

**TEKNOSA İÇ VE DIŞ TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED INTERIM FINANCIAL
STATEMENTS AS AT AND FOR THE
NINE MONTH PERIOD ENDED
30 SEPTEMBER 2021 WITH INDEPENDENT
AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

1 November 2021

This report includes 2 pages of independent auditors' review report and 42 pages of condensed financial statements and notes to the condensed financial statements.



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Independent Auditor's Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Teknosa İç ve Dış Ticaret Anonim Şirketi (the "Company") as at 30 September 2021, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.



Ruşen Fikret Selamet, SMMM

Partner

1 November 2021

İstanbul, Turkey

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021
(Amounts expressed in thousands of TL unless otherwise indicated.)

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

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

ASSETS	<i>Notes</i>	Current	Prior
		Period	Period
		<i>Reviewed</i>	<i>Audited</i>
		30 September	31 December
		2021	2020
Current Assets			
Cash and cash equivalents	5	118.269	392.201
Trade receivables	7	123.574	103.297
<i>Trade receivables from related parties</i>	4	17.310	14.883
<i>Trade receivables from third parties</i>		106.264	88.414
Inventories	8	1.505.534	1.056.528
Prepaid expenses	9	10.739	8.468
Other current assets	17	23.334	4.947
Total current assets		1.781.450	1.565.441
Non-Current Assets			
Other receivables		499	571
Investment property	10	29.610	29.610
Right of use assets	11	185.443	219.710
Property, plant and equipment	12	66.530	60.462
Intangible assets	13	39.131	39.642
Prepaid expenses	9	1.407	49
Deferred tax assets		39.648	45.165
Total non current assets		362.268	395.209
TOTAL ASSETS		2.143.718	1.960.650

Accompanying notes are an integral part of these condensed interim financial information.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

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

LIABILITIES	Notes	Current	Prior
		Period	Period
		<i>Reviewed</i>	<i>Audited</i>
		30 September	31 December
		2021	2020
Current liabilities			
Short-term loans and borrowings	6	--	370.058
Short portion of long-term lease liabilities	6	103.825	98.406
<i>Short portion of long-term lease liabilities to related parties</i>	4	1.859	1.392
<i>Short portion of long-term lease liabilities to third parties</i>		101.966	97.014
Trade payables	7	1.677.079	1.386.364
<i>Trade payables to related parties</i>	4	3.313	6.578
<i>Trade payables to third parties</i>		1.673.766	1.379.786
Payables related to employee benefits	14	26.743	14.058
Other payables		3.618	2.913
<i>Other payables to third parties</i>		3.618	2.913
Deferred revenue	9	28.549	23.713
Short-term provisions		24.002	28.921
<i>Short-term provisions for employee benefits</i>	14	11.242	18.966
<i>Other short-term provisions</i>	15	12.760	9.955
Other current liabilities	17	822	19.546
Total Current liabilities		1.864.638	1.943.979
Non-current liabilities			
Long-term lease liabilities	6	126.136	168.000
<i>Long-term lease liabilities to related parties</i>	4	1.269	2.347
<i>Long-term lease liabilities to third parties</i>		124.867	165.653
Long-term provisions for employee benefits	14	16.895	14.217
Total non-current liabilities		143.031	182.217
Total liabilities		2.007.669	2.126.196
EQUITY			
Share capital	18	201.000	110.000
Adjustments to share capital	18	6.628	6.628
Restricted reserves	18	8.704	8.704
Other reserves		3	3
Share premiums	18	184.655	--
Other comprehensive income that will not be reclassified to profit or loss		24.181	24.877
<i>Losses on remeasurement of defined benefit plans</i>	18	(6.940)	(6.244)
<i>Gains on revaluation of property, plant and equipment</i>	18	31.121	31.121
Accumulated losses		(315.758)	(401.054)
Net profit for the period		26.636	85.296
Total Equity		136.049	(165.546)
TOTAL LIABILITIES AND EQUITY		2.143.718	1.960.650

Accompanying notes are an integral part of these condensed interim financial information.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30
SEPTEMBER 2021

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

		Current Period <i>Reviewed</i>	Current Period <i>Reviewed</i>	Prior Period <i>Unreviewed</i>	Prior Period <i>Unreviewed</i>
		1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Revenue	19	4.951.132	1.967.880	3.674.296	1.670.778
Cost of revenue (-)	19	(4.136.787)	(1.638.091)	(3.082.489)	(1.376.136)
GROSS PROFIT		814.345	329.789	591.807	294.642
Marketing expenses (-)	20	(438.279)	(165.788)	(359.211)	(134.144)
General administrative expenses (-)	20	(57.869)	(21.006)	(49.910)	(19.190)
Other income from operating activities	21	44.151	12.022	50.611	12.721
Other expenses from operating activities (-)	21	(144.003)	(48.692)	(69.553)	(28.541)
OPERATING PROFIT		218.345	106.325	163.744	125.488
Income from investing activities	22	4.802	545	5.680	3.623
Expenses from investing activities (-)	22	(195)	(193)	(2.888)	(1.313)
Impairment gain/ (loss) and reversal of impairment determined in accordance with TFRS 9		13	14	(209)	--
OPERATING PROFIT BEFORE FINANCE EXPENSE		222.965	106.691	166.327	127.798
Finance income	23	2.231	165	5.245	3.983
Finance expenses (-)	23	(192.869)	(67.440)	(151.394)	(53.737)
OPERATING PROFIT BEFORE INCOME TAX		32.327	39.416	20.178	78.044
Tax expense		(5.691)	(9.961)	(4.322)	(15.458)
- Current tax expense		--	--	--	--
- Deferred tax expense		(5.691)	(9.961)	(4.322)	(15.458)
PROFIT FOR THE PERIOD		26.636	29.455	15.856	62.586
Attributable to:					
Owners of the Company		26.636	29.455	15.856	62.586
Non-controlling interests		--	--	--	--
OTHER COMPREHENSIVE PROFIT / (LOSS)					
Items that will not be reclassified to profit or loss		(696)	(696)	--	--
<i>Gains/(losses) on remeasurement of defined benefit plans</i>		(870)	(870)	--	--
<i>Income tax related to items that will not be reclassified to profit or loss</i>		174	174	--	--
Items that are or may be reclassified to profit or loss		--	18	312	374
<i>Losses on cash flow hedges losses and profits</i>		--	24	400	479
<i>Income tax related to items that are or may be reclassified to profit or loss</i>		--	(6)	(88)	(105)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		(696)	(678)	312	374
TOTAL COMPREHENSIVE INCOME		25.940	28.777	16.168	62.960
Earnings/(loss) per share [(For 1 lot share)]	24	0,0018	0,0015	0,0014	0,0057
Diluted earnings/(loss) per share [(For 1 lot share)]	24	0,0018	0,0015	0,0014	0,0057

Accompanying notes are an integral part of these condensed interim financial information.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

(NOTE 18)	Share capital	Adjustments to share capital	Restricted reserves	Other reserves	Share premiums	Other comprehensive income that will not be reclassified to profit or loss	Other comprehensive income that are or may be reclassified to profit or loss	Hedging reserves	Retained earnings/Accumulated losses	Net profit / (Loss) for the period	Total Equity
						Losses on remeasurement of defined benefit plans	Gains on revaluation of property, plant and equipment		Prior years' losses		
<u>Prior period</u>											
Balance at 1 January 2020	110.000	6.628	8.704	3	--	(4.282)	28.149	--	(252.421)	(148.634)	(251.853)
Transfers	--	--	--	--	--	--	--	--	(148.634)	148.634	--
Total comprehensive income	--	--	--	--	--	--	--	312	--	15.856	16.168
Balance at 30 September 2020	110.000	6.628	8.704	3	--	(4.282)	28.149	312	(401.055)	15.856	(235.685)
<u>Current period</u>											
Balance at 1 January 2021	110.000	6.628	8.704	3	--	(6.244)	31.121	--	(401.054)	85.296	(165.546)
Capital increase	91.000	--	--	--	184.655	--	--	--	--	--	275.655
Transfers	--	--	--	--	--	--	--	--	85.296	(85.296)	--
Total comprehensive income	--	--	--	--	--	(696)	--	--	--	26.636	25.940
Balance at 30 September 2021	201.000	6.628	8.704	3	184.655	(6.940)	31.121	--	(315.758)	26.636	136.049

Accompanying notes are an integral part of these condensed interim financial information.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	<i>Notes</i>	Current period	Prior period
		<i>Reviewed</i>	<i>Unreviewed</i>
		1 January – 30 September 2021	1 January – 30 September 2020
A. Cash Flows From Operating Activities:			
Profit for the period		26.636	15.856
Adjustments:			
Adjustments for financial (expenses) / (income)	23	190.638	146.149
Adjustments for depreciation and amortisation expenses	20	102.683	88.852
Adjustments for (reversal)/provision for employee benefits		2.259	10.390
Adjustments for impairment / (reversal) of receivables	7	13	(209)
Adjustments for (reversal)/provision for other provisions		5.666	1.369
Adjustments for the (gains)/losses on sales of property, plant and equipment	22	(299)	2.847
Adjustments for reversal of impairment of property, plant and equipment	12	(97)	(1.820)
Adjustments for (reversal)/impairment of inventory	8	1.941	8.523
Adjustments for interest income	22	(4.308)	(5.639)
Adjustments for tax expense/(income)		5.691	4.322
		330.823	270.640
Changes in working capital:			
Increase in trade receivables from third parties		(17.863)	(8.414)
Increase in trade receivables from related parties	4	(2.427)	(12.220)
Increase in inventories	8	(450.947)	(121.908)
(Increase)/decrease in other assets related to operations		(61.817)	5.040
Increase in trade payables to third parties	7	293.980	10.380
Increase in trade payables to related parties	4,7	(3.265)	(1.760)
Increase / (decrease) in other liabilities related to operations		23.533	(9.356)
Payments related to provisions for employee benefits		(7.305)	(2.173)
Payments related to other provisions		(2.926)	(834)
Cash used in operations		101.786	129.395
B. Cash Flows From Investing Activities			
Acquisition of property, plant and equipment	12	(20.587)	(8.546)
Acquisition of intangible assets	13	(13.725)	(13.855)
Proceeds from sale of property, plant and equipment and intangible assets		499	41
Interest received	22	4.308	5.639
Cash used in investment activities		(29.505)	(16.721)
C. Cash Flows From Finance Activities			
Payments for lease liabilities	6	(98.167)	(73.975)
Proceeds from bank borrowings	6	127.500	280.000
Repayments of bank borrowings	6	(533.359)	(24.468)
Other financing cost paid		(117.609)	(72.148)
Cash inflows from share premium and other capital increase	18	275.655	--
Cash provided (used in) from financing activities		(345.980)	109.409
Net increase / (decrease) in cash and cash equivalents before the effect of changes in foreign exchange rates (A+B+C)		(273.699)	222.083
D. The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency		(233)	4.913
Net increase in cash and cash equivalents (A+B+C+D)		(273.932)	226.996
E. Cash and cash equivalents at the beginning of the period	5	392.201	37.267
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	118.269	264.263

Accompanying notes are an integral part of these condensed interim financial information.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY

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” and air conditioners and white goods through its dealers. The Company’s main shareholders is Hacı Ömer Sabancı Holding A.Ş. Number of personnel of the Company is 2.283 as at 30 September 2021 (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, Teknosa 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 201 stores with 100.797 square meters retail space as at 30 September 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 Blok: B Maltepe - İstanbul.

The Company’s shares have been traded on Borsa Istanbul since 2012.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

(i) Statement of compliance

According to the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013, the accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by POA.

The Company prepared its condensed interim financial statements for the period ended 30 September 2021, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed version. The Company’s condensed interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed interim financial statements should be considered together with the financial statements as of 31 December 2020.

The financial statements of the Company are presented in compliance with “Announcement on Financial Statements and Disclosure Formats” announced by CMB and TAS taxonomy announced by POA.

Approval of financial statements:

The accompanying financial statements are approved by the Company’s Board of Directors on 1 November 2021. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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

The CMB, with its resolution dated 17 March 2005 and numbered 11/367, declared that companies operating in Turkey which prepares their financial statements in accordance with the TAS, would not be subject to the application of inflation accounting effective from 1 January 2005. Accordingly, TAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied since 1 January 2005.

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

The interim financial statements of the Company have been prepared comparatively with the prior period 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 in the current period.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

2.2 Changes in accounting policies

The accounting policies applied in the interim summary financial statements of the company are the same as the accounting policies applied in the financial statements as of the year ending on 31 December 2020.

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.

2.4 Summary of Significant Accounting Policies

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 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.

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. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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.

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. 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 appropriate component of equity

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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)

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2021 (Continued)

Standards issued but not yet effective and not early adopted (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. IASB has published this amendment to IAS 37 to clarify that, in order to assess whether a contract is economically disadvantaged, the cost of fulfilling the contract includes both the mandatory additional costs that must be incurred and the costs associated with the allocation of other direct costs. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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.

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 appropriate component of equity. 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.

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.

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

2.4 Summary of Significant Accounting Policies (Continued)

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2021 (Continued)

Standards issued but not yet effective and not early adopted (Continued)

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.

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

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

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2021 (Continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TAS.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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.

The key amendments to IAS 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.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

The amendments are effective from 1 January 2023 with earlier application permitted.

The Company does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2 will have significant impact on its financial statements.

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

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2021 (Continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA (Continued)

Definition of Accounting Estimates (Amendments to IAS 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.

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 IAS 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 amendments to Amendments to IAS 8 will have significant impact on its financial statements

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 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.

The amendments to IAS 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.

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

Standards and interpretations issued but not yet effective and not early adopted as at 30 September 2021 (Continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA (Continued)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes (Continued)

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.

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 IAS 12 will have significant impact on its financial statements.

2.5 Critical judgments and estimates

Critical judgments in applying the Company’s accounting policies

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.

Useful lives of property, plant 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.

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

2.5 Critical judgments and estimates (Continued)

Estimated impairment of tangible 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 canceled the net impairment amounting to 97 TL as of 30 September 2021 (30 September 2020: 1.820 TL) (Note 12).

Impairment 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 17.643 TL as at 30 September 2021 (31 December 2020: 15.702 TL) (Note 8).

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 30 September 2021, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to 12.058 TL (31 December 2020: 10.668 TL) (Note 9).

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

2.5 Critical judgments and estimates (Continued)

Critical judgments in applying the Company’s accounting policies (Continued)

Providing financial capability

The Company recognised net profit amounting to 26.636 TL as at 30 September 2021. As at 30 September 2021, accumulated losses are amounting to 315.758 TL (31 December 2020: 401.054 TL) . As of 30 September 2021 the equity of the Company is 136.046 TL (31 December 2020: 165.546 TL negative).

The company announced to the public that it was decided to increase its issued capital with a nominal value of 110.000.000 full TL to 201.000.000 TL, with a total increase of 91.000.000 TL, to be fully paid in cash, in a special case statement made on the Public Disclosure Platform on 22 February 2021. Work on the capital increase was completed as of 18 June 2021.

As a result of all these transactions, the value of the issued capital of 110.000.000 full TL was increased by 91.000.000 full TL by paying in full and in cash, and a total gross income of 275.654.823,83 full TL was obtained from the capital increase.

The entire net cash inflow of 275.654.823,83 TL obtained from the capital increase will be used in the payment of financial debts in order to strengthen the capital structure of the Company, to reduce the effect of financing expenses on profitability by reducing the level of indebtedness, and to achieve a healthier financial structure.

In 2020, the company management prioritized a more data-based and result-oriented way of doing business, increasing gross profitability and organizational efficiency, taking into account the forward-looking profitability criteria. Management and availability of the best selling products in the market, increasing the performance of complementary products and accessories sales, restructuring the promotion processes, analyzing the problems in low-performance stores and solutions to these problems, sales force efficiency and tracking and reporting for spending all cost items in the right channels and in the right amount mechanisms have been established and a comprehensive transformation program is implemented.

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NOTE 3 – SEGMENT REPORTING

The Company applies TFRS 8 starting from 1 January 2009 and determined the reportable segments based on the 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 product categories and geographical sector. The Company's product categories 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 (İklimsa). 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.

Details of the segment reporting according to the internal management reports are as follows:

	1 January-30 September 2021		
	Stores and e-commerce	Dealer Group	Total
Total segment income	4.623.088	328.044	4.951.132
Income from third party customers	4.623.088	328.044	4.951.132
Adjusted EBITDA	384.727	39.667	424.394

	1 January-30 September 2020		
	Stores and e-commerce	Dealer Group	Total
Total segment income	3.464.486	209.810	3.674.296
Income from third party customers	3.464.486	209.810	3.674.296
Adjusted EBITDA	257.418	18.842	276.260

	1 July-30 September 2021		
	Stores and e-commerce	Dealer Group	Total
Total segment income	1.842.825	125.055	1.967.880
Income from third party customers	1.842.825	125.055	1.967.880
Adjusted EBITDA	162.119	18.219	180.338

	1 July-30 September 2020		
	Stores and e-commerce	Dealer Group	Total
Total segment income	1.587.587	83.191	1.670.778
Income from third party customers	1.587.587	83.191	1.670.778
Adjusted EBITDA	164.070	7.806	171.876

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NOTE 3 – SEGMENT REPORTING (Continued)

	1 January - 30 September 2021	1 January - 30 September 2021	1 July - 30 September 2020	1 July - 30 September 2020
Reconciliation of Adjusted EBITDA with profit before taxes:	424.394	180.338	276.260	171.876
Depreciation and amortisation expenses	(102.683)	(36.201)	(88.852)	(28.040)
Finance expenses, net	(190.638)	(67.275)	(146.149)	(49.754)
Income / (expense) from investing activities	4.607	352	2.792	2.310
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9	13	14	(209)	--
Other income / (expenses), net	(99.852)	(36.670)	(18.942)	(15.820)
Provision for employee termination benefits	(3.514)	(1.142)	(4.722)	(2.528)
Loss before tax	32.327	39.416	20.178	78.044

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.

	30 September 2021	
	Receivables	Payables
	Current	Current
	Trading	Trading
Balances with related parties		
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	16.452	397
Akbank T.A.Ş.	433	--
Akçansa Çimento San. ve Tic. A.Ş.	212	--
Çimsa Çimento San.ve Tic.A.Ş.	126	--
Hacı Ömer Sabancı Holding A.Ş.	47	--
Brisa Bridgestone Sabancı Lastik San.Ve Tic. A.Ş.	16	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	12	2.640
Aksigorta A.Ş.	12	257
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	15
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	4
	17.310	3.313

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	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	--
Aksigorta A.Ş.	8	1
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	347
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	22
	14.883	6.578

(*) It consists of receivables related to corner stores opened in Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. stores during the Covid-19 period.

	30 September	31 December
	2021	2020
<u>Deposit accounts in Akbank T.A.Ş.</u>		
Demand deposit	2.104	8.852
Time deposit	93.047	346.181
	95.151	355.033
	30 September	31 December
	2021	2020
<u>Credit card slip receivables in Akbank T.A.Ş.</u>		
Credit card slip receivables	3.809	5.043
	3.809	5.043

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	1 January – 30 September 2021		
	Sale of goods	Rent expense	Other income / (expenses)
Transactions with related parties			
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	32.505	(2.435)	(919)
Akbank T.A.Ş.	5.296	--	--
Aksigorta A.Ş.	1.591	--	(5.899)
Çimsa Çimento San.ve Tic.A.Ş.	1.407	--	--
Akçansa Çimento San. ve Tic. A.Ş.	408	--	--
H.Ö. Sabancı Holding A.Ş.	344	--	(43)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	207	--	--
Agesa Hayat ve Emeklilik A.Ş.	90	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	38	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	19	--	(3.158)
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	11	--	(3.856)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(61)
	41.917	(2.435)	(13.936)

	1 January – 30 September 2020		
	Sale of goods	Rent expense	Other income / (expenses)
Transactions with related parties			
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	25.897	(1.528)	(1.981)
Akbank T.A.Ş.	3.297	--	--
Aksigorta A.Ş.	833	--	(2.887)
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	217	--	--
Akçansa Çimento San. ve Tic. A.Ş.	210	--	--
H.Ö. Sabancı Holding A.Ş.	161	--	(73)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	95	--	(3.399)
Avivasa Emeklilik ve Hayat A.Ş.	90	--	--
Ak Finansal Kiralama A.Ş.	71	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	44	--	--
Çimsa Çimento San.ve Tic.A.Ş.	42	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	9	--	(5.062)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	8
	30.966	(1.528)	(13.394)

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

The details of short and long term rent liabilities to related parties as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Short portion of long-term lease liabilities to related parties	1.859	1.392
Long-term lease liabilities to related parties	1.269	2.347
	3.128	3.739

The Company's key management has been identified as the general managers 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 periods ended 30 September 2021 and 2020 are as follows:

	1 January – 30 September 2021	1 January – 30 September 2020
Salaries and other benefits	8.215	4.814
	8.215	4.814

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Cash	3.112	2.942
Demand deposit	4.305	15.491
Time deposit	93.047	346.181
Credit card slip receivables	17.805	27.587
	118.269	392.201

The Company does not have any blocked deposits as at 30 September 2021 and 31 December 2020. The Company has time deposits of 93.047 TL as of 30 September 2021 (31 December 2020: 346.181 TL).

As at 30 September 2021 and 31 December 2020 the details of time deposits, maturity dates and interest rates of the company are as follows:

Currency	Maturity	Interest Rate	30 September 2021
TL	1 October 2021	% 18.5	93.000
		Accrual of interest	47
			93.047
Currency	Maturity	Interest Rate	31 December 2020
TL	4 January 2021	% 19	346.000
		Accrual of interest	181
			346.181

The Company's exposure to foreign currency risk for cash and cash equivalents are disclosed in Note 25.

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NOTE 6 – FINANCIAL LIABILITIES

As of 30 September 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:

	31 December 2020			
	Currency	Interest Rate	Amount	Maturity
Bank loans	TL	11%	370.058	2021
Short term financial liabilities			370.058	

The reconciliation of the Company's liabilities arising from bank loans for the accounting periods ending on 30 September 2021 and 2020 is as follows:

	2021	2020
Bank borrowings as of January 1	370.058	105.521
Credit principal entries during the period	127.500	280.000
Interest and principal repayments during the period	(533.359)	(24.468)
Interest expense during the period (including accruals)	35.801	31.510
Bank borrowings as of 30 September	--	392.563

The details of lease liabilities as at 30 September 2021 and 31 December 2020 are as follows:

Lease Liabilities	Present value of minimum lease payments	
	30 September 2021	31 December 2020
Within one year	120.339	121.049
Less: future finance charges	(16.514)	(22.643)
Present value of lease liabilities	103.825	98.406
Within two years and after	146.617	206.778
Less: future finance charges	(20.481)	(38.778)
Present value of lease liabilities	126.136	168.000

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.

The reconciliation of the Company's liabilities arising from leasing activities for the accounting periods ending on 30 September 2021 and 2020 is as follows:

	2021	2020
Lease liabilities as of 1 January	266.406	357.637
Increase/(decrease) in lease liabilities during the period	24.727	(48.829)
Lease payments during the period	(98.167)	(73.975)
Interest expense during the period	36.995	47.357
Effect of exchange rate	--	46
Lease liabilities as of 30 September	229.961	282.236

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as at 30 September 2021 and 31 December 2020 are as follows:

Short term trade receivables:

	30 September 2021	31 December 2020
Trade receivables	56.782	58.283
Notes receivables	56.731	37.393
Due from related parties (Note 4)	17.310	14.883
Allowance for doubtful receivables (-)	(7.249)	(7.262)
	123.574	103.297

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 69 days for dealer groups (31 December 2020: For retail: 1-7 days, 57 days for dealer receivables). As of 30 September 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 period ended 30 September 2021 and 2020 is as follows:

	2021	2020
As at 1 January	7.262	6.989
Charge for the period	(17)	(46)
Reversal	4	255
As at 30 September	7.249	7.198

As at 30 September 2021 and 31 December 2020, the Company holds the collaterals listed below for the checks, notes and trade receivables:

	30 September 2021	31 December 2020
Letters of guarantees received	94.552	67.215
Mortgages	9.572	9.572
	104.124	76.787

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 104.124 TL (31 December 2020: 76.787 TL). As at the reporting date, there are not any collaterals or mortgages which are sold or re-pledged by the Company.

Short term trade payables:

	30 September 2021	31 December 2020
Trade payables	1.636.890	1.373.981
Expense accruals	36.876	5.805
Due to related parties (Note 4)	3.313	6.578
	1.677.079	1.386.364

As at 30 September 2021, the Company offset income accruals from its suppliers amounting to 110.000 TL with trade payables (31 December 2020: 54.009 TL). Average payment terms of trade payables is 82 days (31 December 2020: 90 days). The Company does not have payments on a monthly basis for late interest as of 30 September 2021 (31 December 2020: None.)

The Company's exposure to foreign currency risk for short-term trade receivables and payables are disclosed in Note 25.

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NOTE 8 – INVENTORIES

The details of the inventories as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Trading goods	1.349.441	1.037.103
Goods in transit	173.736	35.127
Allowance for impairment on inventories (-)	(17.643)	(15.702)
	1.505.534	1.056.528

The movements of allowance on inventories for the periods ended at 30 September 2021 and 2020 are as below

<i>Allowance for impairment on inventories:</i>	2021	2020
As at 1 January	(15.702)	(15.022)
Change for the period/used in the period, net	(1.941)	(8.523)
As at 30 September	(17.643)	(23.545)

NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE

The details of prepaid expenses as at 30 September 2021 and 31 December 2020 are as follows:

<i>Short-term prepaid expenses</i>	30 September 2021	31 December 2020
Advances given for inventories	6.260	3.434
Short term prepaid expenses	4.479	5.034
	10.739	8.468

<i>Long-term prepaid expenses</i>	30 September 2021	31 December 2020
Long term prepaid expenses	1.407	49
	1.407	49

The details of the deferred revenue as at 30 September 2021 and 31 December 2020 are as follows:

<i>Short-term deferred revenue</i>	30 September 2021	31 December 2020
Income from gift cards	12.058	10.668
Advances received	16.207	12.338
Other	284	707
	28.549	23.713

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NOTE 10 – INVESTMENT PROPERTY

The net book value of the investment properties of the company is 29.610 TL as of 30 September 2021(31 December 2020: 29.610 TL).

The Company generates rental income by 1.409 TL (2020: 1.121 TL) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to 388 TL (2020: 433 TL). Operating expenses which are not related to the Teknosa store are distributed to lessees.

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 15 February 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.

Fair value of the related building is level 2.

As of 30 September 2021 and 31 December 2020 there is no mortgage on investment properties.

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NOTE 11 – RIGHT OF USE ASSET

The movement of the right of use assets for the nine month period ended 30 September 2021 is as follows:

Cost value	Buildings	Vehicles	Total
1 January 2021 opening balance	384.475	12.888	397.363
Additions	43.324	463	43.787
Disposals (*)	(4.410)	--	(4.410)
30 September 2021 closing balance	423.839	13.351	436.740
<u>Accumulated depreciation</u>			
1 January 2021 opening balance	(175.143)	(2.510)	(177.653)
Charge for the period	(71.568)	(2.463)	(74.031)
Disposals	387	--	387
30 September 2021 closing balance	(246.324)	(4.973)	(251.297)
Net carrying amount as of 1 January 2021	209.332	10.378	219.710
Net carrying amount as of 30 September 2021	177.065	8.378	185.443

The movement of the right of use assets for the nine month period ended 30 September 2020 is as follows:

Cost value	Buildings	Vehicles	Total
1 January 2020 opening balance	418.999	3.376	422.375
Disposals (*)	(21.728)	--	(21.728)
30 September 2020 closing balance	397.271	3.376	400.647
<u>Accumulated depreciation</u>			
1 January 2020 opening balance	(99.893)	(584)	(100.477)
Charge for the period	(62.323)	(1.418)	(63.741)
30 September 2020 closing balance	(162.216)	(2.002)	(164.218)
Net carrying amount as of 1 January 2020	319.106	2.792	321.898
Net carrying amount as of 30 September 2020	235.055	1.374	236.429

(*) 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 in 2021 through lease contracts which is accounted in accordance with TFRS 16.

The depreciation expense for the nine months period ending on 30 September 2021 is 74.031 TL (30 September 2020: 63.741 TL). As of 30 September 2021, thereof 73.153 TL of depreciation charges included in marketing expenses (30 September 2020: 61.127 TL) and 878 TL included in general administrative expenses (30 September 2020: 2.614 TL).

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS

The movement of tangible assets and related accumulated depreciation for the period ended 30 September 2021 are as follows:

	Building	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost							
Balance at 1 January 2021	24.324	369	57	89.367	104.743	2.458	221.318
Additions	--	--	--	4.575	4.312	11.700	20.587
Disposals	--	--	--	(389)	(289)	--	(678)
Allowance for impairment	--	--	--	(327)	(748)	--	(1.075)
Reversal of impairments	--	--	--	287	320	--	607
Transfers	--	--	--	2.329	2.191	(6.357)	(1.837)
Balance at 30 September 2021	24.324	369	57	95.842	110.529	7.801	238.922
Accumulated depreciation and impairment losses							
Balance at 1 January 2021	(5.324)	(369)	(57)	(69.545)	(85.561)	--	(160.856)
Charge for the period	(455)	--	--	(6.171)	(6.101)	--	(12.727)
Disposals	--	--	--	363	263	--	626
(Allowance for) / reversal of impairment, net (*)	--	--	--	204	361	--	565
Balance at 30 September 2021	(5.779)	(369)	(57)	(75.149)	(91.038)	--	(172.392)
Net carrying amount at 31 December 2020	19.000	--	--	19.822	19.182	2.458	60.462
Net carrying amount at 30 September 2021	18.545	--	--	20.693	19.491	7.801	66.530

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS (Continued)

The movement of tangible assets and related accumulated depreciation for the period ended 30 September 2020 are as follows:

	Land	Building	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2020	15.384	5.435	369	57	81.249	105.740	1.546	209.780
Additions	--	--	--	--	3.570	1.783	3.193	8.546
Disposals	--	--	--	--	(902)	(10.296)	--	(11.198)
Allowance for impairment	--	--	--	--	(1.180)	(912)	--	(2.092)
Reversal of impairment	--	--	--	--	212	5.764	--	5.976
Transfers from construction in progress	--	313	--	--	815	1.510	(3.682)	(1.044)
Balance at 30 September 2020	15.384	5.748	369	57	83.764	103.589	1.057	209.968
Accumulated depreciation and impairment losses								
Balance at 1 January 2020	--	(3.956)	(369)	(57)	(64.195)	(81.466)	--	(150.043)
Charge for the period	--	(52)	--	--	(5.401)	(6.570)	--	(12.023)
Disposals	--	--	--	--	668	7.644	--	8.312
(Allowance for) / reversal of impairment, net (*)	--	--	--	--	1.084	(3.148)	--	(2.064)
Balance at 30 September 2020	--	(4.008)	(369)	(57)	(67.844)	(83.540)	--	(155.818)
Net carrying amount at 31 December 2019	15.384	1.479	--	--	17.054	24.274	1.546	59.737
Net carrying amount at 30 September 2020	15.384	1.740	--	--	15.920	20.049	1.057	54.150

(*) As of 30 September 2021, the impairment loss and impairment reversed during the period calculated for property, plant and equipment is net 97 TL (30 September 2020: 1.820 TL).

For the period ended 30 September 2021, thereof 11.627 TL of depreciation charges included in marketing expenses (30 September 2020: 6.280 TL) and 1.100 TL included in general administrative expenses (30 September 2020: 5.743 TL).

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NOTE 13 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 30 September 2021 and 2020 are as follows

<u>Cost</u>	<u>Licences-rights and computer softwares</u>	<u>Total</u>
Balance at 1 January 2021	142.982	142.982
Additions	13.725	13.725
Transfers (*)	1.837	1.837
Disposals	(185)	(185)
Balance at 30 September 2021	158.359	158.359
<u>Accumulated amortisation and impairment losses</u>		
Balance at 1 January 2021	(103.340)	(103.340)
Charge for the period	(15.925)	(15.925)
Disposals	37	37
Balance at 30 September 2021	(119.228)	(119.228)
Net book value as at 31 December 2020	39.642	39.642
Net book value as at 30 September 2021	39.131	39.131

<u>Cost</u>	<u>Licences-rights and computer softwares</u>	<u>Total</u>
Opening balance at 1 January 2020	121.115	121.115
Additions	13.855	13.855
Disposals	(58)	(58)
Impairment	23	23
Transfers (*)	1.044	1.044
Closing balance at 30 September 2020	135.979	135.979
<u>Accumulated amortisation and impairment losses</u>		
Opening balance at 1 January 2020	(85.302)	(85.302)
Charge for the year	(13.088)	(13.088)
Impairment	(23)	(23)
Disposals	56	56
Closing balance at 30 September 2020	(98.357)	(98.357)
Net book value as at 31 December 2019	35.813	35.813
Net book value as at 30 September 2020	37.622	37.622

(*) As at 30 September 2021 and 2020, the Company conducted an analysis for the classification of tangible and intangible assets and considered the changes as transfers between accounts.

For the period ended 30 September 2021, thereof 5.812 TL of amortisation charges included in marketing expenses (30 September 2020: 7.198 TL) and 10.113 TL included in general administrative expenses (30 September 2020: 5.890 TL).

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NOTE 14– PAYABLES RELATED TO EMPLOYEE BENEFITS

The details of payables related to employee benefits as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Accrued salaries	12.560	7.780
Social security premiums payable	11.247	4.212
Income taxes payable	2.936	2.066
	26.743	14.058

The details of the provisions for employee benefits as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
<i>Short-term provisions</i>		
Provision for unused vacation	5.120	4.776
Provision for sales personnel premiums	4.057	5.040
Provision for head office personnel premium	2.065	9.150
	11.242	18.966

	30 September 2021	31 December 2020
<i>Long-term provisions</i>		
Provision for employee termination benefit	15.268	13.031
Provision for head office personnel premium	1.627	1.186
	16.895	14.217

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:

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NOTE 14– 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 30 September 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 4,18% real discount rate (31 December 2020: 4,18%) calculated by using 9,15% annual inflation rate and 14% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 15,15 % and 9,81%, respectively (31 December 2020: 15,15% and 10,2%), 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 (118 personnel) and the provision has been calculated accordingly.

NOTE 15 – PROVISIONS

The details of the other current provisions as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Provisions for ongoing litigation (*)	8.319	7.113
Provision for cancellation of rent agreements (**)	--	739
Other	4.441	2.103
	12.760	9.955

(*) Provision for ongoing litigation is comprised of lawsuits filed by consumers and former employees against the Company

(**) Provision for cancellation of rent agreements is comprised of penalties to be paid to landlords related to store closures before the termination date of the rent agreements.

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NOTE 16 – COMMITMENTS

Collateral, pledge, mortgage position

Collaterals, pledges and mortgages ("CPM") given by the Company as at 30 September 2021 and 31 December 2020 are as follows:

CPMs given by the Company

	30 September 2021			
	TL equivalent	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	786.852	5.003	6.534	675.220
- Collaterals	724.429	1.471	3.510	675.220
- Letter of credit	62.423	3.532	3.024	--
- Pledges	--	--	--	--
- Mortgages	--	--	--	--
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	--	--	--	--
Total CPM	786.852	5.003	6.534	675.220

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	532.374	4.174	6.200	445.883
- Collaterals	489.696	1.623	3.541	445.883
- Letter of credit	42.678	2.551	2.659	--
- Pledges	--	--	--	--
- Mortgages	--	--	--	--
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	--	--	--	--
Total CPM	532.374	4.174	6.200	445.883

The ratio of the 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 30 September 2021 (31 December 2020: 0%).

As at 30 September 2021 and 31 December 2020, the Company is mainly contingently liable in respect of bank letter of guarantees obtained from banks given to lessors in accordance with the lease agreements, enforcement office related to ongoing lawsuits and custom related to import transactions.

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NOTE 17 – OTHER CURRENT ASSETS AND LIABILITIES

The details of the other current and non-current assets as at 30 September 2021 and 31 December 2020 are as follows:

<i>Other current assets</i>	30 September 2021	31 December 2020
Deferred VAT	11.980	--
Advances given	8.854	3.210
Personnel advances	263	114
Other current assets	2.237	1.623
	23.334	4.947

The details of the other current liabilities as at 30 September 2021 and 31 December 2020 are as follows:

<i>Other current liabilities</i>	30 September 2021	31 December 2020
Value added tax ("VAT") payable	--	13.023
Other expense accruals (*)	215	5.646
Other liabilities and obligations	607	877
	822	19.546

(*) Other expense accruals comprised of irrecoverable gift checks which were given and used Teknosacell Subscription who withdraw subscription subsequently and other various expense accruals.

NOTE 18 – SHAREHOLDERS' EQUITY

The details of the shareholder's equity structure as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021		31 December 2020	
	Share	%	Share	%
Hacı Ömer Sabancı Holding A.Ş.	100.500	50%	55.000	50%
Other	100.500	50%	55.000	50%
Nominal share capital	201.000	100	110.000	100
Adjustment for capital	6.628		6.628	
Adjusted capital	207.628		116.628	

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).

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NOTE 18 – SHAREHOLDERS' EQUITY (Continued)

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.

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 30 September 2021 and 31 December 2020.

	30 September 2021	31 December 2020
Legal reserves	8.704	8.704
	8.704	8.704

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.

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 30 September 2021, shares premiums in the financial statements of the Company are 184.655 TL (31 December 2020: None.)

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NOTE 18 – SHAREHOLDERS' EQUITY (Continued)

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 30 September 2021 and 2020 are as follows:

	2021	2020
Opening balance	31.121	28.149
Fair value increase	--	--
Closing Balance	31.121	28.149

Gain / (losses) on remeasurement of defined benefit plans

As of 30 September 2021, actuarial loss amounting to 6.940 TL (31 December 2020: 6.244 TL) is recognized as other comprehensive income.

NOTE 19 - REVENUE

The details of revenue and cost of revenue for nine month periods ended 30 September 2021 and 2020 are as follows.

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July - 30 September 2020
Revenue (net)				
Retail sales	3.958.615	1.676.173	2.759.640	1.441.361
E-commerce sales	664.472	166.651	704.846	146.226
Dealer sales	328.045	125.056	209.810	83.191
	4.951.132	1.967.880	3.674.296	1.670.778
Cost of revenue				
Cost of trading goods sold	(4.117.025)	(1.632.178)	(3.070.895)	(1.372.245)
Installation and warranty expenses	(19.762)	(5.913)	(11.594)	(3.891)
	(4.136.787)	(1.638.091)	(3.082.489)	(1.376.136)

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NOTE 20 –MARKETING AND ADMINISTRATIVE EXPENSES

The details of marketing expenses for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January – 30 September 2021	1 July - 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
<i>Marketing expenses</i>				
Personnel expenses	(140.163)	(54.322)	(124.625)	(50.110)
Depreciation and amortisation expenses	(90.593)	(32.077)	(74.605)	(22.983)
Rent expenses	(69.672)	(28.164)	(54.671)	(26.297)
Advertising and promotion expenses	(46.262)	(16.684)	(39.176)	(11.638)
Transportation expenses	(28.469)	(9.974)	(20.516)	(7.639)
Consultancy expenses	(25.495)	(8.496)	(16.147)	(5.854)
Energy, fuel, water expenses	(12.396)	(6.515)	(9.054)	(2.658)
Maintenance expenses	(6.562)	(2.447)	(6.087)	(2.238)
Communication expenses	(812)	(309)	(872)	(260)
Travel and accommodation expenses	(619)	(282)	(358)	(42)
Other expenses	(17.236)	(6.518)	(13.100)	(4.425)
	(438.279)	(165.788)	(359.211)	(134.144)

The details of administrative expenses for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January – 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July – 30 September 2020
<i>Administrative expenses</i>				
Personnel expenses	(23.822)	(8.777)	(19.584)	(8.892)
Depreciation and amortisation expenses	(12.090)	(4.124)	(14.247)	(5.057)
IT expenses	(11.025)	(4.044)	(10.836)	(3.399)
Consultancy expenses	(4.361)	(1.262)	(2.832)	(893)
Rent expenses	(2.314)	(873)	(434)	(196)
Maintenance expenses	(496)	(171)	(485)	(163)
Travel expenses	(247)	(115)	(155)	(28)
Energy, fuel, water expenses	(42)	(13)	(50)	(14)
Other expenses	(3.472)	(1.627)	(1.287)	(548)
	(57.869)	(21.006)	(49.910)	(19.190)

NOTE 21 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2021	1 July - 30 September 2021
Concessions on lease payments.(*)	14.348	475	27.102	3.338
Foreign exchange gains	14.086	7.421	9.200	2.220
Interest income	11.233	2.627	7.594	4.485
Income from personnel	1.130	427	729	311
Gift cards	568	179	1.975	266
Reversal of provisions for cancellation of rent agreements	--	--	285	--
Other income	2.786	893	3.726	2.101
	44.151	12.022	50.611	12.721

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NOTE 21 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)

(*) 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 nine month periods ended 30 September 2021 and 2020 are as follows:

<i>Other expense from operating activities</i>	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Interest expenses on payables	(113.128)	(38.052)	(47.066)	(18.649)
Foreign exchange loss	(17.593)	(6.638)	(10.968)	(3.356)
Litigation expenses	(3.908)	(1.523)	(2.142)	(72)
Other expenses	(9.374)	(2.479)	(9.377)	(6.464)
	(144.003)	(48.692)	(69.553)	(28.541)

NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income by investment activities

The details of income from investing activities for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Interest income on time deposits	4.308	112	5.639	3.589
Profit from sale of fixed assets	494	433	41	34
	4.802	545	5.680	3.623

The details of expense from investing activities for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Loss from sale of fixed assets	(195)	(193)	(2.888)	(1.313)
	(195)	(193)	(2.888)	(1.313)

NOTE 23 – FINANCE EXPENSES AND INCOME

The details of finance expense for nine month periods ended 30 September 2021 and 2020 are as follows:

Finance Expenses	1 January – 30 September 2021	1 July – 30 September 2021	1 January - 30 September 2020	1 July – 30 September 2020
Credit card commission and discount expenses	(113.784)	(44.137)	(70.412)	(28.318)
Interest expense due lease liabilities	(36.995)	(11.509)	(47.357)	(15.002)
Interest and commission expenses	(35.801)	(9.455)	(31.511)	(9.595)
Guarantee letters commission expenses	(3.506)	(1.015)	(1.545)	(654)
Foreign exchange expenses	(2.464)	(1.232)	(378)	(106)
Other finance expenses	(319)	(92)	(191)	(62)
	(192.869)	(67.440)	(151.394)	(53.737)

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NOTE 23 – FINANCE EXPENSES AND INCOME (Continued)

The details of finance income for nine month periods ended 30 September 2021 and 2020 are as follows:

	1 January – 30 September 2021	1 July – 30 September 2021	1 January - 30 September 2020	1 July – 30 September 2020
Foreign exchange income	2.231	165	5.245	3.983
	2.231	165	5.245	3.983

NOTE 24 – EARNING 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.

	1 January – 30 September 2021	1 July – 30 September 2021	1 January - 30 September 2020	1 July – 30 September 2020
Weighted average number of ordinary shares outstanding during the period (in full)	14.500.000.000	20.100.000.000	11.000.000.000	11.000.000.000
Profit/(loss) for the year attributable to owners of the Company	26.636	29.455	15.856	62.586
Basic (loss) / earnings per share from continuing operations				
-thousands of ordinary shares (thousands TL)	0,0018	0,0015	0,0014	0,0057
Basic (loss) / diluted earnings per share from continuing operations				
-thousands of ordinary shares (thousands TL)	0,0018	0,0015	0,0014	0,0057

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NOTE 25 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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.

Foreign Currency Position	30 September 2021		
	TL equivalent	USD	EUR
1. Trade receivables	3.248	307	52
2a. Monetary financial assets (including cash on hand and bank accounts)	44	3	1
2b. Non-monetary financial assets	--	--	--
3. Other	3.542	373	23
4. Current assets (1+2+3)	6.834	683	76
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	331	37	--
8. Non-current assets (5+6+7)	331	37	--
9. Total assets (4+8)	7.165	720	76
10. Trade payables	(63.264)	(4.112)	(2.608)
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	--	--	--
12b. Non-monetary other liabilities	(3.415)	(384)	(2)
13. Current liabilities (10+11+12)	(66.679)	(4.496)	(2.610)
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Monetary other liabilities	--	--	--
16b. Non-monetary other liabilities	--	--	--
17. Non-current liabilities (14+15+16)	--	--	--
18. Total liabilities (13+17)	(66.679)	(4.496)	(2.610)
19. Net asset/ (liability) position of off-statement derivative instruments (19a+19b))	--	--	--
Off-balance sheet derivative assets	--	--	--
Off-balance sheet derivative liabilities	--	--	--
20. Net position of foreign currency derivatives	--	--	--
21. Net position of foreign currency asset / (liability) (9+18+20)	(59.514)	(3.776)	(2.534)
22. Net position of monetary foreign currency asset / (liability) (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(59.972)	(3.802)	(2.555)
23. Total fair value of foreign currency hedge	--	--	--

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NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)

Foreign Currency Position	31 December 2020			
	TL equivalent	USD	EUR	Other
1. Trade receivables	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	--
4. CURRENT ASSETS (1+2+3)	14.721	1.302	573	--
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non monetary financial assets	--	--	--	--
7. Other	411	56	--	--
8. NON CURRENT ASSETS (5+6+7)	411	56	--	--
9. TOTAL ASSETS (4+8)	15.132	1.358	573	--
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)	--
13. CURRENT LIABILITIES (10+11+12)	(36.484)	(2.701)	(1.849)	(26)
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Monetary other liabilities	--	--	--	--
16b. Non monetary other liabilities	--	--	--	--
17. NON CURRENT LIABILITIES (14+15+16)	--	--	--	--
18. TOTAL LIABILITIES (13+17)	(36.484)	(2.701)	(1.849)	(26)
19. Net position of financial statement (9+18)	(21.352)	(1.343)	(1.276)	(26)
20. Net position of foreign currency derivatives	--	--	--	--
21. Net position of foreign currency asset / (liability) (9+18+20)	(21.352)	(1.343)	(1.276)	(26)
22. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(22.330)	(1.477)	(1.275)	(26)

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NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(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.

	30 September 2021	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	(3.339)	3.339
2- Amount hedged for USD risk (-)	--	--
3- USD net effect (1 +2)	(3.339)	3.339
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	(2.613)	2.613
5 - Amount hedged for EUR risk (-)	--	--
6- EUR net effect (4+5)	(2.613)	2.613
In case 10% appreciation of other currency against TL		
7- Net assets/liabilities in other foreign currency	--	--
8- Amount hedged for other currency risk (-)	--	--
9- Other currency assets net effect (7+8)	--	--
TOTAL (3+6+9)	(5.953)	5.953

Foreign Currency Sensitivity Table

	31 December 2020	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	(986)	986
2- Amount hedged for USD risk (-)	--	--
3- USD net effect (1 +2)	(986)	986
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	(1.149)	1.149
5 - Amount hedged for EUR risk (-)	--	--
6- EUR net effect (4+5)	(1.149)	1.149
In case 10% appreciation of other currency against TL		
7- Net assets/liabilities in other foreign currency	--	--
8- Amount hedged for other currency risk (-)	--	--
9- Other currency assets net effect (7+8)	--	--
TOTAL (3 + 6 +9)	(2.135)	2.135

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NOTE 26 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

30 September 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
Financial assets					
Cash and cash equivalents	118.269	--	--	118.269	5
Trade receivables (including due from related parties)	123.574	--	--	123.574	7
Other receivables (including due from related parties)	499	--	--	499	
Financial liabilities					
Lease liabilities	--	--	229.961	229.961	6
Trade payables (including due to related parties)	--	--	1.677.079	1.677.079	7
Other payables	--	--	3.618	3.618	
31 December 2020	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
Financial assets					
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	
Financial liabilities					
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	

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.

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NOTE 27 – 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 preparing the interim financial statements dated 30 September 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 28 - EVENTS AFTER THE REPORTING PERIOD

From the balance sheet date to 1 November 2021, The Company has closed its Elazığ Park 23 store in Elazığ for sale as of 25 October 2021 to move it to Elazığ Elysium Park. On 28 October 2021, Elazığ Elysium Park was opened in parallel with this closing. As a result of that store closing and opening, the Company's retail sales area increased by 316 square meters. One floor of the Amasya Merzifon store in Amasya has been closed for sale, and as a result of this revision, the retail sales area has decreased by 97 square meters.