Country Manager of Digital Strategy and Transformation at IBM Turkey from 2016 to 2019. He holds a CFA (Chartered Financial Analyst) certificate and has been teaching 'Strategic Marketing and CRM' at Fordham University's New York campus for the past seven years.

As of September 2019, Önder Oğuzhan has been serving as Chief Technology Officer at Teknosa.

*\* Önder Ömer Oğuzhan resigned from his position as of February 4, 2022.*



**Tansu Öztörün**  
Assistant General Manager –  
İklimsa Business Unit

Tansu Öztörün graduated from Istanbul Technical University, Department of Mechanical Engineering, and received his Master's degree from the Department of Mechanical Engineering at Istanbul University. Also, he completed the International Business program at Istanbul University.

Öztörün began his professional career as a Product Engineer at Motosan in 1990. He later worked as a Post Sales Engineer at Kurtels A.Ş. and as Trade Specialist at Otokar. At Toyotasa, where he spent 11 years, he worked as Marketing and Sales Training Specialist, Sales Training Chief, Direct Sales Chief, Fleet Sales Chief, Corporate and Special Sales Manager, and Toyota Retail System (TRS) Manager respectively. He served as Sales and Marketing Director at Hedef Filo Servis A.Ş. in 2008-2011, as a consultant at Bir Psikodrama Eğitim ve Danışmanlık, and later as General Manager at a Renault Authorized Dealer in 2012-2014.

Öztörün, who began working for Teknosa as the İklimsa Director of Sales in 2014, continues to work as Assistant General Manager at İklimsa Business Unit.



**Doğa Oran**  
Assistant General Manager –  
Strategic Growth Areas

Doğa Oran graduated from the Department of Economics, Middle East Technical University, in 1998. He obtained an Executive MBA from Sabancı University in 2002.

Mr. Oran began his professional career in 1998 at the Audit Department of PricewaterhouseCoopers. He worked as Corporate Development Specialist at Sabancı University between 2001 and 2004, as Senior Specialist at Xerox Financial Planning and Analysis Department between 2004 and 2005, as Director in the Corporate Finance Department of Garanti Investment between 2005 and 2013, and as the CFO of Crate & Barrel Turkey and Russia between 2013 and 2014. He was appointed to the Strategy and Business Development Group at Sabancı Holding and worked there between 2015 and 2017. He acted as Senior Manager in the Retail Group from April 2017 to 2018.

Doğa Oran started serving Teknosa as Assistant General Manager in Charge of CRM and Data Analytics on March 1, 2018, and continued to work as the Assistant General Manager in Charge of Category Management and Supply Chain as of October 1, 2018. Oran has been serving as Assistant General Manager for Strategic Growth Areas at Teknosa since August 6, 2021.



**Ersin Aydın**  
Assistant General Manager – Human  
Resources

Ersin Aydın graduated from Hacettepe University, Psychological Counseling and Guidance Department in 1995.

He started his professional career as a Human Resources Specialist at Migros in 1998 and worked in the same role at Superonline in 1999. He served as a Consultant at Profile International from 2000 to 2002 and as Human Resources & Systems Manager at Odeon Cineplex from 2002 to 2003. Aydın continued his career at Turkcell, serving as Labor Relations Manager between 2003 and 2006, and as Investments Business Support Division Head between 2006 and 2007. From 2007 to 2008, he worked at KKTCELL in Cyprus as Assistant General Manager for Human Resources Administrative Affairs and Information Technologies. He joined CJSC Belarussian Telecommunication Network in Belarus, serving as a Consultant between 2008-2009 and as Assistant General Manager between 2010-2011. Aydın served as Human Resources Director in Turkey at Global Bilgi between 2011 and 2014, at LC Waikiki between 2014 and 2015, and at Alliance Healthcare between 2015 and 2016. He held the same position at FLO Mağazacılık as of 2016. In addition, he has been a CTI Certified Professional Co-active Coach since 2013. Ersin Aydın has been serving as Assistant General Manager for Human Resources at Teknosa since May 4, 2020.

## Executive Board



**Nail Enver Yelkenci**  
Assistant General Manager –  
Retail Sales

Nail Enver Yelkenci graduated from Istanbul University, Department of Economics (English) in 1995.

He started his career as Sales Manager at Öztekin Uluslararası Nakliye Şirketi in 1996, followed by his roles as International Sales Manager and International Sales Executive at Şişecam between 1997 and 2003. He took office as Key Account Specialist, Key Account Manager, and Organized Trade Manager respectively at Yıldız Holding/Pladis, where he started to work in 2003, and as Group Sales Manager, Sales Director and General Manager respectively at Pasifik A.Ş. He served as the General Manager of Saray Bisküvi at Saray Holding A.Ş. as of 2018.

Nail Enver Yelkenci has been working as Assistant General Manager for Retail Sales at Teknosa since February 1, 2021.



**Emre Kurtoğlu**  
Assistant General Manager – Digital  
Sales and Marketing

Emre Kurtoğlu completed his education at Galatasaray High School and graduated from Galatasaray University Department of Business Administration with a high degree in 1998.

He started his career at DanoneSA and worked as DanoneSA Beverages Group Modern Channel and Commercial Marketing Group Manager and Export Group Manager respectively until 2004. Between April 2004 and September 2005, he took office as Domestic Customers Sales Group Manager at GıdaSA, established by Sabancı Group. He worked as Commercial Marketing and Export Group Manager of Danone Beverages Group and Business Development Group Manager of Dairy Products Group from 2005 to 2009. He worked at Kimberly Clark Türkiye Kağıt Ürünleri between 2009 and 2015, first as Commercial Marketing Group Manager and then as Commercial Marketing and Distributorship Channel Group Manager, Adult Products Business Unit Marketing Director, and Baby and Children Products Marketing Director.

Kurtoğlu worked as Assistant General Manager in Charge of Commerce in 2015 and continued to work as Assistant General Manager in Charge of Category Management. Kurtoğlu has been working as the CEO of Terra Pizza since October 2018, and as Assistant General Manager for Digital Sales and Marketing at Teknosa since July 5, 2021.



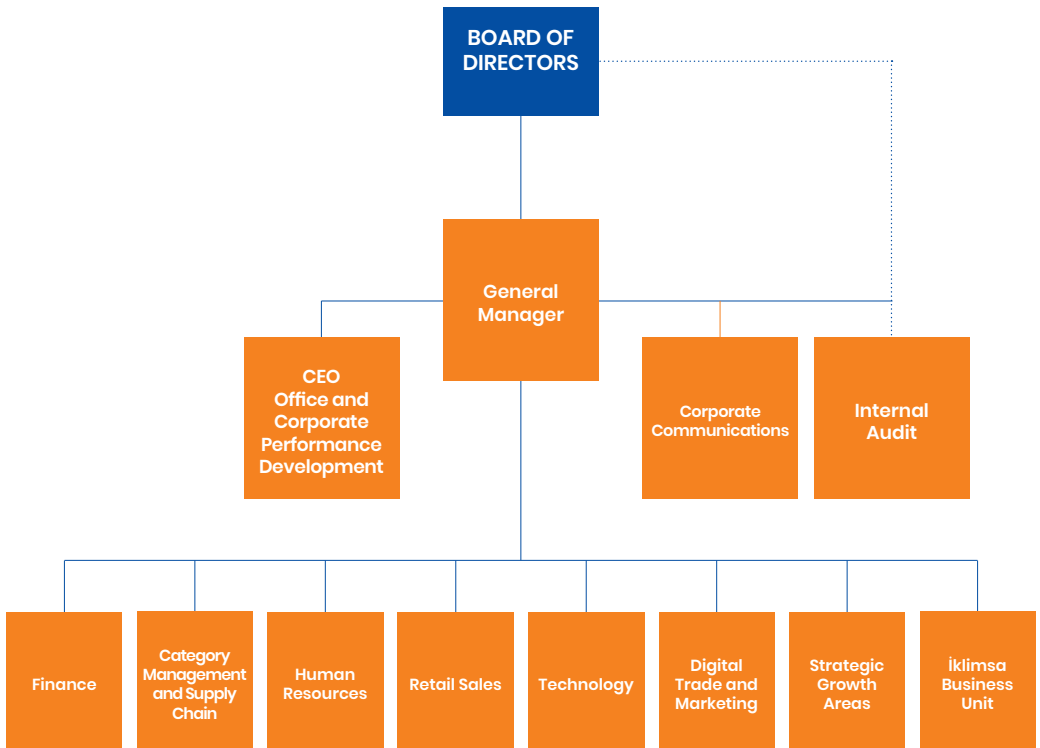
**Cenk Yenginer**  
Assistant General Manager –  
Category Management and Supply  
Chain

Cenk Yenginer graduated from Uludağ University Department of Economics in 1997.

He started his career as Category Manager at Özdelek Holding in 1997 and worked as Category Group Manager between 2003 and 2009. Cenk Yenginer worked as Category Manager at Darty between 2009 and 2013.

He started working as Category Manager at Teknosa in 2014 and has been carrying out his duty as Assistant General Manager for Category Management and Supply Chain as of August 6, 2021.

# Organizational and Employee Structure



As of December 31, 2021, there are 2,303 employees working at the Company (December 31, 2020: 2,337).

# Sustainability Approach

**Being aware of the earth's limited resources, Teknosa acts with a focus on sustainability in all its business processes.**

Teknosa takes pioneering steps in its industry in line with the Sabancı Group's mission of being a pioneer and an example in terms of sustainability. Focusing on creating value for today and the future by being a good corporate citizen as well as business operations, the Company carries out activities that will lead to meaningful

changes in society on issues such as transparency, gender equality, environmental awareness, and responsible use of resources within this scope.

It is a priority for Teknosa to fulfill its responsibility for its employees, their families, and other stakeholders, and to raise the living standards of the communities in which it operates.





## Human Resources

**Criteria for equality in the workplace lie at the heart of Teknosa human resources policies in parallel with the vision of Sabancı Group, which assumes a pioneering role in diversity, equal opportunities, and gender equality in Turkey's business world.**

Teknosa's Human Resources policy is built on the vision "Sabancı of the New Generation," in line with the Company's targets and strategies, as well as the Sabancı Group's Human Resources policy.

Teknosa Human Resources management and practices are intended to guarantee that employees have an

experience that gives them purpose and the opportunity to realize their potential, while encouraging justice, continuous development, participation, high performance and diversity.

### Succession and Career Management

While determining organizational requirements in line with its strategies, Teknosa develops succession and

career plans by assessing employees' performance, potential and personal preferences. As part of the Organizational Success Plan in integration with Sabancı Group Human Resources, Teknosa's critical performance indicators and plans for its human resources and organization are reviewed. In addition, employee potentials are assessed, and appropriate succession plans are drafted for all management positions and other critical positions.



## Recognition & Appreciation, and Total Reward Management

Teknosa implements rewarding, motivating, and competitive compensation, as well as benefits and recognition practices that promote fairness and objectivity. The Company also encourages high performance with a focus on employees' competencies and contributions to business results.

All practices under Recognition & Appreciation and Total Reward Management are regularly reviewed and updated through market analyses and benchmarking studies. For all the roles within the Group, the workload, the level of core responsibilities under the role, its contribution to the organization, and knowledge/skills/experience and competencies required for the role are taken into account in assessments. The hierarchy based on this assessment serves as a basis for wages and benefits.

At Teknosa, wage management is conducted in accordance with legal and regulatory requirements, and in line with compensation policies. Compensation policies are formulated in consideration of macroeconomic data and individuals' workloads, performances, as well as the Company's long-term goals,

and in-house and external salary patterns. To support reward management with additional benefits, "Side Benefits" are considered as an integral part of total reward management. In line with employee expectations and needs, Teknosa provides side benefits depending on the job size, changing by role in contents in the company.

## HR Data Analytics and Digitalization

Systems and practices are regularly updated to establish a data-driven decision-making culture within the human resources processes of Teknosa, and the skills of HR teams are developed accordingly. The "Digital Application Form" and "Chatbot" are among the projects launched to digitalize Human Resources. Activities related to the "Robotics" project involving RPA and AI technologies are ongoing. Once completed, all the recruitment and orientation processes, as well as the legal reporting efforts of Human Resources, will be handled by this tool.

## Suggestion System

Teknosa uses "TeknoBox" as a suggestion system to encourage employees' participation in decision-making processes for digitalization, lean process management, innovation, employee engagement, customer experience, and OHS & environment.

**All practices under Recognition & Appreciation and Total Reward Management are regularly reviewed and updated through market analyses and benchmarking studies.**

## Teknosa Support Team Project

Launched to reinforce collaboration and dialogue between the Head Office and stores, the project enables the Head Office team to acquire knowledge on in-store practices, follow customer expectations and needs more closely, and ensure that the Head Office provides sales and operational support to store staff during peak times such as weekends.

## Tekno Bulletin

Tekno Bulletin is intended to enhance internal communications and disseminate success stories and projects within the Company. Updates from Teknosa are e-mailed to employees two times a month.

## Master's Degree Support

Taking Teknosa's needs into account, eligible employees who file an application receive 50% financial support towards obtaining a Master's Degree.

## Human Resources

**The Teknosa Human Resources Department represents and enhances the employer brand in the best manner, and actively manages Teknosa Career pages on LinkedIn, Facebook, and Instagram to attract talent.**

**In 2021, each of the 19 Internal Trainers provided 65 hours of training on average within the scope of the Internal Trainers Program.**

### **Teknosa Grants and Support for Education**

Teknosa Education Grants are provided until the end of high school education for the children of those employees whose spouses have died. The children of employees applying for Teknosa's Education Support due to financial hardship receive non-refundable Education Support for a period of one year if they are deemed eligible under certain criteria. Application/selection processes are updated every year.

### **Internal Trainers**

In 2018, Teknosa introduced the Internal Trainers Program, composed of Teknosa employees regardless of their titles, for the purposes of keeping the continuous learning environment active and enabling an exchange of information and experience. In 2021, each of the 19 Internal Trainers provided 65 hours of training on average. Internal

Trainers, who provided over 5 thousand hours of training throughout the year, contributed greatly to their colleagues' development.

### **Performance Management**

Teknosa employees work on their individual business goals and competency development goals for a year in order to demonstrate their successful business results, commitment to the corporate culture and values, and outstanding performance. At the end of the year, employees evaluate their performance with their manager and receive feedback.

### **Employer Brand**

The Teknosa Human Resources Department represents and enhances the employer brand in the best manner, and actively manages Teknosa Career pages on LinkedIn, Facebook, and Instagram to attract talent. Best practices, vacant positions,

announcements, and internal Company news are posted on career pages.

### **Organizational Climate and Employee Engagement Management**

Teknosa strives to establish a safe and healthy working environment where employee suggestions and expectations are heard; approaches to promote loyalty are instituted; ethical values are upheld, and the work-private life balance is taken into account. Adopting the right leadership styles, the Company works to create a positive organizational climate and guarantee sustainable employee loyalty. In this context, Teknosa assigns independent firms to conduct regular employee engagement and satisfaction surveys.

In addition, staff perception on organizational climate and the management team's leadership style, which are directly connected to engagement and have the greatest impact on this climate, are also regularly measured by independent firms. Opportunities and improvement areas identified in the surveys are examined by Human Resources and management teams; necessary action plans for progress are put into practice and monitored accordingly.

### **Labor Relations Management and Legal Compliance**

Teknosa manages labor relations in accordance with applicable laws, regularly follows up on relevant regulations, and makes use of all opportunities and incentives. Teknosa

implements a zero-tolerance policy for discrimination based on language, race, color, gender, political opinion, faith, religion, denomination, age, physical disability, or similar factors. Teknosa is committed to providing a working environment where a work-private life balance is guaranteed. The Company is also an equal opportunity employer that implements practices to encourage women, youth, and the disabled to actively participate in working life. All necessary measures are taken under the Occupational Health and Safety policy against cases that may have a negative physical and psychological effect on employees.





# Corporate Social Responsibility

**Believing that the digital age is a milestone for gender equality, Teknosa aims to ensure that women are digitally literate and to overcome the prejudice that “technology is a man thing.”**



Teknosa aims to improve lives and support Turkey's steps toward development through social responsibility projects and voluntary efforts.

## Technology for Women

Under the “Technology for Women” Project initiated in 2007 in cooperation with the Habitat Association, Teknosa pursues gender equality through contributing to digital literacy among women with limited computer and Internet capabilities in Turkey. Since

the beginning of the project, which aims to promote a more active role for women in social and cultural life as well as in technology use, more than 22 thousand women across Turkey were offered free-of-charge digital literacy courses. In 2021, courses were moved to the online platform due to the pandemic, and 2,450 women across Turkey participated in the education program. The courses include topics such as the basics of using a computer and Office programs, as well as using social media, e-services, using the internet and mobile devices securely; thereby enabling women to communicate with their children, grandchildren, friends, and family; interact with the world; access information about their areas of interest; and perform transactions that make life easier for them, such as online banking and shopping and use social media platforms efficiently for their jobs.

Women who participated in the project's courses indicated that they feel more confident, equal, and empowered. In the furtherance of the project, Teknosa aims to introduce additional developments in line with women's needs.

A Social Impact Assessment study was conducted in 2021 to measure the social impact of online trainings of the “Technology for Women” Project between October 2020 and September 2021. The social impact of the project was measured by using the “Social Return on Investment” (SROI) methodology. At the end of the analysis, it was revealed that each TL 1 donated to the Project had a social return of TL 3.96.

In 2021, Teknosa initiated a social solidarity movement for women who have been subjected to violence and have limited access to technology under the roof of “Technology for Women,” in

cooperation with the Sabancı Foundation and the Federation of Women Associations of Turkey (TKDF). Within the scope of the project, anyone who wishes can donate their smart phones that they do not use and contribute to the voice of women who have been subjected to violence. Teknosa carries out the maintenance and repair of the smart phones that are brought to stores for donation or that it personally receives from homes, and delivers them to TKDF.

As a signatory of the Women's Empowerment Principles (WEPs), a joint initiative of UN Global Compact and UN Women, Teknosa has committed to seven principles for establishing corporate policies to promote gender equality and become the first technology retailer from Turkey to have taken part in this platform.

The Company is among the corporate members of the Yanındayız Association, which aims to ensure that men take an active role in the struggle for women's equality, and the Lead Network, which supports female leaders working in the retail and consumer products industry and aims to increase the number of female senior managers and contribute to their development.



Teknosa is also among the participants of the "Business World Against Domestic Violence" project designed by the Sabancı University Corporate Governance Forum.

The Company provides tablets and computers in line with the requests conveyed by schools and civil networks, especially for online education.

Teknosa participated in the "Sabancı Republic Mobilization" events, which were initiated by Sabancı Holding in 2021 on the 98<sup>th</sup> anniversary of the founding of the Republic of Turkey to support the promise that the values of the Republic will be kept alive by working and adding value to the environment. The Company, carried out voluntary work for school renovation, support for biodiversity, planting saplings, soil revitalization, and environmental cleaning within the scope of the events held in 11 cities between October 27 and November 8.

Teknosa conducts voluntary studies with NGOs under the leadership of the Teknosa Volunteers Club to raise awareness of social responsibility among employees. Additionally, Teknosa contributes to Sabancı Volunteers projects.

### **Technology for Youth**

Teknosa focuses on project collaborations aimed at youth. Since 2018, the Company is among the supporters of Askıda Ne Var, an outstanding social initiative working to support youth in Turkey. Via this platform, Teknosa provides university students with the technology products that they need.

Furthermore, Teknosa provides technology support to events held by universities and thus contributes to the active continuation of such useful social organizations.



## Occupational Health and Safety

**As the first company that received the Turkish Standards Institution (TSE) COVID-19 Safe Service Certificate in technology retailing, Teknosa successfully passed several audits on customer-oriented precautions, ambiance cleaning, etc.**

Employees are Teknosa's most precious asset in all its operations. Therefore, it is the top business priority of the Company to provide a safer and healthier working environment and minimize any loss that may occur.

Complying with applicable laws and standards in Occupational Health and Safety practices, the Company pursues continuous performance development in this area. Teknosa analyzes the potential risk exposure of

all activities undertaken and adopts a proactive approach to prevent these risks.

Considering the Occupational Health and Safety culture as a part of life, Teknosa also managed the Covid-19 pandemic process with this understanding. Prior to the first confirmed Covid-19 cases in Turkey, the Company formed crisis teams chaired by the senior management and started to implement necessary measures by assessing the potential impact of the pandemic in all

aspects. All precautions taken since the beginning of the pandemic were meticulously implemented, such as disinfection, information and warning posters, social distancing tags, increasing the frequency of cleaning, and detailed close contact inquiries in the work areas; and their continuity was ensured. As the first company that received the Turkish Standards Institution (TSE) COVID-19 Safe Service Certificate in technology retailing, Teknosa successfully passed several audits on customer-oriented precautions, ambiance cleaning, etc.



# Environment

**Teknosa, the technology retail company with the most widespread store network in Turkey, contributed to energy savings with the projects it carried out in its stores within the scope of environmental awareness.**

In 2021, Teknosa continued to work on the use of natural resources economically, energy efficiency, circular economy, waste management, and waste recycling for the purpose of environmental sustainability. Within the scope of the works carried out in 2021;

- Teknosa saved approximately 1.9 million KW of energy in 2021 by increasing the number of stores with automation to 63, which allows the management of heating, cooling and lighting systems through automatic sensors instead of manual.

- Teknosa continued LED lighting conversion in its stores. Lighting luminaires were switched to LED lighting in 171 stores in total. It will continue to implement LED conversion applications within the scope of the energy efficient lighting conversion in cooperation with Enerjisa in the coming period.
- Teknosa reduced paper and toner consumption with the digital label and electronic label applications implemented in its stores. All labels renew themselves automatically and digitally with the electronic label, while the screens of the products are used for the

digital label. The electronic label is used in 6 stores as of the end of 2021. Annual savings per store are approximately 80,000 sheets of paper and 96 toners. The digital label system is used in all stores. Annual savings per store are approximately 30,000 sheets of paper and 24 toners.

- Teknosa applied for the Green Office diploma for the General Directorate building in cooperation with WWF-Turkey (World Wide Fund for Nature). It set its goals for the process and started the 1-year evaluation process. In line with the determined targets, it will minimize the ecological footprint of the General Directorate building.

## Environment

### **Teknosa started to share the monthly Sustainability Bulletin, which aims to increase the awareness and consciousness level of employees within the scope of internal communication.**

- Circular economy and recycling of electronic waste into the economy are important for the reduction of resource consumption and ecological footprint. As in previous years, Teknosa continued to collect electronic waste and waste batteries in the waste containers at the stores in 2021. It worked together with local administrations and authorized bodies to send waste to recycling facilities and recover them. With the Circular Business Design Training organized by the Circular Economy Platform of Turkey, the entire value chain is addressed and opportunities are identified for the transition from the linear economy model to a circular model.
- Teknosa started to work on the establishment of a zero waste system. It aims to use resources efficiently with the project and tries to reduce the amount of waste. The wastes are collected separately at the source and brought back to the economy, and the damage to nature is minimized.
- With the Business Plastic Initiative commitments made in 2021, it will release disposable plastics until the end of 2023, in particular for office buildings, and will work to switch to the use of 100% biodegradable/compostable bags in stores.
- Teknosa started to share the monthly Sustainability Bulletin, which aims to increase the awareness and consciousness level of employees within the scope of internal communication. The bulletin both addresses current sustainability issues and provides information on the Sustainable Development Goals (SDGs).
- Teknosa defined criteria for following up on the number of sustainable products and services within its structure and its percentage in turnover.
- In 2021, it received an independent external assurance audit for its 2020 sustainability data. Within this scope, it successfully passed audits on many issues such as carbon footprint, waste management, and energy efficiency.



# Information on the Organization

## Privileged Shares, Voting Rights

According to Teknosa's Articles of Association, the Company does not have any privileged shares and has a single right to vote for each share. There is no company with which Teknosa engages in a cross-holding relation. The Articles of Association does not contain any provision that restricts the transfer of shares. Share transfers between the shareholders are performed as per the provisions of the Turkish Commercial Code and Capital Markets Law.

## Information on the Company's Acquisition of its Own Shares

Teknosa does not hold any acquired shares of its own.

## Investment Costs

The Company has invested TL 70 million in its infrastructure and customer outreach channels, including online channels.

## Donations and Aids Made by the Company During the Year

In 2021, Teknosa donated TL 273,283 in total to charitable organizations.

## Information on the Report Explaining Relations with Controlling Shareholders and Subsidiaries in the Framework of Article 199 of the Turkish Commercial Code

In the report, our Company evaluated the following transactions conducted with the controlling company and associated companies during the reporting year (January 1, 2021 - December 31, 2021) in accordance with accountability principles and conditions known to us: All legal transactions as well as all legal transactions conducted under the direction of the controlling company, and all other measures taken, or refrained from being taken to the advantage of the controlling company, or one of its subsidiaries in 2021,

under the circumstances and conditions known to the Board at the time. In the report issued by the Teknosa Board of Directors on February 16, 2022, it was concluded that, in all transactions performed by Teknosa with the controlling company and the associated companies of the controlling company in 2021, all necessary legal transactions were conducted and all measures taken as described as per Article 199 of the Turkish Commercial Code No. 6102 and as required by the responsibilities assigned to the Board. The transactions are in conformity with the precedents, according to controlling company statements as per the relevant articles of the Turkish Commercial Code numbered 6102, and we declare that Teknosa did not incur any loss due to the fact that it operates under a Group of Companies.

# Corporate Governance and Sustainability Principles Compliance Report

## SECTION I – CORPORATE GOVERNANCE

### 1. Corporate Governance Approach

Teknosa commits to comply with the four key principles of Transparency, Fairness, Responsibility, and Accountability of Corporate Governance and recognizes that good corporate governance practices are essential for sustainable growth in today's economies. Traded on BIST-Stars, Teknosa shapes its management approach based on these principles and takes best practices in the world as a reference while developing its corporate governance practices every year.

### 2. Corporate Governance Principles Compliance Status

Teknosa is in full compliance with all of the 24 mandatory principles for publicly traded companies as set out in the Corporate Governance Principles attached to the Corporate Governance Communiqué no. 17.1 (Communiqué) of the Capital Markets Board, which is responsible for regulating and supervising the corporate governance practices in Turkey. Teknosa has observed the interests of all the stakeholders,

shareholders in particular, and continued its efforts to further its compliance with such mandatory principles in 2021. Meanwhile, Teknosa has reached full compliance with 56 of 73 non-mandatory principles of the Communiqué, and partial compliance with eight of those principles, whereas compliance was not achieved with four non-mandatory principles. Operations falling under the remaining five principles have not been performed in 2021, and therefore compliance has not been evaluated for these principles that have been determined to be nonapplicable.

**2.1.** The partially complied principles are summarized below with the reasons for not achieving full compliance:

**1.3.10.** Policy on donations and aids shall be established and submitted to the approval of the general assembly. At the general assembly meeting, the information shall be provided under a separate item of the agenda on the donations and aids made throughout the period, together with their amount, beneficiaries, and policy changes, pursuant to the policy approved by the general assembly.

Paying utmost attention to its social responsibilities, Teknosa makes all donations and aids in compliance with the Donation and Aid Policy approved by the General Assembly. Information regarding the amounts of all donations and contributions made throughout the year were provided to the shareholders through a separate item at the General Assembly meeting, but no explanations were made regarding the beneficiaries of these donations and contributions.

**2.1.4.** Content and information on the Company's website are available in optional foreign languages with the same scope as the Turkish website.

The efforts continue to provide the English versions of the information specified in Turkish on the website.

**3.1.2.** Effective and rapid compensation should be offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated. The corporation shall make it convenient to provide the utilization of the mechanisms such as compensation provided for the stakeholders as per

## Corporate Governance and Sustainability Principles Compliance Report

the legislation. In addition, it establishes a compensation policy for employees and discloses the policy via the corporate website.

It is a priority for Teknosa to protect all stakeholders' rights at all times and embrace a business model based on creating value together. However, there are no compensation policies in place towards Sabancı employees and no legal issues have been encountered in this regard.

**3.2.1.** Models to encourage employees' and stakeholders' participation in management shall be developed in a manner to not interfere with the Company's operations. Such models adopted by the Company shall be specified in the Company's internal regulations and Articles of Association.

Employees' participation in management is ensured by organizing regular periodic meetings (at least twice a year), as well as at the annual goal-setting and performance evaluation meetings. Additionally, employees may provide their feedbacks to the management as well as to their colleagues through

the 360 degrees feedback mechanism, and the results are discussed in various management meetings and action plans are prepared for the necessary changes. However, the aforementioned matters are not governed by Teknosa's Articles of Association and/or internal regulations.

**4.4.7.** Members of the Board of Directors shall allocate sufficient time for the businesses of the Company. Where a board member holds an executive position, acts as a board member at another company, or provides consulting services for another company, it is essential for such board member to avoid any conflicts of interest and any interruption to his/her tasks at Teknosa. Within this scope, certain rules apply to or restrict the board member's assumption of roles and duties outside the Company. Roles a board member assumes outside the Company, the grounds for such role, and whether such role is assumed within or outside the group are presented to the information of the shareholders under the agenda item for elections during the general assembly meeting.

Utmost attention is paid to board members to dedicate sufficient time for the Company's works and avoid any transaction that may lead to a conflict of interest in their activities outside the Company. However, board members' roles outside Teknosa are not governed or restricted by a written instrument. Accordingly, resumes of board members are provided to shareholders in annual reports.

**4.5.5.** It is important for a board member not to take part in more than one committee. Utmost attention is paid to the experience and expertise of independent members in the composition of committees. Due to the limited number of independent board members and obligations stipulated in the capital market regulations, however, members may be assigned to more than one committee.

**4.6.1.** The Board of Directors is responsible for the achievement of the Company's operational and financial performance goals as disclosed to the public. Evaluations as to whether the Company has reached



publicly-known operational and financial performance goals, and if it has not, the reasons behind it, are provided in the annual report. The Board carries out the performance assessment with necessary self-criticism both at the level of the Board and executives with administrative responsibilities. Board members and executives with administrative responsibilities are either rewarded or released based on such assessment.

The Board has carried out Teknosa's performance assessment but not explained this matter in the annual report.

**4.6.5.** Wages and other benefits granted to board members and executives with administrative responsibilities are disclosed to the public in the annual report. Principally, public disclosure shall be made on the basis of the persons.

The remunerations provided to the Board Members are determined by the General Assembly and the disclosures are made on individual basis. Remunerations provided to the senior executives are disclosed to the public in the footnotes of our financial statements. Remunerations to executives are provided in accordance with the

remuneration policies, taking into account the performance criteria. These details are not explained on individual basis since they are considered as personal information.

**2.2.** The principles that have not been complied are summarized below, with the reasons for not achieving full compliance:

**1.3.II.** General Assembly meetings may be held publicly, including stakeholders and the press with no right to ask for the floor, and a provision may be added to the Articles of Association on this matter.

Due to concerns about the health and safety of stakeholders arising from the COVID-19 pandemic, as well as due to effective time management, General Assembly could not be held publicly.

**1.5.2.** Minority rights may be granted to those who hold less than one-twentieth of the capital pursuant to the Articles of Association. The scope of minority rights may be enlarged in the articles of association. Minority rights are determined within the scope of the provisions of the relevant legislation and there are no provisions in the Articles of Association for the expansion of minority rights.

**2.1.3.** Financial statements that require public disclosure as per the capital market legislation, except material events and footnotes, are disclosed in Turkish and English simultaneously on KAP (Public Disclosure Platform). English disclosures are prepared in a summary format accurately, thoroughly, directly, legibly, sufficiently, and consistently with the Turkish disclosure so as to assist the target group in their decisions.

Although our material event disclosures are in Turkish, investor presentations and end-of-year annual reports are issued in English as well and made available on the website to inform our existing/ potential foreign investors on the financial position and performance of the Company.

**4.3.9.** The Company set a minimum target of 25% for the ratio of female members on the Board and established a policy to reach this target. The composition of the Board is reviewed annually, and the nomination process is run in accordance with this policy. Although there is no target ratio in this matter, due care is taken to have female members on the Board.

## Corporate Governance and Sustainability Principles Compliance Report

**2.3.** The following principles are determined to be non-applicable as no transaction falling under such scope was performed in 2021:

**1.3.7.** Persons who have the right to access shareholding information with privilege shall inform the Board of Directors for the inclusion of the transactions they performed in their own name coinciding with the Company's operating area into the agenda of the General Assembly.

**1.4.3.** The Company has not exercised the voting rights at the General Assembly of a corporation with which it has a subsidiary relation that involves controlling rights.

**4.4.3.** Opinions of those board members who did not attend the meeting but conveyed their opinion to the Board in writing are presented to other board members.

**4.5.7.** Committees may benefit from the opinions of the independent specialists on matters that they find necessary with regard to their activities. The fees of the consulting services required by the Committees are covered by the Company. However, information on the persons/entities providing such services

and/or whether such persons/entities have a relation with the Company is explained in the annual report.

**4.6.4.** The Company is not entitled in any way to lend money, to extend any credits, to prolong the terms of existing loans and credits, to improve the conditions thereof, and to extend credit under the name of any personal credit means through a third person or to provide warranties to a member of the board or the executives with administrative responsibility. However, institutions providing personal loans may make credits and other services available to these persons, within the conditions provided to other persons. Teknosa's compliance status with the Corporate Governance Principles in 2021 is summarized in the table below:

These principles could not be complied with in 2021 due to the practical difficulties for compliance with the discretionary principles, ongoing discussions on the implementation of these principles in international platforms and in Turkey, the fact that compliance with these principles does not benefit the interests of the Company and finally, due to the adverse developments of the COVID-19 pandemic. Thanks to the value and importance Teknosa attributes to corporate governance, developments on this matter are monitored closely, and efforts towards full compliance with these principles are ongoing at full speed. The 2021 Corporate Governance Compliance Report (YRF) and Corporate Governance Information Form (KYBF), prepared pursuant to the Capital Markets Board's Decision no. 2/49 and dated January 10, 2019 and approved

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Compulsory	24	-	-	-
Facultative	56	8	4	5
<b>Total</b>	<b>80</b>	<b>8</b>	<b>4</b>	<b>5</b>

by our Company's Board of Directors are publicly accessible at <https://www.kap.org.tr/tr/Bildirim/xxxx> and <https://www.kap.org.tr/tr/Bildirim/910218>.

### 3. Investor Relations Activities

In an attempt to assist investors and analysts in their decision-making processes as per applicable laws, Teknosa paid ultimate attention in 2021 to inform them as necessary, transparently, promptly, accurately, thoroughly, legibly, directly, sufficiently, regularly, and concurrently with all market participants, on the developments that might affect their investment decisions. For this purpose, the Company regularly updated the Public Disclosure Platform (KAP) and the Investor Relations page on its official website [www.teknosa.com](http://www.teknosa.com). Continuous and best communication practices are pursued with investors and analysts. 10 current/potential investors/analysts were contacted in 2021.

### 4. Monitoring the Changes in Legislation and Legal Procedures

No amendment that could impact Teknosa's operations substantially was introduced to applicable laws in 2021. However, the potential effects of the 2021 amendments to the Capital Markets Law, Turkish Commercial Code, and tax regulations on Teknosa as a whole were analyzed in detail.

Teknosa monitored legislative developments that pertained to it closely and took necessary action promptly in 2021, just as it did in previous years. Last but not least, no lawsuit was filed against the Company that may impact the financial position or operations of Teknosa in 2021. In addition, no administrative or legal sanction on the grounds of practices contradictory with the provisions of applicable regulations was imposed against the legal entity of Teknosa, its Board Members, and the Senior Management.

## SECTION II – BOARD OF DIRECTORS

### 1. Structure and Composition of the Board of Directors

The procedures and principles concerning the Company's Board of Directors' structure, duties, management right and representation authority etc. are decided upon in accordance with the provisions stipulated in the Company's Articles of Association.

Teknosa is governed and represented by a Board of Directors that consists of at least six members elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Legislation. There are six members in the Teknosa Board of Directors in conformity with Article No. 4.3.1 of the Communiqué, and two independent members in

conformity with the exception stipulated in the first paragraph of the 6<sup>th</sup> Article of the Communiqué.

Minimum qualifications required in Board members are not stated in the Articles of Association. However, the required qualifications of the Members of the Company's Board of Directors are in line with the relevant articles of Corporate Governance Principles. Two members of the Board of Directors are independent members who are determined according to the Capital Markets Board's Corporate Governance Principles and regulations on Corporate Governance. Independent board members' independence statements have been received prior to the appointment and these statements remain in full force and effect. During the reporting period, there is no condition which interrupts the independency.

The Members of the Board of Directors may be elected for a maximum term of office of three years and re-election of the members whose term of office has expired is permissible. In the event that a Board Member position becomes available, the Board elects a new member to fill the position and submits the elected member to the approval at the next General Meeting. This member completes the remaining term of his/her predecessor.

## Corporate Governance and Sustainability Principles Compliance Report

Based on the General Assembly's decisions, Board Members are authorized to perform transactions pursuant to the Articles 395 and 396 of the Turkish Commercial Code.

### 2. Operating Principles of the Board of Directors

The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also consider the long-term targets and interests of the Company.

Every year, the members of the Board of Directors elect a chairman and a vice-chairman who will be the acting chairman in the absence of the chairman for presiding the meetings. The Chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by getting the opinions of the other members and the general manager. Agenda items of the Board meetings are discussed clearly and with every aspect. The Chairman of the Board of Directors shows best effort to ensure the effective participation of the executive and non-executive Board members in the Board meetings.

Timing and the agenda of the Board meetings are organized by the Chairman or the Deputy Chairman.

The Board of Directors must convene at least four (4) times a year.

Unless one of the members requests a meeting that will be held physically, the decisions of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

The Board of Directors of the Company held four meetings between January 1, 2021, and December 31, 2021.

At the Board meetings, each member had 1 vote, and unanimous consent was sought while resolving matters and the Board always complied with Corporate Governance Principles. Attendance in person of the members without an excuse at the meetings of the Board of Directors was ensured. At the meetings held in 2021, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors, and no comments were written down in the minutes. Since

Board Members did not have any questions and requested no additional information, these were not inserted in the minutes of the meeting.

In 2021 none of the Board members trade with the Company and compete with the Company in the same business.

### 3. Number, Structure, and Independence of the Committees Formed Under the Board

According to the Company's Articles of Association, the Board of Directors establishes a sufficient number of Committees ("Committee") to fulfill the required tasks and responsibilities properly.

The responsibilities of the "Nomination Committee" and "Remuneration Committee" as per article 4.5.1 of the Communiqué have been assumed by the "Corporate Governance Committee." Although care is taken to follow the recommendation of the Article 4.5.5 of the Communiqué; "It shall be noted that any member of the board of directors shall not have a duty in more than one committee," some of our Board Members can be a member in more than one committee due to business expertise in related areas.

## Corporate Governance Committee

Corporate Governance Committee aims to maintain the continuity of the management process based on the ethical values of the Company, having internal and external accountability, risk awareness and that is transparent and responsible in its decisions and oversees the benefits of the stakeholders and has a sustainable success goal.

The duty of this Committee is to make suggestions and recommendations to the Board of Directors with regard to establishing the corporate governance principles in line with the principles of the CMB or other internationally recognized Corporate Governance Principles.

As per the Corporate Governance Principles, the Corporate Governance Committee consists of up to three members, including a Chairperson appointed by the Board, and two rapporteurs. The Chairperson is appointed from among the independent members of the Board of Directors.

Should the position of Chairperson of the Committee become vacant for any reason, the Chairman of the Board assigns one of the Committee Members as a temporary Chair until the new Chair is appointed at the next Board meeting.

The Corporate Governance Committee ensures the implementation of the Corporate Governance Principles within the Company, and if these principles are not implemented, the Committee makes suggestions for improvement to the Board of Directors. The Committee also oversees the activities of the Investor Relations Department. Alongside the determination of the principles and evaluation of the performance and remuneration of the Board of Directors and Senior Executive Managers, the Committee submits the independent candidate member proposals to the Board of Directors by evaluating the independence qualifications of the candidates, also taking into account the candidates nominated by the management and the shareholders. The Independent Board Member Candidate submits a written declaration to the Corporate Governance Committee at the time of nomination.

The Committee, which shall convene at least four times a year pursuant to the bylaws, convened four times in 2021.

The members of the Corporate Governance Committee determined in accordance with the decision of the Board of Directors of the Company are as follows:

### Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the purposes of early detection of any risk such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of the Company, of taking necessary measures, implementing solutions and managing the risk.

		Nature of the Board of Directors Membership/Duty
Name-Surname	Position	
Mevlüt Aydemir	Committee Chair	Independent Board Member
Temel Cüneyt Evirgen	Committee Member	Independent Board Member
Ümit Kocagil	Committee Member	Teknosa Assistant General Manager of Finance

## Corporate Governance and Sustainability Principles Compliance Report

The members of the Committee shall be determined by the Board of Directors of the Company and disclosed to the public. The Chairman of the Committee is appointed among independent members by the Board of Directors of the Company. In addition to the Chairperson, there is a maximum of one Member elected by the Board in the Committee. The members of the Committee are preferably elected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chairman. The annual meeting schedule is determined by the Chairman of the Committee and communicated to all committee members at the beginning of each year.

The term of office of the Committee members is in parallel to the term of

office of the Members of the Company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

### Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect

to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held 4 meetings in 2021 and the main agenda items were the review of the independent audit report and examination of the presentations of the Internal Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the Company are as follows:

<b>Name-Surname</b>	<b>Position</b>	<b>Nature of the Board of Directors Membership/Duty</b>
Mevlüt Aydemir	Committee Chair	Independent Board Member
Temel Cüneyt Evirgen	Committee Member	Independent Board Member

The Early Detection of Risk Committee convened 6 times in 2021.

<b>Name-Surname</b>	<b>Position</b>	<b>Nature of the Board of Directors Membership/Duty</b>
Temel Cüneyt Evirgen	Committee Chair	Independent Board Member
Mevlüt Aydemir	Committee Member	Independent Board Member

#### 4. Risk Management and Internal Control Mechanism

Teknosa embraces the notion that each risk brings along an opportunity, and recognizes that "sustainable growth" can be achieved by effectively identifying, measuring, and managing risks. The Group places a great importance on risk management in order to "create value for its stakeholders," which is a crucial part of its mission.

At Teknosa, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is handled as a continuous and systematic process to manage these risks most efficiently. Efforts are undertaken towards the Company-wide promotion and adoption of the risk culture, while it is ensured that the right activity is carried out taking the right amount of risk.

The risk exposure of the Company is tracked through the Key Risk Indicators (KRI) in place. These indicators are continuously monitored and periodically reported. The Company takes necessary action to manage the risks indicated by the Key Risk Indicators.

The Risk Management Policy at Teknosa serves to define, assess, prioritize, monitor, and report the potential risks involved in Teknosa's operations, and also governs the procedures and principles which will be adhered to during the process of defining and implementing the necessary measures and strategies against such risks. Risk management is conducted by the Early Detection of Risk Committee ("Committee") on behalf of the Board of Directors.

In 2021, Teknosa continued to create value for shareholders and delivered a sustainable growth performance owing to the importance it attributes to risk management.

Similarly, the Company has an Internal Control Mechanism in place. With the establishment of the Audit Committee, the Internal Control Mechanism effectively carries out the duties assigned by the Board of Directors, in compliance with the current Audit Committee Bylaws.

#### 5. Company's Strategic Goals

Having determined the vision and the mission of the Company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the Company's

website, [www.teknosa.com](http://www.teknosa.com), and the Company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Assistant General Managers, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

#### 6. Financial Rights

The terms and conditions of any right, fee, and benefit granted to the Company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2021, the Company; did not lend money to any Member of the Board of Directors, extend loans, extend the term of loans and credits, nor improved their conditions; did not extend a loan under the name of personal loan through a third party or provide any guarantees in favor of such persons.

## Corporate Governance and Sustainability Principles Compliance Report

### SECTION III – SUSTAINABILITY

#### 1. Sustainability Approach

Teknosa places the utmost importance on sustainability and assesses the potential impact of its operations on sustainability. After Sabancı Holding re-set its priorities in a number of areas including the environment and society in 2021, Teknosa followed suit and established its sustainability targets accordingly.

#### 2. Compliance with Sustainability Principles

Teknosa targets 100% compliance with the Sustainability Principles Compliance Framework established as per the amendment dated October 2, 2020, to the Capital Markets Board's Corporate Governance Communique. Therefore, the Company plans to continue efforts towards furthering its compliance with such mandatory principles, observing the interests of all stakeholders, first and foremost shareholders, in 2022. A world-class sustainability compliance standard has been adopted in Turkey thanks to the Sustainability Principles Compliance Framework established by the Capital Markets Board for the first time in 2021.

Teknosa's compliance status with the Sustainability Principles in 2021 is summarized in the table below:

Type	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
General	6	6	-	-
Environment	14	9	-	3
Social	7	8	-	1
Management	5	1	-	-
<b>Total</b>	<b>32</b>	<b>24</b>	<b>-</b>	<b>4</b>

The Sustainability Principles Compliance Report, which demonstrates the Company's compliance with the CMB's Sustainability Principles Compliance Framework, is available online at <https://yatirimci.teknosa.com/surdurebilirlik>.



# Independence Declarations

With respect to laws, articles of association and the criteria defined by Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, I am nominated to serve on the Board of Directors of Teknosa İç ve Dış Ticaret A.Ş. (the Company) as an Independent Board Member, and therefore I agree and undertake that I:

a) do not have a relationship in terms of employment at an administrative level to take on significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation (according to the Turkish Accounting Standards - TMS 28) between the Company, companies in which the Company hold control of management (as per the "TFRS 10" Standard) or significant effect (as per the TMS 28) and shareholders who hold control of the management of the Company or have a significant effect (TMS 28) in the Company and legal entities in which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree;

b) have not been a shareholder (5% and more), an employee at an administrative level to take on significant duty and responsibilities, or a board member within the last five years in companies from and to which the Company purchases or sells goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the Company, at the time period when the Company purchases or sells services or goods;

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors;

d) In accordance with the relevant legislation, I am not working/will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member;

e) am residing in Turkey in accordance with the Income Tax Law dated 31.12.1960 and numbered 193;

f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the Company's shareholders, and that will help me make decisions freely by taking the rights of the stakeholders into consideration;

g) I will spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties;

h) have not been a member of the Company's Board of Directors for more than a term of six years in the last ten years;

i) am not the independent member of the board of directors in more than three of the corporations as such; the Company or the controlling shareholders of the Company who hold the control over the management of the corporations; and in more than five corporations in total which are admitted to trading on the stock exchange;

j) I have not been registered and announced as a Board member representing a legal entity.

I submit this Independence Statement for the information of the Board of Directors, General Assembly, our shareholders and all stakeholders.



Temel Cüneyt EVİRGEN

## Independence Declarations

With respect to laws, articles of association and the criteria defined by Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, I am nominated to serve on the Board of Directors of Teknosa İç ve Dış Ticaret A.Ş. (the Company) as an Independent Board Member, and therefore I agree and undertake that I:

- a) do not have a relationship in terms of employment at an administrative level to take on significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation (according to the Turkish Accounting Standards - TMS 28) between the Company, companies in which the Company hold control of management (as per the "TFRS 10" Standard) or significant effect (as per the TMS 28) and shareholders who hold control of the management of the Company or have a significant effect (TMS 28) in the Company and legal entities in which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree;
- b) have not been a shareholder (5% and more), an employee at an administrative level to take on significant duty and responsibilities, or a board member within the last five years in companies from and to which the Company purchases or sells goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the Company, at the time period when the Company purchases or sells services or goods;
- c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors;
- d) In accordance with the relevant legislation, I am not working/will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member;
- e) am residing in Turkey in accordance with the Income Tax Law dated 31.12.1960 and numbered 193;
- f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the Company's shareholders, and that will help me make decisions freely by taking the rights of the stakeholders into consideration;
- g) I will spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties;
- h) have not been a member of the Company's Board of Directors for more than a term of six years in the last ten years;
- i) am not the independent member of the board of directors in more than three of the corporations as such; the Company or the controlling shareholders of the Company who hold the control over the management of the corporations; and in more than five corporations in total which are admitted to trading on the stock exchange;
- j) I have not been registered and announced as a Board member representing a legal entity.

I submit this Independence Statement for the information of the Board of Directors, General Assembly, our shareholders and all stakeholders.



Mevlüt Aydemir

# Dividend Distribution Table

TEKNOSA İÇ VE DİŞ TİCARET A.Ş.		
2021 DIVIDEND DISTRIBUTION POLICY (TL)		
PAID-IN/ISSUED CAPITAL		201,000,000.00
2. Secondary General Legal Reserves (as per Statutory Records)		8,704,007.41
If there are privileges for the distribution of profits according to the Articles of Incorporation, information on such privileges		
	According to CMB	According to Statutory Records
3. Profit for the Period	139,406,074.62	153,703,195.56
4. Taxes Payable (-)	7,941,953.75	0
5. Net Profit for the Period (=)	131,464,120.87	153,703,195.56
6. Losses in Prior Years (-)	-122,399,778.59	-480,764,691.40
7. General Legal Reserves (-)	0.00	0.00
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	0.00	0.00
9. Donations during the Year (+)	273,283.42	
10. Net Distributable Profit for the Period Including Donations	0	
First Dividend to Shareholders		
11. -Cash	0	
-Bonus	0	
-Total	0	
12. Dividends Distributed to the Privileged Shareholders	0	
13. Other Dividends Distributed	0	
-To Members of the Board of Directors,	0	
-To Employees,	0	
-To Individuals Other than Shareholders,	0	
14. Dividends Distributed to Owners of Redeemed Shares	0	
15. Second Dividend to Shareholders	0	
16. General Legal Reserves	0	
17. Statutory Reserves	0	
18. Special Reserves	0	
19. EXTRAORDINARY RESERVES	0	0
Other Distributable Items		
20. - Retained Earnings	0	0
- Extraordinary Reserves	0	0
- Other Distributable Reserves as per Law and Articles of Association	0	0

DIVIDEND SHARE TABLE					
	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDENDS PER SHARE WITH A NOMINAL VALUE OF TL 1	
	CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS	0.00	-	0.00	0.000000	0.0000
NET	0.00	-	0.00	0.000000	0.0000

With the resolution of our Company's Board of Directors dated February 21, 2022;

Our Company has a "Period Profit" of TL 131,464,120.87 according to our financial statements for the 01.01.2021-31.12.2021 accounting period, prepared in compliance with the Capital Markets Board's Communiqué No. II-14.1 on the "Principles of Financial Reporting in Capital Market" by our Company and audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and a "Period Profit" of TL 153,703,195.56 according to the income statement prepared in compliance with the TPL provisions.

Considering that only a portion of the previous years' losses can be a deduction item when calculating the net distributable profit for the period, according to the CMB regulations; and that such portion shall be the amount exceeding the total of the following: i) retained earnings, ii) general legal reserves including the premium on shares, iii) inflation adjustment made for the accounts under shareholders' equity, excluding capital; attendees unanimously decided to:

- not to distribute any dividend as the Company has a previous year loss of TL 122,399,778.59 according to the financial statements prepared in compliance with the Communiqué and of TL 480,764,691.40 according to the financial statements prepared in compliance with the TPL provisions, and there was no distributable profit after the adjustment;
- to offset the 2021 period profit of TL 131,464,120.87 against the previous year's loss mentioned in the financial statements prepared in compliance with the Communiqué, and to offset the same period's profit of TL 153,703,195.56 against the previous year's loss mentioned in the financial statements prepared in compliance with the TPL provisions;
- and to submit this offer for the approval of shareholders in the Ordinary General Assembly Meeting to be held on March 22, 2022.

# Audit Report on the Early Risk Detection System and the Early Risk Detection Committee

To the Board of Directors of Teknosa İç ve Dış Ticaret Anonim Şirketi,

We have audited the Early Detection of Risk system and the committee established by Teknosa İç ve Dış Ticaret Anonim Şirketi ("the Company").

## Responsibility of the Board of Directors

Under subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; the Board of Directors is required to form an expert committee, and to run and develop the necessary system for early identification of causes that jeopardize the existence, development, and continuity of the Company; applying the necessary measures and remedies in this regard; and managing the related risks.

## Auditor's Responsibility

Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority. Those principles require us to identify whether the Company established the early detection of the risk system and committee or not and if established, require us to assess whether the system and committee are operating or not within the framework of Article 378 of TCC. The scope of our audit does not include the determination of the appropriateness of the measures taken by the Early Detection of Risk Committee against risks, and the practices undertaken by the management in the face of risks.

## Information on the Early Risk Identification System and Committee

The Early Detection and Management of Risk Committee ("Committee") is intended to conduct activities aimed at detecting the risks likely to jeopardize the Company's existence, development, and continuity, implementing the measures necessary for the risks identified, and managing the aforementioned risks. The Committee is composed of two members, one being the Chairman. The Committee convened six times for the evaluations in 2021 and presented the reports it issued to the Board of Directors.

## Conclusion

As a result of the audit we conducted, it was concluded that the early risk detection system and the committee of Teknosa İç ve Dış Ticaret Anonim Şirketi are sufficient in all material aspects as per Article 378 of the Turkish Commercial Code.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ruşen Fikret Selamet, SMMM  
Partner  
16 February 2022  
İstanbul, Turkey

# Independent Auditor's Report on the Annual Report

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Teknosa İç ve Dış Ticaret Anonim Şirketi

### Opinion

We audited the full set of financial statements and the annual report of Teknosa İç ve Dış Ticaret Anonim Şirketi ("the Company") for the accounting period from January 1, 2021 to December 31, 2021.

In our opinion, the financial information included in the annual report and the Board of Directors' analyses about the position of the Company, based on the information in the audited financial statements, are consistent in all material respects, with the audited complete set of financial statements and information obtained during the independent audit, and provides a fair presentation.

### Basis for Opinion

We conducted our independent audit in accordance with the standards on independent audit issued by the Capital Markets Board ("CMB") and with the Standards on Independent Audit ("SIA"), which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting, and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in conformity with the Code of Ethics for Independent Auditors (incl. Independence Standards) ("Code of Ethics") published by POA, and the ethical requirements of independent audit legislation. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated February 16, 2022 on the full set financial statements of the Company for the January 1, 2021 – December 31, 2021 period.

### Management's Responsibility for the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and CMB's Communiqué Series: II No:141 on "Principles Regarding Financial Reporting in Capital Markets," the Company's management is responsible for the following regarding the annual report:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects; In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - Significant events which occurred after the reporting period,
  - The Company's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors also considers the secondary legislation regulations issued by the Ministry of Trade and related institutions.

### Independent Auditor's Responsibility in the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report and the Board of Directors' analyses in relation to the position of the Company based on the information available in the audited financial statements are consistent with the audited financial statements of the Company and the information obtained during the independent audit and give a true and fair view and form a report that includes this opinion in accordance with the provisions of TCC and the Communiqué.

We conducted our independent audit in accordance with the standards on independent audit issued by the Capital Markets Board and with the Standards on Independent Audit ("SIA"). Those standards are required for compliance with ethical requirements and the planning of the independent audit to obtain reasonable assurance on whether the financial information included in the annual report and the Board of Directors' analyses for the position of the Company based on the information available in the audited financial statements are consistent with the financial statements and the information obtained during the audit and provides a fair representation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ruşen Fikret Selamet, SMMM  
Partner  
16 February 2022  
Istanbul, Turkey



# **TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**

CONVENIENCE TRANSLATION INTO ENGLISH  
OF FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2021  
WITH INDEPENDENT AUDITOR'S REPORT  
(Originally issued in Turkish)



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

## CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Teknosa İç ve Dış Ticaret Anonim Şirketi

### A) Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Teknosa İç ve Dış Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

#### *Basis for Opinion*

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Revenue recognition and accounting of revenues from suppliers

Refer to Note 2.4 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition and accounting of revenues from suppliers.

#### **The key audit matter**

The Company's main revenue items include sales of technology products through stores and its website, sales of air conditioners and refrigerators through its dealer network, and turnover premiums and similar revenues from its suppliers.

There exist inherent control risk related to the accuracy of retail sales revenue recognized in the financial due to the processing of large volumes of data in invoice process.

The Company's income generated from its suppliers are based on the trade agreements with suppliers and the conditions of these agreements consist of commitments to purchase amounts, promotions and marketing activities, and various types of discounts. These commitments can vary depending on the turnover and for the sum of purchases made during that period or for certain products within those purchases as of periods. Turnover premiums are recognized in proportion to the realization of the transactions agreed with the Company's suppliers.

Therefore, the Company's retail sales revenues and revenues from its suppliers has been an one of focus area in our audit.

#### **How the matter was addressed in our audit**

We have performed the following audit procedures to be responsive to retail sales (store and e-commerce) revenue:

- Assessing the compliance of the Company's accounting policy with respect to accounting for revenue in accordance with TFRS 15 and the adequacy of disclosures related to the Company's revenue;
- Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of the below controls;
- Internal IT controls over the completeness and accuracy of pricing and billing process and the end-to-end reconciliation controls from pricing and billing process to the accounting system;
- Testing the integration of IT infrastructure of cashier system and accounting system;
- Reconciliation of retail sales revenues recognized throughout the year with cash and credit card collections verified from relevant bank documents;
- Substantive testing on a sample of non-systematic adjustments which are outside of the normal billing process and therefore carry higher levels of management judgment;
- Evaluation of high-risk journal entries that the Company has accounted for during the year.



### The key audit matter

### How the matter was addressed in our audit

We have performed the following audit procedures to be responsive to dealer sales:

- Testing, on a sample basis, dealer sales through the purchase order, invoice and good receipt note;
- Testing, on a sample basis, sales returns accepted through to the year end in order to assess whether the sales returns are properly accounted in the correct financial period;
- Testing, on a sample basis, sales returns accepted subsequent to the year end in order to assess whether the sales returns are properly accounted in the correct financial period;

We have performed the following audit procedures to be responsive to revenue from suppliers:

- Examining the fulfillment of contract conditions, turnover premium rates and relevant conditions for significant turnover premiums income to ensure that turnover premiums income received from suppliers are accounted in compliance with the correspondences with the suppliers and also controlling those turnover premiums income has been accounted in the correct amount and in the correct period and testing internal IT controls over the completeness and accuracy of pricing and billing process and the end-to-end reconciliation controls from pricing and billing process to the accounting system;
- Controlling the subsequent period realizations (invoices) of turnover premiums income recognized as accruals;
- Verification of current accounts related to the suppliers, which a significant portion of turnover premiums income are generated, through external confirmations.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **B) Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 16 February 2022.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2021 and 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ruşen Fikret Selamet, SMMM  
Partner  
16 February 2022  
İstanbul, Turkey

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of TL unless otherwise indicated.)

INDEX	PAGE
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>88-89</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>90</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>91</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>92</b>
<b>FINANCIAL STATEMENTS</b>	<b>93-172</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	93
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	93-129
NOTE 3 SEGMENT REPORTING	129-130
NOTE 4 RELATED PARTY DISCLOSURES	131-133
NOTE 5 CASH AND CASH EQUIVALENTS	134
NOTE 6 SHORT-TERM LOANS AND BORROWINGS	135-136
NOTE 7 TRADE RECEIVABLES AND PAYABLES	136-137
NOTE 8 OTHER RECEIVABLES AND PAYABLES	138
NOTE 9 INVENTORIES	138
NOTE 10 PREPAID EXPENSES AND DEFERRED REVENUE	139
NOTE 11 RIGHT OF USE ASSETS	140
NOTE 12 INVESTMENT PROPERTY	141-142
NOTE 13 PROPERTY, PLANT AND EQUIPMENT	143-144
NOTE 14 INTANGIBLE ASSETS	145
NOTE 15 PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISIONS FOR EMPLOYEE BENEFITS	146-147
NOTE 16 PROVISIONS	148
NOTE 17 COMMITMENTS	149
NOTE 18 OTHER CURRENT ASSETS AND LIABILITIES	150
NOTE 19 SHAREHOLDERS' EQUITY	151-153
NOTE 20 REVENUE AND COST OF REVENUE	153
NOTE 21 SELLING AND MARKETING AND GENERAL ADMINISTRATIVE EXPENSES	154
NOTE 22 OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS	155
NOTE 23 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES	156
NOTE 24 FINANCE COSTS	156
NOTE 25 DERIVATIVES	157
NOTE 26 INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)	157-161
NOTE 27 EARNINGS / (LOSS) PER SHARE	161
NOTE 28 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	162-170
NOTE 29 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)	171
NOTE 30 OTHER SIGNIFICANT MATTER EFFECTING TO OR MAKING FINANCIAL STATEMENTS MORE CLEAR, INTERPRETABLE AND UNDERSTANDABLE THAT SHOULD BE DISCLOSED	172
NOTE 31 EVENTS AFTER THE REPORTING PERIOD	172

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		31 December 2021	31 December 2020
<b>ASSETS</b>	<b>Notes</b>		
Current assets			
Cash and cash equivalents	5	709.408	392.201
Trade receivables	7	155.925	103.297
<i>Trade receivables from related parties</i>	4,7	18.609	14.883
<i>Trade receivables from third parties</i>	7	137.316	88.414
Inventories	9	1.719.160	1.056.528
Prepaid expenses	10	9.150	8.468
Derivatives	25	575	--
Other current assets	18	29.316	4.947
<b>Total current assets</b>		<b>2.623.534</b>	<b>1.565.441</b>
Non-current assets			
Other receivables	8	612	571
Investment property	12	35.160	29.610
Right of use assets	11	166.367	219.710
Property, plant and equipment	13	84.171	60.462
Intangible assets	14	50.213	39.642
Prepaid expenses	10	3.753	49
Deferred tax assets	26	37.286	45.165
<b>Total non-current assets</b>		<b>377.562</b>	<b>395.209</b>
<b>TOTAL ASSETS</b>		<b>3.001.096</b>	<b>1.960.650</b>

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term loans and borrowings	6	—	370.058
Short portion of long-term lease liabilities	6	96.062	98.406
-Short portion of long-term lease liabilities to related parties	4	1.952	1.392
-Short portion of long-term lease liabilities to third parties		94.110	97.014
Trade payables	7	2.428.265	1.386.364
-Trade payables to related parties	4	12.845	6.578
-Trade payables to third parties	7	2.415.420	1.379.786
Payables related to employee benefits	15	29.928	14.058
Other payables	8	5.153	2.913
-Other payables to third parties		5.153	2.913
Deferred revenue	10	32.074	23.713
Short-term provisions		33.357	28.921
-Short-term provisions for employee benefits	15	19.102	18.966
-Other short-term provisions	16	14.255	9.955
Other current liabilities	18	2.117	19.546
<b>Total current liabilities</b>		<b>2.626.956</b>	<b>1.943.979</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	6	113.071	168.000
-Long-term lease liabilities to related parties	4	746	2.347
-Long-term lease liabilities to third parties		112.325	165.653
Long-term provisions for employee benefits	15	18.087	14.217
<b>Total non-current liabilities</b>		<b>131.158</b>	<b>182.217</b>
<b>Total liabilities</b>		<b>2.758.114</b>	<b>2.126.196</b>
<b>EQUITY</b>			
Share capital	19	201.000	110.000
Adjustments to share capital	19	6.628	6.628
Restricted reserves	19	8.704	8.704
Other reserves		3	3
Share premiums	19	184.655	—
Other comprehensive income or expense items that will not be reclassified to profit or loss		25.855	24.877
-Losses on remeasurement of defined benefit plans	19	(8.510)	(6.244)
-Gains on revaluation of property, plant and equipment	19	34.365	31.121
Other comprehensive income that are or may be reclassified to profit or loss		431	—
-Cash flow hedge reserve	19	431	—
Accumulated losses		(315.758)	(401.054)
Net profit for the period		131.464	85.296
<b>Total Equity</b>		<b>242.982</b>	<b>(165.546)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3.001.096</b>	<b>1.960.650</b>

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



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		<i>Audited</i>	<i>Audited</i>
	Notes	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	20	7,520,079	5,606,519
Cost of revenue (-)	20	(6,253,253)	(4,675,836)
<b>GROSS PROFIT</b>		<b>1,266,826</b>	<b>930,683</b>
Marketing expenses (-)	21	(642,973)	(512,128)
General administrative expenses (-)	21	(85,113)	(66,910)
Other income from operating activities	22	85,494	72,470
Other expenses from operating activities (-)	22	(256,546)	(114,337)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>367,688</b>	<b>309,778</b>
Income from investing activities	23	20,070	12,457
Expenses from investing activities (-)	23	(632)	(2,898)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		10	(273)
<b>OPERATING PROFIT BEFORE FINANCE COSTS</b>		<b>387,136</b>	<b>319,064</b>
Finance income	24	18,126	6,881
Finance costs (-)	24	(265,856)	(214,737)
<b>OPERATING PROFIT BEFORE INCOME TAX</b>		<b>139,406</b>	<b>111,208</b>
<b>Tax expense</b>		<b>(7,942)</b>	<b>(25,912)</b>
- Deferred tax expense	26	(7,942)	(25,912)
<b>PROFIT FOR THE PERIOD</b>		<b>131,464</b>	<b>85,296</b>
Attributable to:			
Owners of the Company		131,464	85,296
Non-controlling interests		--	--
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE)</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>978</b>	<b>1,010</b>
Losses on remeasurement of defined benefit plans		(2,834)	(2,452)
Gains on revaluation of property, plant and equipment		3,605	3,302
Income tax related to items that will not be reclassified to profit or loss	26	207	160
<b>Items that are or may be reclassified to profit or loss</b>		<b>431</b>	<b>--</b>
Gains on cash flow hedges losses and profits	25	575	--
Income tax related to items that are or may be reclassified to profit or loss	26	(144)	--
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>1,409</b>	<b>1,010</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>132,873</b>	<b>86,306</b>
<b>Earnings per share [(For 1 lot share)]</b>	<b>27</b>	<b>0,0083</b>	<b>0,0078</b>
<b>Diluted earnings per share [(For 1 lot share)]</b>	<b>27</b>	<b>0,0083</b>	<b>0,0078</b>

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(NOTE 19)	Share capital	Adjustments to share capital	Restricted reserves	Other reserves	Share premiums	Other comprehensive income that will not be reclassified to profit or loss			Retained earnings/(Accumulated losses)	Net profit/(Loss) for the period	Total Equity
						Other comprehensive income that may be reclassified to profit or loss	Gains on revaluation of property, plant and equipment	Hedging reserves			
<b>Prior period</b>											
Balance at 1 January 2020	110.000	6.628	8.704	3	--	--	(4.282)	28.149	--	(282.420)	(148.634)
Transfers	--	--	--	--	--	--	--	--	--	(148.634)	148.634
Total comprehensive income	--	--	--	--	--	--	(1.982)	2.972	--	85.296	86.306
<b>Balance at 31 December 2020</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>--</b>	<b>--</b>	<b>(6.244)</b>	<b>31.121</b>	<b>--</b>	<b>(401.054)</b>	<b>(165.546)</b>
<b>Current period</b>											
Balance at 1 January 2021	110.000	6.628	8.704	3	--	--	(6.244)	31.121	--	(401.054)	(165.546)
Capital increase	91000	--	--	--	184.655	--	--	--	--	--	275.655
Transfers	--	--	--	--	--	--	--	--	--	85.296	(85.296)
Total comprehensive income	--	--	--	--	--	--	(2.986)	3.244	431	--	131.464
<b>Balance at 31 December 2021</b>	<b>201.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>184.655</b>	<b>--</b>	<b>(8.910)</b>	<b>34.365</b>	<b>431</b>	<b>(315.758)</b>	<b>131.464</b>
											<b>242.982</b>

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
	Notes	1 January – 31 December 2021	1 January – 31 December 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>131.464</b>	<b>85.296</b>
<b>Adjustments:</b>			
Adjustments for finance costs	24	247.730	207.856
Adjustments for depreciation and amortisation expenses	21	141.865	118.814
Adjustments for impairment of receivables	7	(10)	273
Adjustments for (reversal of)/provision for other provisions		8.019	360
Adjustments for (reversal of)/impairment of property, plant and equipment and intangible assets	12,13	(5.891)	(2.295)
Adjustments for (reversal of)/impairment of inventory	9	(1.701)	680
Adjustments for provision for employee benefits		10.297	15.377
Adjustments for interest income	23	(4.021)	(12.024)
Adjustments for tax expense/(income)	26	7.942	25.912
Adjustments for the (gains)/losses on sale of property, plant and equipment	23	133	2.853
		<b>525.827</b>	<b>443.102</b>
<b>Changes in working capital:</b>			
Decrease/(increase) in trade receivables from third parties		(48.892)	(23.002)
Decrease in trade receivables from related parties	4	(3.726)	(14.206)
Decrease/(increase) in inventories	9	(660.931)	(197.080)
Decrease/(increase) in other assets related to operations		(78.306)	32.473
Decrease/(increase) in trade payables to third parties	7	1.035.634	152.621
Decrease/(increase) in trade payables to related parties	4,7	6.267	1.103
Change in other liabilities related to operations		43.814	(27.541)
Payments related to provisions for employee benefits	15	(9.125)	(2.334)
Payments related to other provisions		(3.719)	(904)
<b>Cash provided by operating activities</b>		<b>806.843</b>	<b>364.232</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	13	(55.276)	(22.268)
Acquisition of intangible assets	14	(15.336)	(15.837)
Proceeds from sale of property, plant and equipment and intangible assets		565	703
Interest received	23	14.021	12.024
<b>Cash used in investing activities</b>		<b>(56.026)</b>	<b>(25.378)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Other financing cost paid		(177.524)	(109.637)
Payments for lease liabilities	6	(138.913)	(102.022)
Proceeds from bank borrowings	6	127.500	255.000
Repayments of bank borrowings	6	(534.136)	(32.115)
Cash inflows from capital increase	19	91.000	--
Cash inflows from share premium	19	184.655	--
<b>Cash (used in)/provided from financing activities</b>		<b>(447.418)</b>	<b>11.226</b>
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>303.399</b>	<b>350.080</b>
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency		13.808	4.854
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5</b>	<b>392.201</b>	<b>37.267</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	<b>5</b>	<b>709.408</b>	<b>392.201</b>

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Teknosa İç ve Dış Ticaret Anonim Şirketi, ("Teknosa" or "the Company") was established on 3 March 2000, and is engaged in retail sales of consumer electronics through its stores and website [www.teknosa.com](http://www.teknosa.com) and air conditioners and white goods through its dealers. The Company's main shareholder is Hacı Ömer Sabancı Holding A.Ş. As at 31 December 2021, number of personnel of the Company is 2.303 (31 December 2020: 2.337). The Company is registered in Turkey and operates under the laws and regulations of Turkish Commercial Code.

In accordance with the resolution of the Board of Directors dated 6 April 2016, the Company merged with Kliksa İç ve Dış Ticaret Anonim Şirketi ("Kliksa") which was 100% subsidiary of the Company in the previous periods through dissolving without liquidation by transferring all of its assets and liabilities fully as at 1 June 2016.

The Company operates in Turkey in 198 stores with 101.574 square meters retail space as at 31 December 2021 (31 December 2020: 96.879 square meters, 211 stores). The registered office address of the Company is as follows:

Carrefoursa Plaza Cevizli Mahallesi, Tugay Yolu Caddesi No:67 BlokB Maltepe – İstanbul  
The Company's shares have been traded on Borsa İstanbul since 2012.

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

###### (i) Statement of compliance

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs published by POA consist of standards and interpretations which are Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

###### *Approval of financial statements:*

The financial statements are approved by the Company's Board of Directors on 16 February 2022. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of presentation (Continued)

##### *(ii) Basis of measurement*

The financial statements have been prepared on historical cost basis except for revaluation of land, building, investment properties measured at fair value and derivatives. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are prepared by reflecting the necessary corrections and classifications to the legal records prepared on the basis of historical cost, in order to make the right presentation in accordance with TFRS.

##### *(iii) Presentation and functional currency*

These financial statements are presented in Turkish Lira ("TL"), which is the valid currency of the Company. Unless otherwise stated, all financial information presented in TL has been rounded to the nearest thousand TL.

##### *(iv) Preparation of financial statements in hyperinflationary periods*

Pursuant to the announcement made by the POA on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, for companies applying TFRS's in 2021, it was stated that they would not need to make any adjustments in financial statements within the scope of the "TAS 29 In High Inflation Economies". As a result of this, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

##### *(v) Comparative information and reclassifications of the prior periods' financial statements*

The financial statements of the Company have been prepared comparatively with the prior year in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes with respective disclosures for the major differences. The Company has not made reclassifications on prior period financial statements.

#### 2.2 Changes in significant accounting policies

Accounting policies are applied consistently in all periods presented in the financial statements. Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

While preparing the financial statements of 31 December 2021, there is no change in the Company's accounting policies.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Changes in estimates and error

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

The Company has no significant changes in the accounting estimates as at and for year ended 31 December 2021 compared to those used in previous year.

##### 2.4 Summary of Significant Accounting Policies

The accounting policies described below have been applied consistently by the company in all periods presented in the financial statements.

##### Inventories and cost of goods sold

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventory are purchase costs and other transportation costs necessary to prepare the asset for its intended use. Cost is determined by the weighted average method. Costs related to the shipment of the inventories from main warehouse and the region warehouses to the stores are booked as expense. Net realizable value is the estimated selling price in the ordinary course of business, less the selling expenses (Note 9).

Benefits obtained from suppliers in the normal course of business, such as rebates, stock protection and similar benefits are deducted from the cost of the related inventory item and are associated with cost of goods sold.

Volume Rebates: Represent the premiums received from suppliers based on the purchases made by the Company.

Stock Protection: Stock protection is charged to suppliers in order to increase the sales performance of the older versions of certain products when newer versions are introduced.

Sales Support Premiums: The Company receives sales support premiums depending on the sales performance on certain days for certain products.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Investment property**

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.(Note 12)

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**Property, plant and equipment and depreciation*****Recognition and measurement***

Property, plant and equipment except for lands and building are measured at cost less accumulated depreciation and impairment losses.

The Company has opted for the option of measuring the land and buildings in the tangible fixed assets by revaluation method. The Company has recognized the increase in the book value of the plants and buildings, which it chose to measure with the revaluation model, as a result of the revaluation in the other comprehensive income in the "Fixed Asset Revaluation Increases" account group. The revalued amount is the fair value at the revaluation date, less accumulated depreciation and subsequent accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in net income / loss and defined as the difference between the sales price and the carrying amount.If the recognized value of an asset is more than its estimated recoverable value, the recognized value of the asset is reduced to its recoverable value.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### *Depreciation*

Property, plant and equipment measured by revaluation model are depreciated as of the day they are currently available.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Property, plant and equipment except for land are depreciated on a straight-line basis.

The useful lives for property, plant and equipment are as follows:

- Buildings 50 years
- Vehicles 5 years
- Machinery and equipments 4-15 years
- Furniture and fixtures 5-10 years
- Leasehold improvements 5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### *Intangible assets*

##### *Recognition and measurement*

Intangible assets acquired by the company that have a certain useful life include licenses and rights and computer software. Intangible assets are measured by deducting accumulated amortization and accumulated impairment losses, if any.

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

- Licences, rights and computer software 3-15 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### Financial Instruments

##### *i) Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through the Statement of Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *ii) Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through the statement of Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in this case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

##### *ii) Classification and subsequent measurement (Continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets- Assessment of the business model

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the purpose of the business model; manage daily liquidity needs, maintain a certain interest rate, or align the maturity of financial assets with the maturity of the debts that fund these assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Financial Instruments (Continued)*****ii) Classification and subsequent measurement (Continued)***

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When making this assessment, the Company considers:

- contingent events that would change the amount or timing of contractual cash flows (i.e. trigger event);
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and the opportunity to extend the maturity features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, (i) for a financial asset acquired at a discount or premium to its contractual par amount, (ii) a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest and (iii) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Financial Instruments (Continued)****ii) Classification and subsequent measurement (Continued)**Financial assets – Subsequent measurement and gains and losses

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. For derivatives defined as hedging instruments, see "Derivative financial instruments and hedge accounting" below.
Financial Assets at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement, gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Financial Instruments (Continued)***Derecognition**Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*Offsetting the financial assets and liabilities*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Derivative financial instruments and hedge accounting*

The Company holds derivative financial instruments to hedge its foreign currency risk. Derivatives are initially measured at fair value. The Company defines derivative instruments as hedging instruments to protect the variability in cash flows related to highly probable forecast transactions arising from changes in exchange rates.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

##### *Derivative financial instruments and hedge accounting (Continued)*

##### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

##### Impairment of assets

##### Non-derivative financial assets

##### Financial instruments and contract assets

The Company recognises loss allowances for expected credit losses (ECL) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Financial Instruments (Continued)**Non-derivative financial assets (Continued)Financial instruments and contract assets (Continued)

The Company has chosen lifetime ECL's to measure the impairment of trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when;

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

##### Non-derivative financial assets (Continued)

##### Financial instruments and contract assets (Continued)

Cash deficit is the difference between the cash flows that must be made to the business according to the contract and the cash flows that the business expects to receive. Since the amount and timing of the payments are taken into consideration in the expected credit losses, a credit loss occurs even if the company expects to receive the entire payment late than the term specified in the contract.

ECL's are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Financial Instruments (Continued)**Non-derivative financial assets (Continued)Financial instruments and contract assets (Continued)Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Impairment losses for trade and other receivables are shown as a separate item in the statement of profit or loss.

Write-off

In the absence of reasonable expectations regarding the partial or complete recovery of the value of a financial asset, the entity directly deducting the gross book value of the financial asset. Write-off is a reason for derecognition.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The Company reviews the book value of its tangible and intangible assets to determine whether there are impairments in each reporting period and subordinates its stores to impairment tests for certain periods during the year and records the portion of cash generating unit exceeding the recoverable value of the recognized value as impairment loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

##### Non-financial assets(Continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

On the other hand, the Company management recognises impairment provisions for the tangible assets of the stores that are expected to be closed as of the end of the reporting period.

##### Leases

At the beginning of the contract, the company determines whether the contract is a lease contract or not. If the contract delegates the right to control the use of the asset defined for a price for a specified period, this contract is a lease contract or includes a lease. The Company uses the lease definition in TFRS 16 to assess whether a contract provides the right to control the use of a defined asset.

This policy applies to contracts made on or after 1 January 2019.

##### *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Leases (Continued)***As a lessee(Continued)*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Leases (Continued)

##### *As a lessee(Continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Short-term leases and low-value leases*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Leases (Continued)***As a lessor*

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies TFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### Leases (Continued)

###### Provisions, contingent assets and liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

###### Taxes on corporate income

Tax expense comprises current and deferred tax.

###### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax rates that are in effect or about to enter into force as of the end of the reporting period are taken into account. The current tax liability also includes tax liabilities arising from dividend distribution notifications. The deduction of current tax assets and liabilities can only be made when certain conditions are met.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Taxes on corporate income (Continued)**Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Employee benefits

###### *Retirement pay provision*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 "Employee Benefits" ("TAS 19").

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 15).

##### Earnings / (losses) per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27). In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

##### Foreign currency transactions

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statement of profit or loss.

##### Finance income and finance expenses

Finance income consists of exchange rate gains from foreign currency deposits, which is part of the cycle used for financing purposes.

Finance expenses include interest expenses on bank loans, credit cards and guarantee letter commission fees, exchange rate loss on financial assets and liabilities (except trade receivables and payables). Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are recognized for in profit or loss using the effective interest rate.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

Interest income is recognised for using the effective interest method. Interest income is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except below:

Foreign exchange income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported net in finance income or finance expenses according to the net position of the foreign exchange movements.

#### Other income and expenses from operating activities

Other operating income consists of interest income, concessions on lease payments, income from from personnel, reversal of provisions for cancellation of rent agreements and foreign exchange income from monetary financial assets and liabilities other than debt instruments, and income from other activities.

Other operating expenses consist of maturity difference expenses, litigation expenses, foreign exchange expenses arising from monetary financial assets and liabilities other than debt instruments, and expenses related to other activities.

#### Income and expenses from investment activities

Income from investment activities consists of interest income from deposits, profit from sales of fixed assets and fair value increase of investment properties.

Expenses from investment activities consist of losses from sales of fixed assets.

#### Revenue recognition

##### General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### *Step 1: Identify the contract with a customer*

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability).

Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

###### *Step 2: Identify the performance obligations in the contract*

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

- (a) good or service (or a bundle of goods or services) that is distinct; or
- (b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)*****Step 3: Determine the transaction price***

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variable considerations and significant financing components.

***Significant financing component***

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. The Company does not have sales transactions which includes significant financing component. The Company considers that the period between the fulfillment of the obligation and the payment never exceed 12 months, in cases where the obligations fulfilled during the period and the advances received and the payment schedule are broadly compatible.

***Variable consideration***

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

***Step 4: Allocate the transaction price to the performance obligations in the contract***

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### *Step 5: Recognize revenue when or as the entity satisfies a performance obligation*

An entity recognizes revenue over time when one of the following criterias are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date .

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the cost to be incurred by the Company exceeding the expected economic benefits to be incurred to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Revenue recognition (Continued)****General model for accounting of revenue (Continued)***Contract modifications*

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

**i) Retail sales revenues**

The Company's retail sales revenue is recognized when a customer obtains control of the goods. Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Since the Company generally carries out retail sales with cash or credit cards and customers obtain control of the goods as sales are realized, revenue is recognized at the time of sale. In case of the control period does not occur at the same time, revenue is recognized as revenue in the following period.

The revenues generated by the Company through the dealer network (İklimsa) are recognized as revenue when the dealers gain control of the related good. In cases where the control transfer does not occur at the same time, income is recognized as revenue in the following period. The company performs dealer sales generally in exchange for cash, credit sales, secured check, and transfer of control transfer to the dealers.

**ii) Turnover premiums and supplier discounts**

The Company turnover premiums income from supplier contracts and supplier discounts are accounted for an accrual basis in the period of the Company benefits from premiums and deductions with the cost of goods sold.

**iii) Customer gift checks**

Gift vouchers sold by the Company to its customers are classified under other current liabilities section as deferred revenue. Moreover, gift vouchers are recorded as income as they are used by the customers.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### Revenue recognition (Continued)

Related gift vouchers are used by the customer, related amount which is classified as deferred income, is recorded as sales revenue. The Company recognizes income from the gift checks by estimating the portion which will not be used by the customers based on the historic data. Gift vouchers that are not expected to be used by the customers are classified under deferred revenue in the financial statements.

##### Warranty expenses and provisions

Provision for warranty expenses for the air-conditioners for which the warranty liability belongs to the Company is calculated based on statistical information for possible future warranty services. The warranty liability for the consumer electronics retail sales of the Company belongs to the manufacturer or to the importer companies. On the other hand, there is no significant liability of the Company for the extended warranty period.

##### Segment reporting

The management has determined the operating segments based on the reports used in taking strategic decisions by the Board of Directors and the executive committee (includes general manager and the assistant general managers). The executive committee evaluates the business in terms of business unit on the basis of retail and dealer (iklimsa) group.

The Board of Directors and the executive committee monitor the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Employment Termination Benefits, Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9, Other Expenses From Operating Activities, Depreciation and Amortization ("Adjusted EBITDA")

This measurement of the operating segments does not consider the effects of nonrecurring income and expenses. Interest income and expenses are not allocated to operating segments since they are monitored by the central treasury department of the Company. Adjusted EBITDA is not a measure of operating income, operating performance or liquidity under CMB Financial Reporting Standards. The Company presented Adjusted EBITDA in the notes to the financial statements besides the requirements of segment reporting since it is used by certain readers in their analyses (Note 3).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.4 Summary of Significant Accounting Policies (Continued)****Share capital****Ordinary Shares**

Transaction costs arising from equity transactions are deducted from the relevant equity item. Income taxes on distributions to owners of equity instruments and transaction costs from equity transactions are accounted for in accordance with TAS 12.

**Related parties**

Parties are considered related to the Company if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the Company that gives it significant influence over the Company; or
  - (iii) has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venturer;
- (d) the party is member of the key management personnel of the Company and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

**Events after the reporting period**

It refers to the events occurring in favor of or against the Company between the reporting date and the date of authorization for the publication of the financial statements.

- there is new evidence that events exist at the reporting date; and
- there is evidence to show that the relevant events occurred after the reporting date (events after the reporting period which is not require to adjust)

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Company adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021

##### *Standards issued but not yet effective and not early adopted*

New standards, comments and amendments that have been published as of the reporting date but have not yet come into effect and are allowed to be implemented early but are not implemented early by the company are as follows.

#### COVID-19-Related Rent Concessions beyond 30 June 2021 (IFRS 16 amendment)

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to IFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)****Reference to the Conceptual Framework (Amendments to TFRS 3)**

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

**Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)

##### Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

##### Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company does not expect that application of these amendments to IAS 1 will have significant impact on its financial statements.

#### Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its financial statements.

#### Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to TAS 8 will have significant impact on its financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)

##### Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Company does not expect that application of these amendments to Amendments to TAS 1 will have significant impact on its financial statements.

#### Annual Improvements to TFRS Standards 2018–2020

##### Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018–2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021 (Continued)

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

##### *Amendments are effective on 1 January 2021*

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

#### 2.6 Critical judgments and estimates

While preparing the financial statements, the management made judgments, estimates and assumptions affecting the application of the accounting policies of the Company and the amounts of the reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts. Estimates and related assumptions are constantly reviewed. Changes made to estimates are recognized prospectively.

The Company management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)****2.6 Critical judgments and estimates (Continued)***Useful lives of property and equipment and intangible assets*

Items of property and equipment and intangible assets except for land and buildings are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

*Impairment of property, plant and equipment and intangible assets*

The Company assesses at each reporting date to determine whether there is any indication of impairment. If the stores which are operating more than 1 year generates operating profit/ (loss) before income tax lower than the planned performance result, this situation is assessed as an objective evidence for impairment. If any such indication exists, then the asset's recoverable amount is compared with the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the carrying amount of an asset or any cash generating unit that the asset belongs to is higher than its net realizable value, the value of the asset has impaired. Additionally, the Company recognises allowance for impairment for the tangible assets of the stores for which the Company management has expected to close down. The allowance for impairment is calculated with rates applied on the net carrying amount as at the reporting date. The applied rate is 100% for the leasehold improvements and 50% for the equipment. The Company recognised net allowance on property, plant and equipment amounting to TL 271 as at 31 December 2021 (31 December 2020: TL 1.907 ).(Note 13)

*Allowance on inventories*

In accordance with the accounting policy, inventories are stated at the net realisable value ("NRV"). The Company measures the products with selling prices lower than its cost at lower of cost or NRV. NRV, is the value after deducting the estimated expenditures to be made to bring the stocks at sale at the estimated selling price.

The Company makes aging analysis for its inventories based on certain date ranges from the acquisition date. Impairment is calculated for the old stock over 180 days with different rates applied for each date range based on the aging analysis as at reporting date. The Company recognised allowance on inventories amounting to TL 14.001 as at 31 December 2021 (31 December 2020: TL 15.702). (Note 9)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.6 Critical judgments and estimates (Continued)

##### *Deferred tax assets*

The Company recognises deferred tax asset or liability in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes in accordance with TAS and the amounts used for taxation purposes. The Company has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. The Company management estimates the amount of deferred tax assets which is fully and partially recoverable based on the current circumstances and available information. During the assessment, projections of future taxable income, current year and carried forward losses, potential expiration dates for utilisation of tax losses and other tax assets, and tax planning strategies are considered.

##### *Accounting of gift checks*

The Company recognises income from the gift checks by estimating the portion which will not be used by the customers based on the historic data. As at 31 December 2021, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 15.460 (31 December 2020: TL 10.668 ) (Note 10)

### NOTE 3 – SEGMENT REPORTING

The Company applies TFRS 8 starting from 1 January 2009 and determined the reportable segments based on the internal management reports which are regularly reviewed by the decision maker.

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by sales channel. The Company's sales channel are as follows: Electronics retail sales, and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and dealers (iklimsa). In addition, assets and liabilities are not included in the segment reporting, since they are not regularly presented to the decision maker and are not reviewed in as a part of segment reporting.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 – SEGMENT REPORTING (Continued)**

Details of the segment reporting according to the internal management reports are as follows:

	<b>1 January – 31 December 2021</b>		
	<b>Stores and e-commerce</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	7.051.896	468.168	7.520.079
<b>Income from third party customers</b>	<b>7.051.896</b>	<b>468.168</b>	<b>7.520.079</b>
<b>Adjusted EBITDA</b>	<b>646.241</b>	<b>45.238</b>	<b>691.479</b>

	<b>1 January – 31 December 2020</b>		
	<b>Stores and e-commerce</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	5.320.609	285.910	5.606.519
<b>Income from third party customers</b>	<b>5.320.609</b>	<b>285.910</b>	<b>5.606.519</b>
<b>Adjusted EBITDA</b>	<b>450.087</b>	<b>24.509</b>	<b>474.596</b>

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
<b>Reconciliation of Adjusted EBITDA with profit before taxes:</b>	<b>691.479</b>	<b>474.596</b>
Depreciation and amortisation expenses	(141.865)	(118.814)
Finance income /(costs), net	(247.730)	(207.856)
Income/(expenses) from investing activities	19.438	9.559
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	10	(273)
Other expenses from operating activities, net	(171.052)	(41.867)
Provision for employee termination benefits	(10.874)	(4.137)
<b>Profit/(loss) before tax</b>	<b>139.406</b>	<b>111.208</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES**

The related parties listed below are the companies directly or indirectly controlled by Hacı Ömer Sabancı Holding A.Ş., the parent company of Teknosa or the companies over which Hacı Ömer Sabancı Holding A.Ş. has significant influence.

31 December 2021		
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	15,255	--
Çimsa Çimento San.ve Tic.A.Ş.	1,925	--
Akbank T.A.Ş.	856	--
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	244	--
Temsa Global Sanayi ve Ticaret A.Ş.	129	--
Brisa Bridgestone Sabancı Lastik San.ve Tic.A.Ş.	126	--
Akçansa Çimento San. ve Tic. A.Ş.	47	--
Aksiğorta A.Ş.	17	545
Hacı Ömer Sabancı Holding A.Ş.	10	21
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	10,777
Ak Öde Elektronik	--	27
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	1,475
	<b>18.609</b>	<b>12.845</b>

31 December 2020		
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	14,242	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	225	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	120	6,155
Akbank T.A.Ş.	92	--
Çimsa Çimento San.ve Tic.A.Ş.	75	--
Hacı Ömer Sabancı Holding A.Ş.	70	53
Ak Finansal Kiralama A.Ş.	26	--
Akçansa Çimento San. ve Tic. A.Ş.	15	--
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	10	--
Aksiğorta A.Ş.	8	1
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	347
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	22
	<b>14.883</b>	<b>6.578</b>

(\*) It consists of receivables related to corner stores opened in Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. stores during the Covid-19 period.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

	31 December 2021	31 December 2020
<b>Deposit accounts in Akbank T.A.Ş.</b>		
Demand deposit	90.945	8.852
Time deposit	562.412	346.181
	<b>653.357</b>	<b>355.033</b>

	31 December 2021	31 December 2020
<b>Credit card receivables in Akbank T.A.Ş.</b>		
Credit card receivables	9.429	5.043
	<b>9.429</b>	<b>5.043</b>

	1 January – 31 December 2021		
<b>Transactions with related parties</b>	<b>Sale of goods</b>	<b>Rent expense</b>	<b>Other expenses</b>
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	44.370	(3.711)	(1.646)
Akbank T.A.Ş.	11.421	--	--
Çimsa Çimento San.ve Tic.A.Ş.	3.047	--	--
Aksigorta A.Ş.	1.622	--	(8.191)
Akçansa Çimento San. ve Tic. A.Ş.	453	--	--
H.Ö. Sabancı Holding A.Ş.	439	--	(203)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	319	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	245	--	--
Agesa Hayat ve Emeklilik A.Ş.	191	--	--
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	120	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	45	--	(14.737)
Enerjisa Enerji A.Ş. ve Bağılı Ortaklıkları	24	--	(5.707)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(93)
	<b>62.296</b>	<b>(3.711)</b>	<b>(30.577)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

	<b>1 January – 31 December 2020</b>		
<b>Transactions with related parties</b>	<b>Sale of goods</b>	<b>Rent expense</b>	<b>Other expenses</b>
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	40.436	(3.872)	(900)
Akbank T.A.Ş.	4.141	--	--
Aksigorta A.Ş.	921	--	(3.901)
Akçansa Çimento San. ve Tic. A.Ş.	287	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	283	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	238	--	--
H.Ö. Sabancı Holding A.Ş.	231	--	(162)
Agesa Hayat ve Emeklilik A.Ş.	122	--	--
Çimsa Çimento San.ve Tic.A.Ş.	106	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	102	--	(14.499)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	95	--	(4.289)
Ak Finansal Kiralama A.Ş.	72	--	--
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(22)
	<b>47.034</b>	<b>(3.872)</b>	<b>(23.773)</b>

The details of short and long term rent liabilities to related parties as at 31 December 2021 and 31 December 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Short portion of long-term lease liabilities to related parties	1.952	1.392
Long-term lease liabilities to related parties	746	2.347
	<b>2.698</b>	<b>3.739</b>

**Benefits for the key management personnel**

The Company's key management has been identified as the general manager and assistant general managers. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the years ended are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Salaries and other benefits	10.500	6.796
	<b>10.500</b>	<b>6.796</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 5 – CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash	2.691	2.942
Time deposit	562.412	346.181
Demand deposit	96.225	15.491
Credit card slip receivables	48.080	27.587
	<b>709.408</b>	<b>392.201</b>

The Company does not have any blocked deposits as at 31 December 2021 and 31 December 2020.

The details of time deposits, maturity dates and interest rates of the company as at 31 December 2021 and 2020 are as follows:

<b>Currency</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>31 December 2021</b>
TL	3 January 2022	26,75%	562.000
		Accrual of interest	412
			<b>562.412</b>

<b>Currency</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>31 December 2020</b>
TL	4 January 2021	19%	346.000
		Accrual of interest	181
			<b>346.181</b>

The Company's exposure to foreign currency risk for cash and cash equivalents are disclosed in Note 28.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 – SHORT-TERM LOANS AND BORROWINGS**

As of 31 December 2021 the Company does not have short-term bank loans. Short-term bank loans were paid off as of 27 September 2021. The details of loans and borrowings as at 31 December 2020 are as follows:

<b>31 December 2020</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Amount</b>	<b>Maturity</b>
Bank loans	TL	11%	370.058	6 August 2021
<b>Short term financial liabilities</b>			<b>370.058</b>	

The reconciliation of the Company's liabilities arising from bank loans for the accounting periods ending on 31 December 2021 and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
Bank borrowings as of 1 January	370.058	105.521
Credit principal entries during the period	127.500	255.000
Interest and principal repayments during the period	(534.136)	(32.115)
Interest expense during the period (including accruals) (Note 24)	36.578	41.652
<b>Bank borrowings as of 31 December</b>	<b>--</b>	<b>370.058</b>

The details of lease liabilities as at 31 December 2021 and 31 December 2020 are as follows:

<b>Lease Liabilities</b>	<b>Present value of minimum lease payments</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Within one year	117.851	121.049
Less: future finance charges	(21.789)	(22.643)
<b>Present value of lease liabilities</b>	<b>96.062</b>	<b>98.406</b>
Within two years and after	138.718	206.778
Less: future finance charges	(25.647)	(38.778)
<b>Present value of lease liabilities</b>	<b>113.071</b>	<b>168.000</b>

The Company's lease liabilities represent the present value of the future payables of the buildings and machinery and equipment that are rented by the third parties through their useful lives.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 – SHORT-TERM LOANS AND BORROWINGS (Continued)**

The reconciliation of the Company's liabilities arising from leasing activities is as follows.

	<b>2021</b>	<b>2020</b>
Lease liabilities at 1 January	266.406	357.638
Increase/ (decrease) in lease liabilities during the period	34.204	(50.631)
Lease payments during the period	(138.913)	(102.022)
Interest expense during the period (Note 24)	47.436	61.421
<b>Lease liabilities at 31 December</b>	<b>209.133</b>	<b>266.406</b>

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

The details of trade receivables as at 31 December 2021 and 2020 are as follows:

*Short term trade receivables*

	<b>31 December 2021</b>	<b>31 December 2020</b>
Trade receivables	77.850	58.283
Notes receivables	66.718	37.393
Due from related parties (Note 4)	18.609	14.883
Allowance for doubtful receivables (-)	(7.252)	(7.262)
	<b>155.925</b>	<b>103.297</b>

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 65 days for dealer groups. (31 December 2021: For retail: 1-7 days, 57 days for dealer receivables). As of 31 December 2021, the Company does not apply overdue interest on trade receivables. (31 December 2020: None).

The movement of the allowance for doubtful receivables for the years ended 31 December 2021 and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
As at 1 January	7.262	6.989
Charge for the period	10	332
Reversals	(20)	(59)
<b>As at 31 December</b>	<b>7.252</b>	<b>7.262</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)**

As of 31 December , the Company obtained the collaterals listed below for the checks, notes and trade receivables:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Letters of guarantees received	113.297	67.215
Mortgages	8.772	9.572
	<b>122.069</b>	<b>76.787</b>

Fair value of the collaterals which the Company is permitted to sell or re-pledge without the default by the owner of the collateral is TL 122.069 (31 December 2020: TL 76.787 ).

As at the reporting date, there are not any collaterals or mortgages which are sold or re-pledged by the Company.

The Company's exposure to foreign currency risk, credit risk for short-term trade receivables and payables and the details of impairment are disclosed in Note 28.

*Short term trade payables:*

	<b>31 December 2021</b>	<b>31 December 2020</b>
Trade payables	2.403.994	1.373.981
Due to related parties (Note 4)	12.845	6.578
Expense accruals	11.426	5.805
	<b>2.428.265</b>	<b>1.386.364</b>

As at 31 December 2021, the Company offset income accruals from its suppliers amounting to TL 75.697 with trade payables (31 December 2020: TL 54.009 ). Average payment terms of trade payables is 87 days (31 December 2020: 90 days). The Company does not have payments on a monthly basis for late interest as of 31 December 2021. (31 December 2020: None).

The foreign exchange rate risk and liquidity risk for the Company's trade payables are disclosed in Note 28.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 8 – OTHER RECEIVABLES AND PAYABLES**

The details of other receivables and other payables as at 31 December 2021 and 2020 are as follows:

*Other receivables:*

	<b>31 December 2021</b>	<b>31 December 2020</b>
Deposits and guarantees given	612	571
	<b>612</b>	<b>571</b>

*Other payables:*

	<b>31 December 2021</b>	<b>31 December 2020</b>
Deposits and guarantees received	5.153	2.913
	<b>5.153</b>	<b>2.913</b>

**NOTE 9 – INVENTORIES**

The details of the inventories as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Trading goods	1.674.884	1.037.103
Goods in transit	58.277	35.127
Allowance for impairment on inventories (-)	(14.001)	(15.702)
	<b>1.719.160</b>	<b>1.056.528</b>

As at 31 December 2021 cost of goods sold reflected to the statement of profit and loss amounting to TL 6.218.638 ( 31 December 2020: TL 4.660.121 ). As at 31 December 2021 and 2020 the provisions for impairment on inventories are expensed as cost of goods sold (Note 20).

The movements of allowance for inventories for the year ended at 31 December 2021 and 2020 are as below:

<b>Allowance for impairment on inventories:</b>	<b>2021</b>	<b>2020</b>
As at 1 January	(15.702)	(15.022)
Change in the period	(1.200)	(2.393)
Current year reversal	2.901	1.713
<b>As at 31 December</b>	<b>(14.001)</b>	<b>(15.702)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE**

The details of prepaid expenses as at 31 December 2021 and 2020 are as follows:

<b>Short-term prepaid expenses</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Short term prepaid expenses	8.322	5.034
Advances given for inventories	828	3.434
	<b>9.150</b>	<b>8.468</b>

<b>Long-term prepaid expenses</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Long term prepaid expenses	3.753	49
	<b>3.753</b>	<b>49</b>

The details of the deferred revenue as at 31 December 2021 and 2020 are as follows:

<b>Short-term deferred revenue</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Income from gift checks	15.460	10.668
Advances received	16.316	12.338
Other	298	707
	<b>32.074</b>	<b>23.713</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 11 – RIGHT OF USE ASSETS**

The Company, as a lessee, has included the right of use assets which represents the right to use the underlying assets and lease liabilities which represent the lease payments that it is liable to pay, in its financial statements.

As of 31 December 2021 and 2020, the movement of right of use assets is as follows:

<b>Cost value</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
1 January 2021 opening balance	379.740	13.013	392.753
Additions	52.502	463	52.965
Disposals	(5.432)	--	(5.432)
<b>31 December 2021 closing balance</b>	<b>426.810</b>	<b>13.476</b>	<b>440.286</b>

**Accumulated depreciation**

1 January 2021 opening balance	(170.408)	(2.635)	(173.043)
Additions	(98.947)	(3.338)	(102.285)
Disposals	1.409	--	1.409
<b>31 December 2021 closing balance</b>	<b>(267.946)</b>	<b>(5.973)</b>	<b>(273.919)</b>
<b>Net carrying amount as of 1 January 2021</b>	<b>209.332</b>	<b>10.378</b>	<b>219.710</b>
<b>Net carrying amount as of 31 December 2021</b>	<b>158.864</b>	<b>7.503</b>	<b>166.367</b>

<b>Cost value</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
1 January 2020 opening balance	418.999	3.376	422.375
Additions <sup>(*)</sup>	38.051	9.973	48.024
Disposals <sup>(*)</sup>	(77.310)	(336)	(77.646)
<b>31 December 2020 closing balance</b>	<b>379.740</b>	<b>13.013</b>	<b>392.753</b>

**Accumulated depreciation**

1 January 2020 opening balance	(99.893)	(584)	(100.477)
Additions <sup>(*)</sup>	(81.559)	(2.051)	(83.610)
Disposals <sup>(*)</sup>	11.044	--	11.044
<b>31 December 2020 closing balance</b>	<b>(170.408)</b>	<b>(2.635)</b>	<b>(173.043)</b>
<b>Net carrying amount as of 1 January 2020</b>	<b>319.106</b>	<b>2.792</b>	<b>321.898</b>
<b>Net carrying amount as of 31 December 2020</b>	<b>209.332</b>	<b>10.378</b>	<b>219.710</b>

<sup>(\*)</sup> It includes the adjustment made in the right-of-use assets related to the lease contract due to exceptions taken and the lease discounts received by the Company within 2020 through lease contracts which is accounted in accordance with TFRS 16.

As of 31 December 2021 the depreciation expense is TL 102.285 (2020: TL 83.610), thereof TL 101.112 of depreciation charges included in marketing expenses (31 December 2020: TL 82.433) and TL 1.173 included in general administrative expenses (31 December 2020: TL 1.177)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 – INVESTMENT PROPERTY**

The movement of investment properties and related accumulated depreciation for the year ended 31 December 2021 and 2020 are as follows:

<b>Cost</b>	<b>Buildings</b>	<b>Total</b>
Balance at 1 January 2021	30.734	30.734
Transfer	--	--
Revaluation gain <sup>(*)</sup>	5.550	5.550
<b>Balance at 31 December 2021</b>	<b>36.284</b>	<b>36.284</b>
<b>Accumulated depreciation</b>		
Balance at 1 January 2021	(1.124)	(1.124)
Charge for the period	--	--
Disposals	--	--
<b>Balance at 31 December 2021</b>	<b>(1.124)</b>	<b>(1.124)</b>
<b>Net carrying amount as at 1 January 2021</b>	<b>29.610</b>	<b>29.610</b>
<b>Net carrying amount as at 31 December 2021</b>	<b>35.160</b>	<b>35.160</b>
<b>Cost</b>		
<b>Buildings</b>	<b>Total</b>	
Balance at 1 January 2020	30.346	30.346
Transfers	--	--
Revaluation gain <sup>(*)</sup>	388	388
<b>Balance at 31 December 2020</b>	<b>30.734</b>	<b>30.734</b>
<b>Accumulated depreciation</b>		
Balance at 1 January 2020	(1.124)	(1.124)
Charge for the period	--	--
Disposals	--	--
<b>Balance at 31 December 2020</b>	<b>(1.124)</b>	<b>(1.124)</b>
<b>Net carrying amount as at 1 January 2020</b>	<b>29.222</b>	<b>29.222</b>
<b>Net carrying amount as at 31 December 2020</b>	<b>29.610</b>	<b>29.610</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 – INVESTMENT PROPERTY (Continued)**

The Company generates rental income by TL 1.988 (2020: TL 1.474 ) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 519 (2020: TL 558). Operating expenses which are not related to the Teknosa store are distributed to lessees.

As of 31 December 2021, buildings which are recognised as property, plant and equipment and investment property were revalued by an independent appraisal firm named Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 14 February 2022.

As of 31 December 2020, buildings which are recognised as property, plant and equipment and investment property were revalued by an independent appraisal firm named Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 13 January 2021.

The appraisal firm is an accredited independent firm licensed by CMB, and have appropriate qualifications and recent experience in appraising properties in the relevant locations. For the fair value of the lands and buildings owned, it was calculated by using the "Benchmark Analysis Method", "Cost Analysis Method" and "Direct Capitalization Analysis Method", and the results obtained were harmonized and the final value was reached.

<sup>(\*)</sup>As of 31 December 2021, for the part of the building held for investment purposes, fair value gain of TL 5.550 (31 December 2020: TL 388 ) were recorded under the expenses from investment activities. Fair value of related building is level 2.

As at 31 December 2021, total insurance amount over investment properties is TL 19.570 (31 December 2020: TL 13.263). 31 December 2021 and 31 December 2020 there is no mortgage on investment properties.

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the year ended 31 December 2021 are as follows:

Cost	Buildings	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at January 2021	24324	369	57	89367	104743	2458	223318
Additions	--	--	185	19.014	6.311	29.796	55.276
Revaluation gain <sup>(*)</sup>	36.05	--	--	--	--	--	3.605
Disposals	--	--	--	(733)	(1.368)	--	(2101)
Allowance of impairments <sup>(*)</sup>	--	--	--	(350)	(44)	--	(489)
Reversal of impairments	--	--	--	287	510	--	797
Transfers	--	--	--	4.464	3.348	(25.299)	(17487)
<b>Balance at 31 December 2021</b>	<b>27.929</b>	<b>369</b>	<b>242</b>	<b>112.049</b>	<b>113.403</b>	<b>6.925</b>	<b>280.917</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at January 2021	(5.324)	(369)	(57)	(89.545)	(85.594)	--	(180.856)
Change for the period	(608)	--	(3)	(6.779)	(8.088)	--	(17472)
Disposals	--	--	--	450	1101	--	1.551
(Allowance for) / reversal of impairment, net <sup>(*)</sup>	--	--	--	294	(259)	--	35
<b>Balance at 31 December 2021</b>	<b>(5.930)</b>	<b>(369)</b>	<b>(60)</b>	<b>(77.590)</b>	<b>(82.807)</b>	<b>--</b>	<b>(176.746)</b>
<b>Net carrying amount at January 2021</b>	<b>19.000</b>	<b>--</b>	<b>--</b>	<b>19.822</b>	<b>19.182</b>	<b>2.458</b>	<b>60.462</b>
<b>Net carrying amount at 31 December 2021</b>	<b>21.999</b>	<b>--</b>	<b>182</b>	<b>34.459</b>	<b>20.596</b>	<b>6.925</b>	<b>84.171</b>

<sup>(\*)</sup> As of 31 December 2021, the net impairment loss calculated for property, plant and equipment is TL 271 (31 December 2020: TL 1.907)

<sup>(\*\*)</sup>The Company's freehold building is stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold building was performed by Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not related to the Company. Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş. has been authorized by and a member of CMB, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The fair value of the freehold building was determined based on the capitalization analysis approach. The fair value increase of 3.605 TL for the building used by the Company in real estate is recorded in the revaluation and measurement gains account under equity. For the related part of the building held for investment purposes, a gain of 5.550 TL (31 December 2020: 388 TL) was recorded under the profit or loss statement (Note 12 and 25). Fair value of related building is level 2.

As of 31 December 2021, if the building measured with the revaluation model is accounted for using the cost model method, the net book value is TL 8.526 (31 December 2020: TL 8.752). Thereof 10153 TL of amortization charges are included in marketing expenses (31 December 2020: 10.907 TL) and 7323 TL are included in general administrative expenses (31 December 2020: 6226 TL).

As at 31 December 2021, total insurance amount over property, plant and equipment is TL 54008 (31 December 2020: TL 28.973 ). As at 31 December 2021 and 31 December 2020 there is no mortgage on property, plant and equipment.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Continued)**

The movement of property, plant and equipment and related accumulated depreciation for the year ended 31 December 2020 are as follows:

<b>Cost</b>	<b>Buildings</b>	<b>Machinery and equipments</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
Balance at 1 January 2020	20819	369	57	81249	105740	1546	209780
Additions	15	--	--	--	3441	--	22268
Revaluation gain	3302	--	--	--	--	--	3302
Disposals	--	--	--	(1048)	(10892)	--	(11940)
Allowance of impairments <sup>(i)</sup>	--	--	--	(1198)	(683)	--	(1881)
Reversal of impairments <sup>(i)</sup>	--	--	--	215	5764	--	5979
Transfers	188	--	--	773	1373	(8524)	(6190)
<b>Balance at 31 December 2020</b>	<b>24,324</b>	<b>369</b>	<b>57</b>	<b>89,367</b>	<b>104,743</b>	<b>2,458</b>	<b>221,318</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at 1 January 2020	(3,956)	(369)	(57)	(64,195)	(81,466)	--	(150,043)
Change for the period	(1368)	--	--	(7206)	(8,557)	--	(17,133)
Disposals	--	--	--	706	7805	--	8511
(Allowance for) / reversal of impairment, net <sup>(i)</sup>	--	--	--	1152	(3,343)	--	(2191)
<b>Balance at 31 December 2020</b>	<b>(5,324)</b>	<b>(369)</b>	<b>(57)</b>	<b>(69,545)</b>	<b>(85,561)</b>	<b>--</b>	<b>(160,856)</b>
<b>Net carrying amount at 1 January 2020</b>	<b>16,863</b>	<b>--</b>	<b>--</b>	<b>17,054</b>	<b>24,274</b>	<b>1,546</b>	<b>59,737</b>
<b>Net carrying amount at 31 December 2020</b>	<b>19,000</b>	<b>--</b>	<b>--</b>	<b>19,822</b>	<b>19,182</b>	<b>2,458</b>	<b>60,462</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 14 – INTANGIBLE ASSETS**

The movement of intangible assets and related accumulated depreciation for the year ended 31 December 2021 and 2020 are as follows:

<b>Cost</b>	<b>Licences-rights and computer softwares</b>	<b>Total</b>
Balance at 1 January 2021	142.982	142.982
Additions	15.336	15.336
Transfers <sup>(*)</sup>	17.487	17.487
Disposals	(185)	(185)
<b>Balance at 31 December 2021</b>	<b>175.620</b>	<b>175.620</b>
<b>Accumulated amortisation and impairment losses</b>		
Balance at 1 January 2021	(103.340)	(103.340)
Charge for the period	(22.104)	(22.104)
Disposals	37	37
<b>Balance at 31 December 2021</b>	<b>(125.407)</b>	<b>(125.407)</b>
<b>Net book value as at 1 January 2021</b>	<b>39.642</b>	<b>39.642</b>
<b>Net book value as at 31 December 2021</b>	<b>50.213</b>	<b>50.213</b>

<b>Cost</b>	<b>Licences-rights and computer softwares</b>	<b>Total</b>
Balance at 1 January 2020	121.115	121.115
Additions	15.837	15.837
Transfers <sup>(*)</sup>	6.190	6.190
Disposals	(183)	(183)
(Allowance for) / reversal of impairment, net	23	23
<b>Balance at 31 December 2020</b>	<b>142.982</b>	<b>142.982</b>
<b>Accumulated amortisation and impairment losses</b>		
Balance at 1 January 2020	(85.302)	(85.302)
Charge for the period	(18.071)	(18.071)
Disposals	56	56
(Allowance for) / reversal of impairment, net	(23)	(23)
<b>Balance at 31 December 2020</b>	<b>(103.340)</b>	<b>(103.340)</b>
<b>Net book value as at 1 January 2020</b>	<b>35.813</b>	<b>35.813</b>
<b>Net book value as at 31 December 2020</b>	<b>39.642</b>	<b>39.642</b>

<sup>(\*)</sup> As at 31 December 2021 and 2020, the Company conducted an analysis for the classification of tangible and intangible assets and considered the changes as transfers between accounts.

Amortisation expenses amounting to TL 13.905 (2020: TL 11.028 ) are included in marketing expenses and TL 8.199 (2020: TL 7.043 ) are included in general administrative expenses.



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISINS FOR EMPLOYEE BENEFITS**

The details of payables related to employee benefits as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Accrued salaries	13.986	7.780
Social security premiums payable	12.374	4.212
Income taxes payable	3.568	2.066
	<b>29.928</b>	<b>14.058</b>

The details of the provisions for employee benefits as at 31 December 2021 and 31 December 2020 are as follows:

<b>Short-term provisions</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for sales personnel premium	6.948	5.040
Provision for head office personnel premium	4.833	4.868
Provision for unused vacation	5.446	4.776
Provision for top management premium	1.875	2.867
Provision for other premium	--	1.415
	<b>19.102</b>	<b>18.966</b>

<b>Long-term provisions</b>	<b>31 Aralık 2021</b>	<b>31 Aralık 2020</b>
Provision for employee termination benefit	17.614	13.031
Provision for other premium	473	1.186
	<b>18.087</b>	<b>14.217</b>

**Provisions for employment benefits**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age after 25 years of service (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISINS FOR EMPLOYEE BENEFITS  
(Continued)****Long-term provisions (continued)****Provisions for employment benefits (continued)**

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Due to the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,20 % real discount rate (31 December 2020: 4,18 %) calculated by using 17 % annual inflation rate and 21% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 15,70 % and 10,21%, respectively (31 December 2020: 15,15 % and 10,22%), and 0% for employees working for 16 years and over. Ceiling for retirement pay is revised semi-annually. Probability has been determined as 100% for employees whose insurance register began before December 1999 (124 personnel) and the provision has been calculated accordingly.

Ceiling amount of TL 10,848,59 which is revised semi-annually and effective since 1 January 2022 is used in the calculation of Company's provision for retirement pay liability (1 January 2021: TL 7,638,96).

The movement of employment termination benefit provision for the year ended 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Opening balance, 1 January	13.031	8.776
Service cost	9.290	3.077
Interest cost	1.584	1.060
Actuarial (gain) / loss	2.834	2.452
Paid compensation during the year	(9.125)	(2.334)
	<b>17.614</b>	<b>13.031</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 – PROVISIONS**

The details of the other short term provisions as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Provisions for ongoing litigation <sup>(4)</sup>	9.152	7.113
Provision for cancellation of rent agreements	--	739
Other	5.103	2.103
	<b>14.255</b>	<b>9.955</b>

<sup>(4)</sup> Provision for ongoing litigation is comprised of lawsuits filed by consumers and former employees against the Company.

The movement of provisions for ongoing litigation and cancellation of rent agreements for the year ended 31 December 2021 and 2020 are as follows:

	<b>1 January 2021</b>	<b>1 January- 31 December 2021 additional provisions</b>	<b>1 January- 31 December 2021 paid/reversal provisions</b>	<b>31 December 2021</b>
Provision for cancellation of rent agreements	739	--	(739)	--
Provisions for ongoing litigation	7.113	5.019	(2.980)	9.152
Reemployment	4.338	4.087	(2.824)	5.601
Consumer lawsuits	1.146	--	(156)	990
Provisions for rent lawsuit	1.629	932	--	2.561
	<b>7.852</b>	<b>5.019</b>	<b>(3.719)</b>	<b>9.152</b>

	<b>1 January 2020</b>	<b>1 January- 31 December 2021 additional provisions</b>	<b>1 January- 31 December 2021 paid/reversal provisions</b>	<b>31 December 2020</b>
Provision for cancellation of rent agreements	1.023	70	(354)	739
Provisions for ongoing litigation	7.040	1.887	(1.814)	7.113
Reemployment	3.726	1.446	(834)	4.338
Consumer lawsuits	2.012	103	(969)	1.146
Provisions for rent lawsuit	1.302	338	(11)	1.629
	<b>8.063</b>	<b>1.957</b>	<b>(2.168)</b>	<b>7.852</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 – COMMITMENTS***Collateral, pledge, mortgage position*

Collaterals, pledges and mortgages ("CPM") given by the Company as at 31 December 2021 and 2020 are as follows:

CPMs given by the Company	31 December 2021			
	TL equivalent	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	891.219	9.489	4.728	698.656
- Collaterals	760.042	1.452	3.495	689.884
- Pledges	---	---	---	---
- Mortgages	8.772	---	---	8.772
- Letter of credit	122.405	8.037	1.233	---
B. Total amount of CPM given in behalf of fully consolidated companies	---	---	---	---
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	---	---	---	---
D. Total amount of other CPM	---	---	---	---
<b>Total CPM</b>	<b>891.219</b>	<b>9.489</b>	<b>4.728</b>	<b>698.656</b>

CPMs given by the Company	31 December 2020			
	TL equivalent	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	541.946	4.174	6.200	455.455
- Collaterals	489.696	1.623	3.541	445.883
- Pledges	---	---	---	---
- Mortgages	9.572	---	---	9.572
- Letter of credit	42.678	2.551	2.659	---
B. Total amount of CPM given in behalf of fully consolidated companies	---	---	---	---
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	---	---	---	---
D. Total amount of other CPM	---	---	---	---
<b>Total CPM</b>	<b>541.946</b>	<b>4.174</b>	<b>6.200</b>	<b>455.455</b>

The ratio of other CPM given on behalf of third parties except for the CPM given on behalf of the Company's own legal personality to total equity is 0% as at 31 December 2021 (31 December 2020: 0%).

As at 31 December 2021 and 31 December 2020, the Company is contingently liable in respect of bank letter of guarantees obtained from banks mainly given to lessors in accordance with the lease agreements, enforcement office related to ongoing lawsuits and custom related to import transactions.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 18 – OTHER CURRENT ASSETS AND LIABILITIES**

The details of the other current and non-current assets as at 31 December 2021 and 2020 are as follows:

<b>Other current assets</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Deferred VAT	26.128	--
Advances given	1.594	3.210
Personnel advances	92	114
Other current assets	1.502	1.623
	<b>29.316</b>	<b>4.947</b>

The details of the other current liabilities as at 31 December 2021 and 31 December 2020 are as follows:

<b>Other current liabilities</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Value added tax ("VAT") payable	--	13.023
Other expense accruals	764	5.646
Other liabilities and obligations <sup>(4)</sup>	1.353	877
	<b>2.117</b>	<b>19.546</b>

<sup>(4)</sup> Other expense accruals comprised of irrecoverable gift checks which were given and used Teknosacell subscription who withdraw subscription subsequently and other various expense accruals.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 19 – SHAREHOLDERS' EQUITY**

The registered capital ceiling of the Company is 300.000.000 full TL and it consists of 30.000.000.000 shares with a nominal value of 1 Kr each.

The Company's approved and the issued share capital consists of 20.100.000.000 shares of 1 Kr nominal value (31 December 2020: approved and the issued 11.000.000.000 shares of 1 Kr nominal value).

The details of the shareholder's equity structure as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>		<b>31 December 2021</b>	
	<b>Share</b>	<b>%</b>	<b>Share</b>	<b>%</b>
Hacı Ömer Sabancı Holding A.Ş.	100.500	50%	55.000	50%
Other	100.500	50%	55.000	50%
<b>Nominal share capital</b>	<b>201.000</b>	<b>100%</b>	<b>110.000</b>	<b>100%</b>
Adjustment for capital	6.628		6.628	
<b>Adjusted capital</b>	<b>207.628</b>		<b>116.628</b>	

With the decision of the board of directors dated 22 February 2021, it has been decided to increase the issued capital of the Company with a nominal value of 110.000.000 full TL to 201.000.000 by an increase of 91.000.000 in total, to be fully paid in cash. In this context, as a result of the exercise of the right to buy new shares between 28 April 2021 and 17 May 2021, the sale of shares with a nominal value of 90.515.180,769 was completed and a total gross income of 271.545.637,51 was obtained. As a result of the sale of all shares with a nominal value of 484.819,231 TL that were not subject to the exercise of the right to purchase new shares, on the Borsa Istanbul Primary Market on 20 May 2021, a total gross income of 4.109.186,32 TL was obtained. As a result of these transactions, the value of the issued capital of 110.000.000 full TL was increased by 91.000.000 full TL, paid in full and in cash, and increased to 201.000.000 full TL, and a cash inflow of 275.654.823,83 full TL was obtained from the capital increase. The 10th article regarding the capital of the Articles of Association, which indicates that the Company's issued capital is 201.000.000 full TL, has been registered and announced in the Turkish Trade Registry Gazette dated 21 June 2021 and numbered 10353.

**Share premiums**

It is the item where the amounts that arise due to capital movements such as share issue premiums, canceled partnership shares, share sales profits of companies whose controlling power continues and which are considered a part of the capital are followed. As of 31 December 2021, shares premiums in the financial statements of the Company are 184.655 TL (31 December 2020: None.)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 19 – SHAREHOLDERS' EQUITY (Continued)****Restricted reserves**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company (Company)'s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Legal reserves as mentioned above shall be classified as "Restricted Reserves Appropriated from Profit" according to Capital Markets Board financial reporting standards. The details of legal reserves are stated below as of 31 December 2021 and 2020:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Legal reserves	8.704	8.704
	<b>8.704</b>	<b>8.704</b>

**Profit Distribution**

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014.

Companies distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communique mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

**Other comprehensive income that will not be reclassified to profit or loss****Gains on revaluation of property, plant and equipment**

It consists of other comprehensive income of gains on revaluation of property, plant and equipment reserves that is not associated with profit and loss.

The movements of revaluation of property, plant and equipment for the year ended 31 December 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	31.121	28.149
Fair value increase	3.244	2.972
<b>Closing Balance</b>	<b>34.365</b>	<b>31.121</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 19 – SHAREHOLDERS' EQUITY (Continued)***Gain / (losses) on remeasurement of defined benefit plans*

As of 31 December 2021, actuarial loss amounting to TL 8.510 (31 December 2020: TL 6.244 ) is recognized as other comprehensive income.

**Items that are or may be reclassified to profit or loss***Hedging reserves*

Hedging reserves consist of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the hedged transaction that unrealized. As of 31 December 2021 The Company's hedging earnings are TL 431. (31 December 2020: None).

**NOTE 20 – REVENUE AND COST OF REVENUE**

The details of revenue and cost of revenue for the year ended 31 December 2021 and 2020 are as follows:

<b>Revenue (net)</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Retail sales	5.971.779	4.309.312
E-commerce sales	1.080.117	1.011.297
Dealer sales	468.183	285.910
	<b>7.520.079</b>	<b>5.606.519</b>

<b>Cost of revenue</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Cost of trading goods sold	(6.218.638)	(4.660.121)
Installation and warranty expenses	(34.615)	(15.715)
	<b>(6.253.253)</b>	<b>(4.675.836)</b>



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 21 – MARKETING AND ADMINISTRATIVE EXPENSES**

The details of marketing expenses for the year ended 31 December 2021 and 2020 are as follows:

<b>Marketing expenses</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Personnel expenses	(207.300)	(176.349)
Depreciation and amortisation expenses	(125.170)	(104.368)
Rent expenses	(105.568)	(81.507)
Advertising and promotion expenses	(66.206)	(57.790)
Transportation expenses	(41.586)	(30.178)
Consultancy expenses	(40.142)	(21.181)
Energy, fuel, water expenses	(19.230)	(12.608)
Maintenance expenses	(9.487)	(8.117)
Communication expenses	(1.224)	(1.182)
Travel and accommodation expenses	(920)	(507)
Other expenses	(26.140)	(18.341)
	<b>(642.973)</b>	<b>(512.128)</b>

The details of administrative expenses for the year ended 31 December 2021 and 2020 are as follows:

<b>General administrative expenses</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Personnel expenses	(36.762)	(27.495)
Depreciation and amortisation expenses	(16.695)	(14.446)
IT expenses	(16.182)	(16.909)
Consultancy expenses	(6.213)	(3.810)
Rent expenses	(3.254)	(956)
Maintenance expenses	(713)	(765)
Travel and accommodation expenses	(361)	(244)
Independent audit expenses	(325)	(282)
Energy, fuel, water expenses	(58)	(70)
Other expenses	(4.550)	(1.933)
	<b>(85.113)</b>	<b>(66.910)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 22 – OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS**

The details of other income from operating activities for the year ended 31 December 2021 and 2020 are as follows:

<b>Other income from main operating activities</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Foreign exchange gains	45.949	16.299
Interest income	16.870	15.002
Concessions on lease payments <sup>(**)</sup>	14.734	30.003
Income from personnel	1.531	1.193
Gift checks	840	2.181
Impairment/cancellation of fixed asset (net)	271	1.907
Reversal of provisions for cancellation of rent agreements <sup>(*)</sup>	94	285
Other income	5.205	5.600
	<b>85.494</b>	<b>72.470</b>

<sup>(\*)</sup> Reversal of provisions for cancellation of rent agreements is comprised of the remaining amount released as a result of a settlement or the penalty payments with a discount to the landlords.

<sup>(\*\*)</sup> Concessions on lease payments consist of store rents within the scope of TFRS 16, which are discounted or not paid during Covid-19 period.

The details of other expense from operating activities for the year ended 31 December 2021 and 2020 are as follows:

<b>Other expense from operating activities (-)</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Interest expense on payables	(166.987)	(81.958)
Foreign exchange losses	(68.332)	(13.778)
Litigation expenses	(4.287)	(2.142)
Other expenses and losses	(16.940)	(16.459)
	<b>(256.546)</b>	<b>(114.337)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

The details of investment income/expense for the year ended 31 December 2021 and 2020 are as follows

*Income from investing activities*

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Interest income on time deposit	14,021	12,024
Gain from sale of fixed asset	499	45
Investment property revaluation gain (Note 12)	5,550	388
	<b>20,070</b>	<b>12,457</b>

*Expense from investing activities*

The details of other expenses from operating activities for the year ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Loss from sale of fixed assets	(632)	(2,898)
	<b>(632)</b>	<b>(2,898)</b>

**NOTE 24 – FINANCE COSTS**

The details of finance costs for the year ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Credit card commission expenses	(171,928)	(106,791)
Interest expense due lease liabilities (Note 6)	(47,436)	(61,421)
Interest and commission expenses	(36,578)	(41,652)
Guarantee letters commission expenses	(5,065)	(2,160)
Foreign exchange expenses	(4,318)	(2,027)
Other finance costs	(531)	(686)
	<b>(265,856)</b>	<b>(214,737)</b>

The details of finance income for the year ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Foreign exchange income	18,126	6,881
	<b>18,126</b>	<b>6,881</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 25 – DERIVATIVES**

	31 December 2021	31 December 2021	31 December 2020	31 December 2020
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward contracts	575	--	--	--
Short-term	575	--	--	--
	<b>575</b>	<b>--</b>	<b>--</b>	<b>--</b>

As of 31 December 2021, the Company signed foreign currency forward contracts with the maturities in three months in order to hedge the foreign exchange exposures arising from the purchases denominated in foreign currency of the dealers. As at 31 December 2021 the total nominal amount of foreign exchange forward contracts that the Company is obliged to realize and which are not due is TL 92,468 (EUR 4,211 and USD 2,036).(31 December 2020: None). As at 31 December 2021, fair value of the Company's foreign currency forward contracts is estimated to be approximately TL 575 as asset. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

The fair value of the foreign currency forward contracts that are designated and effective as cash flow hedges after tax amounting to TL 431 has been accounted for under equity.(31 December 2020 : None)

**NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)***Corporate income tax:*

The Company is subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, with the Provisional Article 13 added to the Corporate Tax Law no. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change will come into effect as of April 22, 2021, the tax rate is used as 25% in the calculations of the period tax in the financial statements dated 31 December 2021. Within the scope of the aforementioned amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated with a rate of 20% for the part of temporary differences that will create tax effects in 2021 and following periods.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)*****Corporate income tax (Continued)***

Within the scope of the said amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated at the rates of 23% and 20%, respectively, for the portions of temporary differences that will have tax effects in 2022 and the following periods.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend earnings (excluding dividends obtained from mutual funds participation certificates and investment trusts' shares) obtained by corporations from participating in the capital of another corporation subject to full liability are exempt from corporation tax. Additionally, 75% of the gains arising from the sale of the shares, founding notes, usufruct shares and pre-emptive rights of the properties (real estates) owned by the corporations for at least two full years in the assets of the shares held for the same period are exempt from corporate tax. However, with the amendment made to the Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% for the immovables to be prepared as of 2018.

In Turkey, losses can be carried forward for a maximum period of five years to offset against future taxable income. Tax authorities may, however, inspect tax returns and the related accounting records and may revise assessments within five years.

In order to benefit from the exception, the income in question must be kept in a passive fund account and not withdrawn from the business for a period of 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale was made.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)****Income withholding tax**

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not counted as dividend distribution, so it is not subject to withholding tax.

**Transfer pricing regulations**

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

Tax income / (expenses) for the year ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
<b>Tax expense:</b>		
Corporate tax expense of the current period	--	--
<b>Deferred tax expenses:</b>		
Deferred tax (expenses) / income from temporary differences	(7.942)	(25.912)
	<b>(7.942)</b>	<b>(25.912)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)***Deferred tax assets and liabilities*

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TAS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TAS and tax legislation.

The details of the deferred tax assets and liabilities calculation by using effective tax rates for the year ended 31 December 2021 and 2020 is as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Prior year losses	12.982	27.155
Discount expenses	502	235
Discount income	(4.970)	(3.783)
Inventories	12.971	8.292
Expense accruals	9.926	5.232
Provision for unused vacations	1.253	955
Provision for employment termination benefits	3.523	2.606
Litigations	1.884	1.420
Income accruals	(1.468)	(892)
Withdrawal fees	101	366
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	(12.179)	(8.547)
Provision for reconciliation differences	1.403	1.220
Provision for cancellation of rent agreements	1.053	1.229
Right of use asset	8.689	10.473
Other	1.616	(796)
	<b>37.286</b>	<b>45.165</b>

The movements of deferred tax asset as of 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Opening balance at 1 January	45.165	70.917
Tax expense	(7.942)	(25.912)
Other comprehensive income / (loss)	63	160
	<b>37.286</b>	<b>45.165</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)***Carry forward tax losses*

As of 31 December 2021, The Company has calculated deferred tax assets over the tax losses amounting to TL 64.912 and its expiration date is 2024.

The reconciliation of the current period tax expense with the profit for the period are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Operating profit before income tax	139.406	111.208
Effective tax rate	25%	22%
Calculated tax	(34.852)	(24.466)
<b>Reconciliation of tax provision:</b>		
- Non-deductible expenses	(4.282)	(2.272)
- Tax effect of previous year losses on which deferred tax is calculated and written off in the current period	28.982	--
- Effect of change in tax rate	2.032	763
- Other	178	63
<b>Tax expenses on income statement</b>	<b>(7.942)</b>	<b>(25.912)</b>

**NOTE 27 – EARNINGS / (LOSS) PER SHARE**

Earnings per share stated in the statement of comprehensive income is determined by dividing the net profit for the period by the weighted average number of shares issued during the relevant period.

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Weighted average number of ordinary shares outstanding during the period (in full)	15.911.506.849	11.000.000.000
Profit/(loss) for the year attributable to owners of the company	131.464	85.296
Basic (loss) / earnings per share from continuing operations - thousands of ordinary shares (thousands TL)	0,0083	0,0078
Basic (loss) / diluted earnings per share from continuing operations - thousands of ordinary shares (thousands TL)	0,0083	0,0078



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS****a) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings, trade payables, due to related parties and advances received, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

	<b>31 December 2021</b>	<b>31 December 2020</b>
Total financial liabilities	209.133	636.464
Minus: Cash and cash equivalents	(709.408)	(392.201)
<b>Financial liabilities, net</b>	<b>(500.275)</b>	<b>244.263</b>
Total equity	242.982	(165.546)
<b>Financial liabilities, net / equity</b>	<b>(206%)</b>	<b>(148%)</b>

**b) Financial risk factors****Credit risk**

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Significant part of trade receivables comprise credit card receivables and the Company has is not exposed to credit risk concerning credit card receivables. The Company collects the instalments of its credit card sales according to the mutually agreed discount rates with the banks and financial institutions on the next day when the sale made within the scope of the credit card sales contracts made under the various banks and financial institutions. Other trade receivables, cheques and notes are due from dealer sales of air-conditioning, cash register and white goods. The Company has set up an effective control system on the dealers that are followed by credit risk management and each debtors have their own credit limit. The Company consider the past experience and collateral from dealers (Note 7).

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****b.1) Credit risk management**

The credit risk as a financial risk factors as at 31 December 2021 is as follows:

	Receivables			
	Credit risk of financial instruments	Trade Receivables	Other Receivables	
<b>31 December 2021</b>	<b>Related Parties</b>	<b>Third Parties</b>	<b>Third Parties</b>	<b>Deposits at bank and credit card receivables</b>
Maximum credit risk as of balance sheet date <sup>(*)</sup>	18.609	137.316	612	706.717
- The part of maximum risk under guarantee with collateral etc. <sup>(**)</sup>	--	122.069	--	--
ANet book value of financial assets that are neither past due nor impaired.	2.101	136.606	612	706.717
BNet book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	16.508	710	--	--
CNet book value of impaired assets	--	--	--	--
- Past due (gross carrying amount)	--	7.252	--	--
- Impairment (-)	--	(7.252)	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--

<sup>(\*)</sup>Guarantees received and other factors increasing loan reliability are not considered in determining this amount.

<sup>(\*\*)</sup>Guarantees consist of letters of guarantee, notes receivable and cheques obtained from customers.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****b.1) Credit risk management (continued)**

The credit risk as a financial risk factors as at 31 December 2020 is as follows:

<b>Credit risk of financial instruments</b>	<b>Receivables</b>			
	<b>Trade Receivables</b>		<b>Other Receivables</b>	
<b>31 December 2020</b>	<b>Related Parties</b>	<b>Third Parties</b>	<b>Third Parties</b>	<b>Deposits at bank and credit card receivables</b>
Maximum credit risk as of balance sheet date <sup>(i)</sup>	14.883	88.414	571	389.259
- The part of maximum risk under guarantee with collateral etc. <sup>(ii)</sup>	--	76.787	--	--
ANet book value of financial assets that are neither past due nor impaired.	641	78.217	571	389.259
BNet book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	14.242	2.935	--	--
CNet book value of impaired assets	--	--	--	--
- Past due (gross carrying amount)	--	7.262	--	--
- Impairment (-)	--	(7.262)	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--

<sup>(i)</sup> Guarantees received and other factors increasing loan reliability are not considered in determining this amount.

<sup>(ii)</sup> Guarantees consist of letters of guarantee, notes receivable and cheques obtained from customers.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR****THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)***Explanations on the credit quality of financial assets*

As of 31 December 2021 and 2020, banks which contain cash and cash equivalents that are included in the neither overdue nor impaired financial assets have mostly high credit ratings, whereas the counterparties included in trade receivables in the same category are customers / related parties with whom the Company has been in relation for a long time and did not have any significant collection problems.

Aging of receivables that are past due but not impaired are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Past due 1-30 days	10.193	10.630
Past due 1-3 months	6.103	6.025
Past due 3-12 months	923	522
<b>Total past due receivables</b>	<b>17.219</b>	<b>17.177</b>
The part of risk that is secured by collateral	2.021	2.011

*b.2) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management monitors the Company's liquidity reserve movements according to their projected cash flows.

The Company management holds adequate cash, credit commitment and credit card receivables that will meet the need for cash for recent future in order to manage its liquidity risk. In this context, the Company has credit commitment agreements (monetary and non-monetary) from banks amounting to TL 4.709.149 that the Company can utilize whenever needed as of 31 December 2021 (2020: TL 3.298.000 ).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)**

The table below shows the Company's liquidity risk arising from financial liabilities:

<b>31 December 2021</b>	<b>Book value</b>	<b>Total contract based cash outflow (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 to 12 months (II)</b>	<b>1 to 5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Trade payables	2.428.265	2.428.265	2.428.265	--	--
<i>Related parties</i>	12.845	12.845	12.845	--	--
<i>Third parties</i>	2.415.420	2.415.420	2.415.420	--	--
Lease liabilities	209.133	256.569	33.670	84.181	138.718
Other payables	5.153	5.153	5.153	--	--
<b>Total liabilities</b>	<b>2.642.551</b>	<b>2.689.987</b>	<b>2.467.088</b>	<b>84.181</b>	<b>138.718</b>

<b>31 December 2020</b>	<b>Book value</b>	<b>Total contract based cash outflow (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 to 12 months (II)</b>	<b>1 to 5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Trade payables	1.386.364	1.386.364	1.386.364	--	--
<i>Related parties</i>	6.578	6.578	6.578	--	--
<i>Third parties</i>	1.379.786	1.379.786	1.379.786	--	--
Loans	370.058	370.058	104.492	265.566	--
Lease liabilities	266.406	307.253	22.860	98.189	206.778
Other payables	2.913	2.913	2.913	--	--
<b>Total liabilities</b>	<b>2.025.741</b>	<b>2.066.588</b>	<b>1.516.629</b>	<b>363.755</b>	<b>206.778</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****Foreign currency risk**

As the Company primarily purchases from domestic vendors in TL, the Company is exposed to limited foreign exchange risk.

The risk is monitored by the Board of Directors in regular meetings. The idle cash is invested in foreign currency in order to minimise the foreign exchange risk resulted from balance sheet items. The Company also manages the foreign currency risk by limited use of forward contracts, which is one of derivative instruments, if necessary.

	31 December 2021		
	TL equivalent	USD	EUR
1. Trade receivable	4.979	326	51
2a. Monetary financial assets (including cash on hand and bank accounts)	72.406	4.207	1.213
2b. Non monetary financial assets	---	---	---
3. Other	582	44	1
<b>4. Current assets (1+2+3)</b>	<b>77.967</b>	<b>4.577</b>	<b>1.265</b>
5. Trade receivables	---	---	---
6a. Monetary financial assets	---	---	---
6b. Non monetary financial assets	---	---	---
7. Other	480	37	---
<b>8. Non current assets (5+6+7)</b>	<b>480</b>	<b>37</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>78.447</b>	<b>4.614</b>	<b>1.265</b>
10. Trade payables	(52.467)	(2.433)	(1.423)
11. Financial liabilities	---	---	---
12a. Other monetary liabilities	---	---	---
12b. Non monetary other liabilities	(4.974)	(381)	(2)
<b>13. Current liabilities (10+11+12)</b>	<b>(57.441)</b>	<b>(2.814)</b>	<b>(1.425)</b>
14. Trade payables	---	---	---
15. Financial liabilities	---	---	---
16a. Monetary other liabilities	---	---	---
16b. Non monetary other liabilities	---	---	---
17. Non current liabilities (14+15+16)	---	---	---
<b>18. Total liabilities (13+17)</b>	<b>(57.441)</b>	<b>(2.814)</b>	<b>(1.425)</b>
<b>19. Net asset/ (liability) position of off-statement derivative instruments (19a+19b)</b>	<b>88.249</b>	<b>2.036</b>	<b>4.211</b>
<b>19a. Off-balance sheet derivative assets</b>	<b>88.249</b>	<b>2.036</b>	<b>4.211</b>
<b>19b. Off-balance sheet derivative liabilities</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>20. Net position of foreign currency asset / (liability) (9+18+19)</b>	<b>109.255</b>	<b>3.836</b>	<b>4.051</b>
<b>21. Net position of monetary foreign currency asset / (liability) (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>24.918</b>	<b>2.100</b>	<b>(159)</b>
<b>22. Total fair value of foreign currency hedge</b>	<b>575</b>	<b>(69)</b>	<b>100</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****Foreign currency risk (continued)**

<b>Foreign Currency Position</b>	<b>31 December 2020</b>			
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b>
1. Trade receivable	2.702	304	52	--
2a. Monetary financial assets (including cash on hand and bank accounts)	8.697	547	520	--
2b. Non monetary financial assets	--	--	--	--
3. Other	3.322	451	1	--
<b>4. Current assets (1+2+3)</b>	<b>14.721</b>	<b>1.302</b>	<b>573</b>	<b>--</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non monetary financial assets	--	--	--	--
7. Other	411	56	--	--
<b>8. Non current assets (5+6+7)</b>	<b>411</b>	<b>56</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>15.132</b>	<b>1.358</b>	<b>573</b>	<b>--</b>
10. Trade payables	(33.729)	(2.328)	(1.847)	(26)
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non monetary other liabilities	(2.755)	(373)	(2)	--
<b>13. Current liabilities (10+11+12)</b>	<b>(36.484)</b>	<b>(2.701)</b>	<b>(1.849)</b>	<b>(26)</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Monetary other liabilities	--	--	--	--
16b. Non monetary other liabilities	--	--	--	--
17. Non current liabilities (14+15+16)	--	--	--	--
<b>18. Total liabilities (13+17)</b>	<b>(36.484)</b>	<b>(2.701)</b>	<b>(1.849)</b>	<b>(26)</b>
<b>19. Net position of financial statement (9+18)</b>	<b>(21.352)</b>	<b>(1.343)</b>	<b>(1.276)</b>	<b>(26)</b>
<b>20. Net position of foreign currency derivatives</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>21. Net position of foreign currency asset / (liability) (19+20)</b>	<b>(21.352)</b>	<b>(1.343)</b>	<b>(1.276)</b>	<b>(26)</b>
<b>22. Net position of monetary foreign currency asset / (liability) (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(22.330)</b>	<b>(1.477)</b>	<b>(1.275)</b>	<b>(26)</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****Foreign currency risk (continued)**

The table below presents the Company's sensitivity to a 10% deviation in foreign exchange rates of USD, EUR and other foreign currencies. These amounts have indicated the effect of the USD, EUR and other foreign currencies against TL strengthened / weakened by 10%. During this analysis all other variables held constant.

Foreign Currency Sensitivity Table	31 December 2021		31 December 2021	
	Profit / Loss		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL				
1- USD Dollars net assets/liabilities	4.978	(4.978)	--	--
2- Amount hedged for USD risk (-)	--	--	2.642	(2.642)
<b>3- USD net effect (1+2)</b>	<b>4.978</b>	<b>(4.978)</b>	<b>2.642</b>	<b>(2.642)</b>
In case 10% appreciation of EUR against TL				
4- EUR net assets/liabilities	5.948	(5.948)	--	--
5- Amount hedged for EUR risk (-)	--	--	6.183	(6.183)
<b>6- EUR net effect (4+5)</b>	<b>5.948</b>	<b>(5.948)</b>	<b>6.183</b>	<b>(6.183)</b>
In case 10% appreciation of other currency against TL				
7- Net assets/liabilities in other foreign currency	--	--	--	--
8- Amount hedged for other currency risk (-)	--	--	--	--
<b>9- Other currency assets net effect (7+8)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>10.926</b>	<b>(10.926)</b>	<b>8.825</b>	<b>(8.825)</b>



CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ****NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)****b) Financial risk factors (continued)****Foreign currency risk (continued)****Foreign Currency Sensitivity Table****31 December 2020**

	<b>Profit / Loss</b>	
	<b>Appreciation of foreign currencies</b>	<b>Depreciation of foreign currencies</b>
In case 10% appreciation of USD against TL		
1- USD Dollars net assets/liabilities	(986)	986
2- Amount hedged for USD risk (-)	--	--
<b>3- USD net effect (1+2)</b>	<b>(986)</b>	<b>986</b>
In case 10% appreciation of EUR against TL		
4- EUR net assets/liabilities	(1,149)	1,149
5- Amount hedged for EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>(1,149)</b>	<b>1,149</b>
In case 10% appreciation of other currency against TL		
7- Net assets/liabilities in other foreign currency	--	--
8- Amount hedged for other currency risk (-)	--	--
<b>9- Other currency assets net effect (7+8)</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3 + 6 +9)</b>	<b>(2,135)</b>	<b>2,135</b>

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 29 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

As at 31 December, fair value and carrying amounts of assets and liabilities are shown in the table below:

31 December 2021	Financial assets at amortized cost	Financial assets and liabilities measured by reflecting FV difference in other comprehensive income	Financial liabilities at amortised cost	Book value	Note
<b>Financial assets</b>					
Cash and cash equivalents	709,408	--	--	709,408	5
Trade receivables (including due from related parties)	155,925	--	--	155,925	7
Other receivables (including due from related parties)	612	--	--	612	8
Derivatives	--	575	--	575	25
<b>Financial liabilities</b>					
Lease liabilities	--	--	209,133	209,133	6
Trade payables (including due to related parties)	--	--	2,428,265	2,428,265	7
Other payables	--	--	5,153	5,153	8
<b>31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	392,201	--	--	392,201	5
Trade receivables (including due from related parties)	103,297	--	--	103,297	7
Other receivables (including due from related parties)	571	--	--	571	8
<b>Financial liabilities</b>					
Financial liabilities	--	--	370,058	370,058	6
Lease liabilities	--	--	266,406	266,406	6
Trade payables (including due to related parties)	--	--	1,386,364	1,386,364	7
Other payables	--	--	2,913	2,913	8

The Company management assumes that the carrying values of the financial assets and liabilities are close to their fair value because of their short-term nature.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

# TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR

### THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 30 – OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON THE FINANCIAL STATEMENTS OR BE EXPLAINED FOR THE CLEAR, INTERPRETABLE AND UNDERSTANDABLE OF THE FINANCIAL STATEMENTS

The Covid-19 outbreak, which was declared as a pandemic by the World Health Organization (WHO) on 11 March 2020, and the measures taken against the pandemic continue to cause disruptions in operations and negatively affect economic conditions in all countries exposed to the pandemic. As a result, asset prices, liquidity, exchange rates, interest rates and many other issues are affected and remain uncertain about the future due to pandemic effects. The Company management follow-up in detail the possible effects of the Covid-19 pandemic on the Company's operations, financial status, financial performance and cash flows in all respects, and detailed evaluations are made and necessary actions are taken in order to minimize its effects.

Company continues to perform omni channel sales activities by adding up Carrefoursa corner store into retail channel in 2020.

As of the end of 2020, the restrictions, resulted from the increase in pandemic measures in Turkey and around the world, have been continued in 2021. The measures taken within the scope of Covid-19 have affected the working hours and days of the stores. For the periods when the stores were closed and there were curfew on weekend within the scope of Covid-19 measures, concessions were provided in lease payments by mutual meetings with the property owners and short-time working allowance was applied for the employees who met the conditions. Company activities in the online channel have increased their impact and importance on financial and operational terms compared to previous periods.

While financial statements dated 31 December 2021, the company evaluated the possible effects of the Covid-19 epidemic on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In this context, the Company has tested possible impairments that may occur in the financial and non-financial assets in the financial statements and no impairment has been identified.

As of the date of the report, there are no important issues affecting the Company's activities and financial statements except those described in the financial statements.

#### NOTE 31 – EVENTS AFTER THE REPORTING PERIOD

With the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, and the temporary article 14 was added to the Corporate Tax Law No. 5520, and the foreign currencies and gold accounts included in the balance sheets of 31 December 2021 were added, for taxpayers who convert their accounts to Turkish lira and use the Turkish lira assets thus obtained in Turkish lira deposit and participation accounts with a maturity of at least three months opened in this context, the exchange gains they have obtained in the period between 1 October 2021 and 31 December 2021, maturity corporate tax exemption has been introduced for the 2021 accounting period within the scope of the principles specified in the regulation for the interest and profit shares and other earnings obtained at the end of the year.

With this amendment, the estimated impact of the Company's corporate tax exemption on the financial statements has not been determined.





Teknosa İç ve Dış Tic. A.Ş.  
Carrefoursa Plaza Cevizli Mah. Tugay Yolu Cad. No: 67  
Blok B 34846 Maltepe/İstanbul-Turkey  
Phone: (0216) 468 36 36  
E-mail: [yatirimciliskileri@teknosa.com](mailto:yatirimciliskileri@teknosa.com)  
Website: [www.teknosa.com](http://www.teknosa.com)  
Report Period: January 01-December 31, 2021  
Trade Registry Number: 434426  
Mersis No: 836014439300012