

**TEKNOSA İÇ VE DIŞ TİCARET  
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH  
OF CONDENSED INTERIM FINANCIAL  
STATEMENTS AS AT AND FOR THE  
THREE MONTH PERIOD ENDED  
31 MARCH 2021 WITH  
INDEPENDENT AUDITORS'  
REVIEW REPORT**

(Originally issued in Turkish)

29 April 2021

*This report includes 2 pages of independent auditors' review report and 41 pages of condensed financial statements and notes to the condensed financial statements.*

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND**  
**FOR THE INTERIM PERIOD ENDED 31 MARCH 2021**

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**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE INTERIM**  
**PERIOD ENDED 31 MARCH 2021**

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

ASSETS	Notes	Current period	Prior period
		<i>Reviewed</i>	<i>Audited</i>
		31 March 2021	31 December 2020
<b>Current assets</b>		<b>1.408.056</b>	<b>1.565.441</b>
Cash and cash equivalents	5	29.987	392.201
Trade receivables	7	106.416	103.297
<i>Trade receivables from related parties</i>	4,7	14.059	14.883
<i>Trade receivables from third parties</i>	7	92.357	88.414
Inventories	9	1.246.068	1.056.528
Prepaid expenses	10	8.957	8.468
Other current assets	18	16.628	4.947
<b>Non-current assets</b>		<b>392.394</b>	<b>395.209</b>
Other receivables	8	445	571
Investment property	12	29.610	29.610
Right of use assets	11	220.084	219.710
Property, plant and equipment	13	60.686	60.462
Intangible assets	14	37.504	39.642
Prepaid expenses	10	68	49
Deferred tax assets		43.997	45.165
<b>TOTAL ASSETS</b>		<b>1.800.450</b>	<b>1.960.650</b>

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE INTERIM**  
**PERIOD ENDED 31 MARCH 2021**

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

<b>LIABILITIES</b>	<i>Notes</i>	<b>Current</b>	<b>Prior</b>
		<b>period</b>	<b>period</b>
		<i>Reviewed</i>	<i>Audited</i>
		<b>31 March</b>	<b>31 December</b>
		<b>2021</b>	<b>2020</b>
<b>Current liabilities</b>		<b>1.793.630</b>	<b>1.943.979</b>
Short-term loans and borrowings	6	340.633	370.058
Short portion of long-term rent liabilities		111.862	98.406
<i>Short portion of long-term rent liabilities to related parties</i>	4	1.461	1.392
<i>Short portion of long-term rent liabilities to third parties</i>		110.401	97.014
Trade payables	7	1.266.871	1.386.364
<i>Trade payables to related parties</i>	4	3.628	6.578
<i>Trade payables to third parties</i>	7	1.263.243	1.379.786
Payables related to employee benefits	15	20.013	14.058
Other payables		3.297	2.913
<i>Other payables to third parties</i>	8	3.297	2.913
Deferred revenue	10	22.702	23.713
Short-term provisions		26.840	28.921
<i>Short-term provisions for employee benefits</i>	15	12.175	18.966
<i>Other short-term provisions</i>	16	14.665	9.955
Other current liabilities	18	1.412	19.546
<b>Non-current liabilities</b>		<b>170.006</b>	<b>182.217</b>
Long-term rent liabilities	6	154.686	168.000
<i>Long-term rent liabilities to related parties</i>	4	1.953	2.347
<i>Long-term rent liabilities to third parties</i>		152.733	165.653
Long-term provisions for employee benefits	15	15.320	14.217
<b>EQUITY</b>		<b>(163.186)</b>	<b>(165.546)</b>
Share capital		110.000	110.000
Adjustments to share capital		6.628	6.628
Restricted reserves		8.704	8.704
Other reserves		3	3
Other comprehensive income that will not be reclassified to profit or loss		24.877	24.877
<i>Gains on revaluation of property, plant and equipment</i>		31.121	31.121
<i>Losses on remeasurement of defined benefit plans</i>		(6.244)	(6.244)
Accumulated losses		(315.758)	(401.054)
Net profit for the period		2.360	85.296
<b>TOTAL LIABILITIES</b>		<b>1.800.450</b>	<b>1.960.650</b>

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

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

		Current period	Prior period
		<i>Reviewed</i>	<i>Unreviewed</i>
		1 January - 31 March 2021	1 January - 31 March 2020
	<i>Notes</i>		
Revenue	19	1.461.262	1.048.401
Cost of revenue (-)	19	(1.209.815)	(874.691)
<b>GROSS PROFIT</b>		<b>251.447</b>	<b>173.710</b>
Marketing expenses (-)	20	(137.492)	(127.537)
General administrative expenses (-)	20	(16.849)	(16.059)
Other income from operating activities	21	12.705	6.628
Other expenses from operating activities (-)	21	(50.600)	(24.964)
<b>OPERATING PROFIT</b>		<b>59.211</b>	<b>11.778</b>
Income from investing activities	22	3.329	39
Expenses from investing activities (-)	22	(2)	(394)
Impairment gain/ (loss) and reversal of impairment determined in accordance with TFRS 9		--	(210)
<b>OPERATING PROFIT BEFORE FINANCE EXPENSE</b>		<b>62.538</b>	<b>11.213</b>
Finance Income	23	336	31
Finance Expenses (-)	23	(59.346)	(49.623)
<b>OPERATING PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>3.528</b>	<b>(38.379)</b>
<b>Tax (expense)/income</b>		<b>(1.168)</b>	<b>7.479</b>
- Current tax expense		--	--
- Deferred tax income/(expenses)		(1.168)	7.479
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>2.360</b>	<b>(30.900)</b>
<b>Attributable to:</b>			
Non-controlling interests		--	--
Owners of the Company		<b>2.360</b>	<b>(30.900)</b>
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>			
<b>Items that are or may be reclassified to profit or loss</b>		<b>--</b>	<b>475</b>
<i>Gains (losses) on cash flow hedges losses and profits</i>		--	475
<i>Income tax related to items that are or may be reclassified to profit or loss</i>		--	--
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>2.360</b>	<b>(30.425)</b>
<b>Earnings/(loss) per share [(For 1 lot share)]</b>		0,0002	(0,0028)
<b>Diluted earnings/(loss) per share [(For 1 lot share)]</b>		0,0002	(0,0028)

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

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

					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	Retained earnings/Accumulated losses			
	Paid in share capital	Adjustments to share capital	Restricted reserves	Other reserves	Gain / (losses) on remeasurement of defined benefit plans	Gains on revaluation of property, plant and equipment	Hedging reserve	Prior years' losses	Net profit/ (loss) for the period	Total equity
<b><u>Prior period</u></b>										
Balance at 1 January 2020	110.000	6.628	8.704	3	(4.282)	28.149	--	(252.420)	(148.634)	(251.852)
Transfers	--	--	--	--	--	--	--	(148.634)	148.634	--
Total comprehensive income	--	--	--	--	--	--	475	--	(30.900)	(30.425)
<b>Balance at 31 March 2020</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(4.282)</b>	<b>28.149</b>	<b>475</b>	<b>(401.054)</b>	<b>(30.900)</b>	<b>(282.277)</b>
<b><u>Current period</u></b>										
Balance at 1 January 2021	110.000	6.628	8.704	3	(6.244)	31.121	--	(401.054)	85.296	(165.546)
Transfers	--	--	--	--	--	--	--	85.296	(85.296)	--
Total comprehensive income	--	--	--	--	--	--	--	--	2.360	2.360
<b>Balance at 31 March 2021</b>	<b>110.000</b>	<b>6.628</b>	<b>8.704</b>	<b>3</b>	<b>(6.244)</b>	<b>31.121</b>	<b>--</b>	<b>(315.758)</b>	<b>2.360</b>	<b>(163.186)</b>

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

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

<i>Notes</i>	<i>Reviewed</i> 1 January – 31 March 2021	<i>Unreviewed</i> 1 January – 31 March 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Profit/(Loss) for the period</b>	2.360	(30.900)
<b>Adjustments:</b>		
Adjustments for finance costs /income	23 59.010	49.592
Adjustments for depreciation and amortisation expenses	20 32.558	29.987
Adjustments for fair value (gains) or losses on derivative financial instruments	--	475
Adjustments for (reversal)/provision for employee benefits	(3.217)	(710)
Adjustments for impairment of receivables	7 --	209
Adjustments for (reversal)/provision for other provisions	5.830	(2.198)
Adjustments for the (gains)/losses on sales of property, plant and equipment	22 (14)	390
Adjustments for (reversal of)/impairment of property, plant and equipment and intangible assets	13,14 (244)	(414)
Adjustments for (reversal)/impairment of inventory	9 3.283	3.215
Adjustments for interest income	22 (3.313)	(35)
Adjustments for tax expenses/(income)	1.168	(7.479)
	<b>97.421</b>	<b>42.132</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in trade receivables from third parties	(3.943)	5.452
(Increase)/decrease in trade receivables from related parties	4 824	(176)
Increase in inventories	9 (192.823)	(13.754)
(Increase)/decrease in other assets related to operations	(35.715)	14.291
(Increase)/decrease in trade payables to third parties	7 (116.543)	(229.069)
(Increase)/decrease in trade payables to related parties	4,7 (2.950)	(3.851)
(Increase)/decrease in other liabilities related to operations	5.372	13.536
Payments related to provisions for employee benefits	(2.471)	(865)
Payments related to other provisions	(1.120)	(417)
<b>Cash used in operations</b>	<b>(251.948)</b>	<b>(172.721)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	13 (4.182)	(2.375)
Acquisition of intangible assets	14 (2.942)	(3.752)
Proceeds from sale of property, plant and equipment and intangible assets	12	4
Interest received	22 3.313	35
<b>Cash provided by/(used in) investment activities</b>	<b>(3.799)</b>	<b>(6.088)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Other financing cost paid	(35.138)	(22.971)
Payments for lease liabilities	6 (31.179)	(34.582)
Proceeds from loans and borrowings	6 75.200	255.500
Repayments of bank borrowings	6 (115.227)	(7.974)
<b>Cash provided by/(used in) financing activities</b>	<b>(106.344)</b>	<b>189.973</b>
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(362.091)</b>	<b>11.164</b>
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency	(123)	(42)
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5 <b>392.201</b>	5 <b>37.267</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	5 <b>29.987</b>	5 <b>48.389</b>

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

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

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

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**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 2.288 as at 31 March 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 207 stores with 97.447 square meters retail space as at 31 March 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 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 31 March 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 29 April 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 THREE MONTH PERIOD ENDED 31 MARCH 2021**

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

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

**2.1 Basis of presentation**

*(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 made reclassifications on prior period financial statements. The nature and extent of those reclassification are presented as below:

- The Company reclassified foreign exchange expense arising from foreign currency deposits amounting TL 73 previously presented under "other expense from operating activities" to "finance expenses" in its statement of profit or loss and other comprehensive income for three month periods ended 31 March 2020.
- The Company reclassified foreign exchange income arising from foreign currency deposits amounting TL 31 previously presented under "other income from operating activities" to "finance income" in its statement of profit or loss and other comprehensive income for three month periods ended 31 March 2020.

The related reclassification has no effect on the loss for the three months period ended 31 March 2020. The reclassifications are considered in the preparation of the condensed interim statement of cash flows for the three months period ended 31 March 2020.

**2.2 Changes in significant accounting policies**

The significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 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.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies**

**Standards and interpretations issued but not yet effective and not early adopted as at 31 March 2021**

*Standards issued but not yet effective and not early adopted*

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

**COVID-19-Related Rent Concessions beyond 30 June 2021 (TFRS16 related amendments)**

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 TFRS 16 on April 7, 2021.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees, whose financial statements are not authorised at the date of the amendment published are permitted to apply it early. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The first version of the facilitating application is being implemented optional and will continue to be implemented 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.

**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.

**TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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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 31 March 2021 (Continued)**

**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 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 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.

**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 set out what costs an entity can include in determining the cost of fulfilling a contract in order to assess whether a contract has been fulfilled.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

**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.

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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 31 March 2021 (Continued)**

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)**

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.

***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.

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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 31 March 2021 (Continued)**

**Amendments that issued and started to be implemented**

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

***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 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)**

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

**Standards and interpretations issued but not yet effective and not early adopted as at 31 March 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.

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

**2.4 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.

*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 allowance on property, plant and equipment amounting to TL 244 as at 31 March 2021 (31 March 2020: TL 414). (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 18.985 as at 31 March 2021 (31 December 2020: TL 15.702). (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)

*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 March 2021, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 10.441 (31 December 2020: TL 10.668).(Note 10)

*Compliance with the financial requirements*

The Company recognised net profit amounting to TL 2.360 for the three month period ended 31 March 2021. As at 31 March 2021, accumulated losses are amounting to TL 315.758. As at 31 March 2021, negative equity of the Company which includes the prior years' losses is amounting to TL (163.186).

The amendment to the Provisional Article 1 of the "Communiqué on the Procedures and Principles Regarding the Implementation of Article 376 of the Turkish Commercial Code No. 6102" issued by the Ministry of Trade was published in the Official Gazette dated December 26, 2020 and entered into force. After this amendment, some changes have been made in the calculations regarding capital loss or being insolvent.

In accordance with this amendment; Until 1/1/2023, within the scope of the 376th article of the Turkish Commercial Code numbered 6102, in the calculations regarding the loss of capital or being in debt (i) all of the foreign exchange losses arising from foreign currency liabilities that have not yet been fulfilled, and half of the sum of (ii) lease expenses, (iii) depreciation and (iv) personnel expenses incurred for 2020 and 2021 may not be taken into account. While determining these amounts, calculations should be made without any duplications and prepared financial statements should not include any records regarding these calculations and this situation should be presented on the footnotes for informative purposes.

With the said legislative amendment, as a result of the calculations made regarding the loss of capital and insolvency within the scope of article 376 of the Turkish Commercial Code (TCC), the Company's equity is determined by the Capital Markets Board (CMB) ) was found to be (+) 147.120 TL above the minimum limits regulated in the Principle Decision dated 10.04.2014 and numbered 11/352. In this context, the Company has no obligation to prepare interim balance sheet regulated in the third paragraph of Article 376 of the TCC.

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:

	<b>1 January-31 March 2021</b>		
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	1.385.992	75.270	1.461.262
<b>Income from third party customers</b>	<b>1.385.992</b>	<b>75.270</b>	<b>1.461.262</b>
<b>Adjusted EBIT</b>	<b>123.460</b>	<b>7.580</b>	<b>131.040</b>
	<b>1 January-31 March 2020</b>		
	<b>Stores</b>	<b>Dealer Group</b>	<b>Total</b>
Total segment income	999.642	48.759	1.048.401
<b>Income from third party customers</b>	<b>999.642</b>	<b>48.759</b>	<b>1.048.401</b>
<b>Adjusted EBIT</b>	<b>59.645</b>	<b>1.638</b>	<b>61.283</b>
	<b>1 January – 31</b>	<b>1 January – 31</b>	
	<b>March 2021</b>	<b>March 2020</b>	
Reconciliation of Adjusted EBIT with profit before taxes:	<b>131.040</b>	<b>61.283</b>	
Depreciation and amortisation expenses	(32.558)	(29.987)	
Finance income/(expenses),net	(59.010)	(49.592)	
Income / (expense) from investing activities	3.327	(355)	
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9	--	(210)	
Other income / (expenses), net	(37.895)	(18.336)	
Provision for employee termination benefits	(1.376)	(1.182)	
<b>Profit/(loss) before tax</b>	<b>3.528</b>	<b>(38.379)</b>	

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**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.

	<b>31 March 2021</b>	
	<b>Receivables</b>	<b>Payables</b>
	<b>Current</b>	<b>Current</b>
<b>Balances with related parties</b>	<b>Trading</b>	<b>Trading</b>
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	12.923	1.051
Aksigorta A.Ş.	624	--
Akbank T.A.Ş.	167	3
Brisa Bridgestone Sabancı Lastık San.Ve Tic.A.Ş.	122	--
Akçansa Çimento San. ve Tic. A.Ş.	89	--
Çimsa Çimento San.ve Tic.A.Ş.	81	--
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	42	--
Hacı Ömer Sabancı Holding A.Ş.	9	3
Avivasa Emeklilik ve Hayat A.Ş.	1	--
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş.	1	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	2.158
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	413
	<b>14.059</b>	<b>3.628</b>

	<b>31 December 2020</b>	
	<b>Receivables</b>	<b>Payables</b>
	<b>Current</b>	<b>Current</b>
<b>Balances with related parties</b>	<b>Trading</b>	<b>Trading</b>
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
	<b>14.883</b>	<b>6.578</b>

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

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**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

<u>Deposit accounts in Akbank T.A.Ş.</u>	<b>31 March 2021</b>	<b>31 December 2020</b>
Demand deposit	1.859	8.852
Time deposit	--	346.181
	<b>1.859</b>	<b>355.033</b>

<u>Credit card receivables in Akbank T.A.Ş.</u>	<b>31 March 2021</b>	<b>31 December 2020</b>
Credit card receivables	4.026	5.043
	<b>4.026</b>	<b>5.043</b>

**1 January – 31 March 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.	9.043	825	155
Akbank T.A.Ş.	378	--	--
H.Ö. Sabancı Holding A.Ş.	215	--	2
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	107	--	--
Çimsa Çimento San.ve Tic.A.Ş.	84	--	--
Akçansa Çimento San. ve Tic. A.Ş.	78	--	--
Enerjisa Üretim A.Ş.	19	--	--
Aksigorta A.Ş.	5	--	717
Avivasa Emeklilik ve Hayat A.Ş.	3	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	2	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	1	--	1.030
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	17
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	--	1.067
	<b>9.935</b>	<b>825</b>	<b>2.988</b>

**1 January - 31 March 2020**

<b>Transactions with related parties</b>	<b>Sales of goods</b>	<b>Rent Expense</b>	<b>Other Expenses</b>
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	1.424	444	566
Akbank T.A.Ş.	1.066	--	--
Kordsa Global End. İplik ve Kordbezi San. A.Ş.	149	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	78	--	1.591
Akçansa Çimento San. ve Tic. A.Ş.	82	--	--
Ak Finansal Kiralama A.Ş.	45	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	42	--	--
Enerjisa Üretim A.Ş.	17	--	--
Avivasa Emeklilik ve Hayat A.Ş.	8	--	--
Aksigorta A.Ş.	6	--	504
Çimsa Çimento San.ve Tic.A.Ş.	5	--	--
H.Ö. Sabancı Holding A.Ş.	2	--	--
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	39
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	--	933
	<b>2.924</b>	<b>444</b>	<b>3.633</b>

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**NOTE 4 – RELATED PARTY DISCLOSURES (Continued))**

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Short portion of long-term rent liabilities to related parties	1.461	1.392
Long-term rent liabilities to related parties	1.953	2.347
	<b>3.414</b>	<b>3.739</b>

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 31 March 2021 and 2020 are as follows:

	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Salaries and other benefits	3.889	1.352
	<b>3.889</b>	<b>1.352</b>

**NOTE 5 – CASH AND CASH EQUIVALENTS**

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Cash	2.400	2.942
Demand deposit	7.107	15.491
Time deposit	--	346.181
Credit card slip receivables	20.480	27.587
	<b>29.987</b>	<b>392.201</b>

The Company does not have any blocked deposits as at 31 March 2021 and 31 December 2020. As at 31 March 2021 The Company does not have any time deposits.(31 December 2020: TL 346.181)

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

<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 credit risk, foreign currency risk and impairment for cash and cash equivalents are disclosed in Note 24.

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**NOTE 6 – FINANCIAL LIABILITIES**

The details of loans and borrowings as at 31 March 2021 and 31 December 2020 are as follows:

	<b>31 March 2021</b>			
	<b>Currency</b>	<b>Interest Rate</b>	<b>Amount</b>	<b>Maturity</b>
Bank loans	TL	13%	340.633	2021
<b>Short term financial liabilities</b>			<b>340.633</b>	

  

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

The reconciliation of the Company's liabilities arising from bank loans for the three months periods ending on 31 March 2021 and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
<b>Bank borrowings as of January 1</b>	<b>370.058</b>	<b>105.521</b>
Credit principal entries during the period	75.200	255.500
Interest and principal repayments during the period	(115.227)	(7.974)
Interest expense during the period (including accruals)	10.602	9.696
<b>Bank borrowings as of March 31</b>	<b>340.633</b>	<b>362.743</b>

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

Lease Liabilities	Present value of minimum lease payments	
	<b>31 March 2021</b>	<b>31 December 2020</b>
Within one year	117.286	121.049
Less: future finance charges	(5.424)	(22.643)
<b>Present value of lease liabilities</b>	<b>111.862</b>	<b>98.406</b>
Within two years and after	162.301	206.778
Less: future finance charges	(7.615)	(38.778)
<b>Present value of lease liabilities</b>	<b>154.686</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.

The reconciliation of the Company's liabilities arising from leasing activities is as follows:

	<b>2021</b>	<b>2020</b>
<b>Lease liabilities at 1 January</b>	<b>266.407</b>	<b>357.637</b>
Increase/(decrease) in lease liabilities during the period	18.173	(24.439)
Lease payments during the period	(31.179)	(34.582)
Interest expense during the period	13.147	16.858
Effects of exchange rate changes during the period	-	25
<b>Lease liabilities at 31 March</b>	<b>266.548</b>	<b>315.499</b>

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**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

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

<b>Short term trade receivables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Trade receivables	54.237	58.283
Due from related parties (Note 4)	14.059	14.883
Notes receivables	45.382	37.393
Allowance for doubtful receivables (-)	(7.262)	(7.262)
	<b>106.416</b>	<b>103.297</b>

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 77 days for dealer groups. (31 December 2020: For retail: 1-7 days, 57 days for dealer receivables). As of 31 March 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 31 March 2021 and 2020 is as follows:

	<b>31 March 2021</b>	<b>31 December 2020</b>
As at 1 January	7.262	6.989
Charge for the period	--	246
Reversals	--	(37)
	<b>7.262</b>	<b>7.198</b>

As of 31 March 2021 , the Company obtained the collaterals listed below for the checks, notes and trade receivables:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Letters of guarantees received	77.286	67.215
Mortgages	9.572	9.572
	<b>86.858</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 86.858 (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 credit risk, foreign currency risk and impairment for short term trade receivables are disclosed in Note 24.

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**NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Continued)**

*Short term trade payables:*

	<b>31 March 2021</b>	<b>31 December 2020</b>
Trade payables	1.224.754	1.373.981
Due to related parties (Note 4)	3.628	6.578
Expense accruals	38.489	5.805
	<b>1.266.871</b>	<b>1.386.364</b>

As at 31 March 2021, the Company offset income accruals from its suppliers amounting to TL 72.061 with trade payables (31 December 2020: TL 54.009). Average payment terms of trade payables is 97 days (31 December 2020: 90 days). The Company does not have payments on a monthly basis for late interest as of 31 March 2021. (31 December 2020: None.)

The Company’s exposure to foreign currency risk for short-term trade payables are disclosed in Note 24.

**NOTE 8 – OTHER RECEIVABLES AND PAYABLES**

The details of other receivables and other payables as at 31 March 2021 and 31 December 2020 are as follows:

*Other receivables:*

	<b>31 March 2021</b>	<b>31 December 2020</b>
Deposits and guarantees given	445	571
	<b>445</b>	<b>571</b>

*Other payables:*

	<b>31 March 2021</b>	<b>31 December 2020</b>
Deposits and guarantees received	3.297	2.913
	<b>3.297</b>	<b>2.913</b>

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**NOTE 9 – INVENTORIES**

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

	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
Trading goods	1.223.272	1.037.103
Goods in transit	41.781	35.127
Allowance for impairment on inventories (-)	(18.985)	(15.702)
	<b>1.246.068</b>	<b>1.056.528</b>

The movements of allowance on inventories for the periods ended at 31 March 2021 and 2020 are as below:

<i>Allowance for inventories:</i>	<b>2021</b>	<b>2020</b>
As at 1 January	(15.702)	(15.022)
Change of the period, net	(3.283)	(3.215)
As at 31 March	<b>(18.985)</b>	<b>(18.237)</b>

**NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE**

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

	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
<i>Short-term prepaid expenses</i>		
Advances given for inventories	3.619	3.434
Short term prepaid expenses	5.338	5.034
	<b>8.957</b>	<b>8.468</b>
<i>Long-term prepaid expenses</i>		
Long term prepaid expenses	68	49
	<b>68</b>	<b>49</b>

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

	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
<i>Short-term deferred revenue</i>		
Income from gift checks	10.441	10.668
Advances received	11.973	12.338
Other	288	707
	<b>22.702</b>	<b>23.713</b>



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**NOTE 11 – RIGHT OF USE ASSETS**

As of 31 March 2021 and 2020, the movement of right of use assets is as follows:

<u>Cost value</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
1 January 2021 opening balance	384.475	12.888	397.363
Additions(*)	27.360	-	27.360
Disposals	(3.749)	-	(3.749)
31 March 2021 closing balance	<b>408.086</b>	<b>12.888</b>	<b>420.974</b>
<b><u>Accumulated depreciation</u></b>			
1 January 2021 opening balance	(175.143)	(2.510)	(177.653)
Additions	(22.488)	(790)	(23.278)
Disposals	40	-	40
31 March 2021 closing balance	<b>(197.591)</b>	<b>(3.300)</b>	<b>(200.891)</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 March 2021</b>	<b>210.495</b>	<b>9.588</b>	<b>220.083</b>

<u>Cost value</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
1 January 2020 opening balance	418.999	3.376	422.375
Additions	4.373	34	4.407
Disposals(*)	(30.403)	-	(30.403)
31 March 2020 closing balance	<b>392.969</b>	<b>3.410</b>	<b>396.379</b>
<b><u>Accumulated depreciation</u></b>			
1 January 2020 opening balance	(99.893)	(584)	(100.477)
Charge for the period	(21.251)	(462)	(21.713)
Disposals	1.556	-	1.556
31 March 2020 closing balance	<b>(119.588)</b>	<b>(1.046)</b>	<b>(120.634)</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 March 2020</b>	<b>273.381</b>	<b>2.364</b>	<b>275.745</b>

(\*) 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 and 2021 through lease contracts which is accounted in accordance with TFRS 16. The depreciation expense for the three months period ending on 31 March 2021 is 23.278 TL (31 March 2020: 21.713 TL) As of 31 March 2021, thereof TL 22.989 of depreciation charges included in marketing expenses (31 March 2020: TL 21.420) and TL 289 included in general administrative expenses (31 March 2020: TL 293)

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**NOTE 12 – INVESTMENT PROPERTY**

As of 31 March 2021, net carrying amount of the Company's investment property is TL 29.610 (31 December 2020: TL 29.610).

The Company generates rental income by TL 390 (2020: TL 463) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 129 (2020: TL 139). 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 related building is level 2.

31 March 2021 and 31 December 2020 there is no mortgage on investment properties.

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENTS**

The movement of tangible assets and related accumulated depreciation for the period ended 31 March 2021 are as follows:

	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Cost</b>							
<b>Balance at 1 January 2021</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>
Additions	--	--	--	1.421	759	2.002	4.182
Disposals	--	--	--	(25)	--	--	(25)
Reversal of impairments	--	--	--	(2)	141	--	139
Transfers	--	--	--	332	911	(1.299)	(56)
<b>Balance at 31 March 2021</b>	<b>24.324</b>	<b>369</b>	<b>57</b>	<b>91.093</b>	<b>106.554</b>	<b>3.161</b>	<b>225.558</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at 1 January 2021	(5.324)	(369)	(57)	(69.545)	(85.561)	--	(160.856)
Charge for the period	(157)	--	--	(1.990)	(1.997)	--	(4.144)
Disposals	--	--	--	23	--	--	23
(Allowance for) / reversal of impairment, net (*)	--	--	--	78	27	--	105
<b>Balance at 31 March 2021</b>	<b>(5.481)</b>	<b>(369)</b>	<b>(57)</b>	<b>(71.434)</b>	<b>(87.531)</b>	<b>--</b>	<b>(164.872)</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>
<b>Net carrying amount at 31 March 2021</b>	<b>18.843</b>	<b>--</b>	<b>--</b>	<b>19.659</b>	<b>19.023</b>	<b>3.161</b>	<b>60.686</b>

(\*) As of 31 March 2021, the impairment loss and impairment reversed during the period calculated for property, plant and equipment is net TL 244 (31 March 2020: TL 414).

For the period ended 31 March 2021, TL 2.639 of depreciation charges are included in marketing expenses (31 March 2020: TL 1.914) and TL 1.505 in general administrative expenses. (31 March 2020: TL 2.268)

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENTS (Continued)**

The movement of tangible assets and related accumulated depreciation for the period ended 31 March 2020 are as follows:

<b>Cost</b>	<b>Land</b>	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Balance at 1 January 2020</b>	<b>15.384</b>	<b>5.435</b>	<b>369</b>	<b>57</b>	<b>81.249</b>	<b>105.740</b>	<b>1.546</b>	<b>209.780</b>
Additions	--	--	--	--	826	677	872	2.375
Disposals	--	--	--	--	(41)	(1.169)	--	(1.210)
Allowance for impairment	--	--	--	--	(72)	82	--	10
Reversal of impairment	--	--	--	--	--	280	--	280
Transfers from construction in progress	--	--	--	--	221	--	(744)	(523)
<b>Balance at 31 March 2020</b>	<b>15.384</b>	<b>5.435</b>	<b>369</b>	<b>57</b>	<b>82.183</b>	<b>105.610</b>	<b>1.674</b>	<b>210.712</b>
<b>Accumulated depreciation and impairment losses</b>								
<b>Balance at 1 January 2020</b>	--	<b>(3.956)</b>	<b>(369)</b>	<b>(57)</b>	<b>(64.195)</b>	<b>(81.466)</b>	--	<b>(150.043)</b>
Charge for the period	--	(17)	--	--	(1.826)	(2.339)	--	(4.182)
Disposals	--	--	--	--	39	777	--	816
(Allowance for) / reversal of impairment, net <sup>(*)</sup>	--	--	--	--	205	(81)	--	124
<b>Balance at 31 March 2020</b>	--	<b>(3.973)</b>	<b>(369)</b>	<b>(57)</b>	<b>(65.777)</b>	<b>(83.109)</b>	--	<b>(153.285)</b>
<b>Net carrying amount at 31 December 2019</b>	<b>15.384</b>	<b>1.479</b>	--	--	<b>17.054</b>	<b>24.274</b>	<b>1.546</b>	<b>59.737</b>
<b>Net carrying amount at 31 March 2020</b>	<b>15.384</b>	<b>1.462</b>	--	--	<b>16.406</b>	<b>22.501</b>	<b>1.674</b>	<b>57.427</b>

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**NOTE 14 – INTANGIBLE ASSETS**

<u>Cost</u>	<b>Licences-rights and computer softwares</b>	<b>Total</b>
<b>Balance at 1 January 2021</b>	142.982	142.982
Additions	2.942	2.942
Transfers (*)	56	56
<b>Balance at 31 March 2021</b>	<b>145.980</b>	<b>145.980</b>
<b><u>Accumulated amortisation and impairment losses</u></b>		
Balance at 1 January 2021	(103.340)	(103.340)
Charge for the period	(5.136)	(5.136)
<b>Balance at 31 March 2021</b>	<b>(108.476)</b>	<b>(108.476)</b>
<b>Net book value as at 31 December 2020</b>	<b>39.642</b>	<b>39.642</b>
<b>Net book value as at 31 March 2021</b>	<b>37.504</b>	<b>37.504</b>
	<b>Licences-rights and computer softwares</b>	<b>Total</b>
<b>Balance at 1 January 2020</b>	121.115	121.115
Additions	3.752	3.752
Transfers (*)	523	523
<b>Balance at 31 March 2020</b>	<b>125.390</b>	<b>125.390</b>
<b><u>Accumulated amortisation and impairment losses</u></b>		
Balance at 1 January 2020	(85.302)	(85.302)
Charge for the period	(4.092)	(4.092)
<b>Balance at 31 March 2020</b>	<b>(89.394)</b>	<b>(89.394)</b>
<b>Net book value as at 31 December 2019</b>	<b>35.813</b>	<b>35.813</b>
<b>Net book value as at 31 March 2020</b>	<b>35.996</b>	<b>35.996</b>

(\*) As at 31 March 2021 and 2020, the Company conducted an analysis for the classification of tangible and intangible assets and considered the changes as transfers between accounts.

TL 3.013 of amortisation charges are included in marketing expenses (31 March 2020: TL 2.185) and TL 2.123 in general administrative expenses. (31 March 2020: TL 1.907)

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**NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS**

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

	<b>31</b>	<b>31</b>
	<b>March</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
Accrued salaries	10.515	7.780
Social security premiums payable	6.809	4.212
Income taxes payable	2.689	2.066
	<b>20.013</b>	<b>14.058</b>

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

	<b>31</b>	<b>31</b>
	<b>March</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
<i>Short-term provisions</i>		
Provision for unused vacation	6.545	4.776
Provision for sales personnel premium	4.580	5.040
Provision for head office personnel premium	1.050	9.150
	<b>12.175</b>	<b>18.966</b>

	<b>31</b>	<b>31</b>
	<b>March</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
<i>Long-term provisions</i>		
Provision for employee termination benefit	13.980	13.031
Provision for other premium	1.340	1.186
	<b>15.320</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:

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**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 March 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 13,71% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 12,25 % and 9,17%, respectively (2020: 15,15% and 10,22%), and 0% for employees working for 16 years and over. 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 16 – PROVISIONS**

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Provisions for ongoing litigation (*)	7.876	7.113
Provision for cancellation of rent agreements (**)	--	739
Other	6.789	2.103
	<b>14.665</b>	<b>9.955</b>

(\*) 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. As of 31 March 2021, the Company paid the penalties with a discount as a result of the negotiations with the landlords.

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**NOTE 17 – COMMITMENTS**

***Collateral, pledge, mortgage position***

Collaterals, pledges and mortgages (“CPM”) given by the Company as at 31 March 2021 and 31 December 2020 are as follows:

**CPMs given by the Company**

	<b>31 March 2021</b>			
	TL equivalent	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	<b>727.985</b>	<b>12.471</b>	<b>7.064</b>	<b>555.112</b>
- Collaterals	594.031	1.474	3.706	545.540
- Pledges	--	--	--	--
- Mortgages	9.572	--	--	9.572
- Letter of credit	124.382	10.997	3.358	--
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>727.985</b>	<b>12.471</b>	<b>7.064</b>	<b>555.112</b>

**CPMs given by the Company**

	<b>31 December 2020</b>			
	TL equivalent	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	<b>541.946</b>	<b>4.174</b>	<b>6.200</b>	<b>455.455</b>
- 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 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 31 March 2021 (31 December 2020: 0%).

As at 31 March 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 18 – OTHER CURRENT ASSETS AND LIABILITIES**

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

<i>Other current assets</i>	<b>31 March 2021</b>	<b>31 December 2020</b>
Advances given	6.272	3.210
Personnel advances	240	114
Deferred VAT	7.724	--
Other current assets	2.392	1.623
	<b>16.628</b>	<b>4.947</b>

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

<i>Other current liabilities</i>	<b>31 March 2021</b>	<b>31 December 2020</b>
Value added tax (“VAT”) payable	-	13.023
Other expense accruals (*)	268	5.646
Other liabilities and obligations	1.144	877
	<b>1.412</b>	<b>19.546</b>

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

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**NOTE 19 - REVENUE**

The details of revenue and cost of revenue for three month periods ended 31 March 2021 and 2020 are as follows.

<i>Revenue (net)</i>	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Retail sales	1.183.607	887.063
E-Commerce Sales	202.385	112.579
Dealer sales	75.270	48.759
	<b>1.461.262</b>	<b>1.048.401</b>

  

<i>Cost of revenue</i>	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Cost of trading goods sold	(1.206.072)	(871.693)
Installation and warranty expenses	(3.743)	(2.998)
	<b>(1.209.815)</b>	<b>(874.691)</b>

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**NOTE 20 –MARKETING AND ADMINISTRATIVE EXPENSES**

The details of marketing expenses for three month periods ended 31 March 2021 and 2020 are as follows:

<i>Marketing expenses</i>	<b>1 January-31 March 2021</b>	<b>1 January-31 March 2020</b>
Personnel expenses	(43.771)	(49.139)
Depreciation and amortisation expenses	(28.641)	(25.519)
Rent expenses	(21.026)	(15.376)
Advertising and promotion expenses	(13.783)	(15.210)
Consultancy expenses	(10.590)	(5.429)
Transportation expenses	(8.512)	(5.580)
Energy, fuel and water expenses	(2.930)	(4.268)
Maintenance and cleaning expenses	(2.143)	(2.028)
Communication expenses	(213)	(320)
Travel and accommodation expenses	(160)	(283)
Other expenses	(5.723)	(4.385)
	<b>(137.492)</b>	<b>(127.537)</b>

The details of administrative expenses for three month periods ended 31 March 2021 and 2020 are as follows:

<i>General administrative expenses</i>	<b>1 January -31 March 2021</b>	<b>1 January-31 March 2020</b>
Personnel expenses	(6.448)	(5.410)
Depreciation and amortisation expenses	(3.917)	(4.468)
IT expenses	(3.578)	(4.064)
Consultancy expenses	(1.466)	(1.103)
Rent expenses	(688)	(102)
Maintenance and cleaning expenses	(184)	(189)
Travel expenses	(68)	(110)
Energy, fuel, water expenses	(15)	(26)
Other expenses	(485)	(587)
	<b>(16.849)</b>	<b>(16.059)</b>

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**NOTE 21 – OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS**

The details of other income from operating activities for three month periods ended 31 March 2021 and 2020 are as follows:

<i>Other income from main operating activities</i>	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Concessions on lease payments (*)	5.019	--
Interest Income	3.408	1.267
Foreign exchange gains	2.815	2.308
Income from personnel	343	277
Impairment/cancellation of fixed asset (net)	244	415
Gift checks	140	384
Reversal of provisions for cancellation of rent agreements	--	285
Other income	736	1.692
	<b>12.705</b>	<b>6.628</b>

(\*) 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 three month periods ended 31 March 2021 and 2020 are as follows:

<i>Other expense from operating activities (-)</i>	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Interest expense on payables	(37.377)	(19.948)
Foreign exchange losses	(8.093)	(2.972)
Litigation expenses	(513)	(957)
Other expenses and losses	(4.617)	(1.087)
	<b>(50.600)</b>	<b>(24.964)</b>

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**NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

The details of income from investing activities for three month periods ended 31 March 2021 and 2020 are as follows:

*Income from investing activities*

	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Gain from sale of fixed asset	16	4
Interest income on time deposit	3.313	35
	<b>3.329</b>	<b>39</b>

The details of expense from investing activities for three month periods ended 31 March 2021 and 2020 are as follows:

*Expense from investing activities*

	<b>1 January – 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Loss from sale of fixed assets	(2)	(394)
	<b>(2)</b>	<b>(394)</b>

**NOTE 23 – FINANCE INCOME AND COST**

The details of finance costs for three month periods ended 31 March 2021 and 2020 are as follows:

	<b>1 January– 31 March 2021</b>	<b>1 January – 31 March 2020</b>
Credit card commission expenses	(33.855)	(22.473)
Interest expense due lease liabilities	(13.147)	(16.883)
Interest and commission expenses	(10.602)	(9.696)
Guarantee letters commission expenses	(1.201)	(428)
Foreign exchange expenses	(459)	(73)
Other finance costs	(82)	(70)
	<b>(59.346)</b>	<b>(49.623)</b>

The details of finance income for three month periods ended 31 March 2021 and 2020 are as follows:

	<b>1 January – 31 March 2021</b>	<b>1 January– 31 March 2020</b>
Foreign exchange income	336	31
	<b>336</b>	<b>31</b>

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**NOTE 24 – 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**

	<b>31 March 2021</b>		
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>
1. Trade receivable	1.823	158	52
2a. Monetary financial assets (including cash on hand and bank accounts)	4.142	383	97
2b. Non monetary financial assets	--	--	--
3. Other	5.736	688	1
<b>4. CURRENT ASSETS (1+2+3)</b>	<b>11.701</b>	<b>1.229</b>	<b>150</b>
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non monetary financial assets	--	--	--
7. Other	311	37	--
<b>8. NON CURRENT ASSETS (5+6+7)</b>	<b>311</b>	<b>37</b>	<b>--</b>
<b>9. TOTAL ASSETS (4+8)</b>	<b>12.012</b>	<b>1.266</b>	<b>150</b>
10. Trade payables	(49.563)	(3.674)	(1.942)
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	--	--	--
12b. Non monetary other liabilities	(3.143)	(375)	(2)
<b>13. CURRENT LIABILITIES (10+11+12)</b>	<b>(52.706)</b>	<b>(4.049)</b>	<b>(1.944)</b>
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Monetary other liabilities	--	--	--
16b. Non monetary other liabilities	--	--	--
<b>17. NON CURRENT LIABILITIES (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. TOTAL LIABILITIES (13+17)</b>	<b>(52.706)</b>	<b>(4.049)</b>	<b>(1.944)</b>
<b>19. Net position of financial statement (9+18)</b>	<b>(40.694)</b>	<b>(2.783)</b>	<b>(1.794)</b>
<b>20. Net position of foreign currency asset / (liability) (9+18+19)</b>	<b>(40.694)</b>	<b>(2.783)</b>	<b>(1.794)</b>
<b>21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(43.598)</b>	<b>(3.132)</b>	<b>(1.792)</b>

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**NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**  
**(Continued)**

**Foreign Currency Position (continued)**

Foreign Currency Position	31 December 2020			
	TL equivalent	USD	EUR	Other
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	--	--	--	--
<b>17. NON CURRENT LIABILITIES (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<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 asset / (liability) (9+18+19)</b>	<b>(21.352)</b>	<b>(1.343)</b>	<b>(1.276)</b>	<b>(26)</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>(22.330)</b>	<b>(1.477)</b>	<b>(1.275)</b>	<b>(26)</b>

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**NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**  
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**Foreign Currency Position (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**

	<b>31 March 2021</b>	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL		
1 - USD Dollars net assets/liabilities	(2.317)	2.317
2- Amount hedged for USD risk (-)	--	--
<b>3- USD net effect (1 +2)</b>	<b>(2.317)</b>	<b>2.317</b>
In case 10% appreciation of EUR against TL		
4 - EUR net assets/liabilities	(1.753)	1.753
5 - Amount hedged for EUR risk (-)	--	--
<b>6- EUR net effect (4+5)</b>	<b>(1.753)</b>	<b>1.753</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>(4.070)</b>	<b>4.070</b>

**Foreign Currency Sensitivity Table**

	<b>31 December 2020</b>	
	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 (-)	--	--
<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>



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**NOTE 25 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)**

As at 31 March 2021 and 31 December 2020, fair value and carrying amounts of assets and liabilities are shown in the table below:

	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>31 March 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	29.987	--	--	29.987	5
Trade receivables (including due from related parties)	106.416	--	--	106.416	7
Other receivables (including due from related parties)	445	--	--	445	8
<b>Financial liabilities</b>					
Financial liabilities	--	--	340.633	340.633	6
Lease liabilities	--	--	266.548	266.548	6
Trade payables (including due to related parties )	--	--	1.266.871	1.266.871	7
Other payables	--	--	3.297	3.297	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	571	--	--	571	8
<b>Financial liabilities</b>					
Financial liabilities	--	--	105.521	370.058	6
Lease liabilities	--	--	357.637	266.406	6
Trade payables (including due to related parties )	--	--	1.232.640	1.386.364	7
Other payables	--	--	2.349	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.

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**NOTE 26 - 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 activities in the online channel have increased their impact and importance on financial and operational terms compared to previous periods.

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 31 March 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.

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**NOTE 27 – EVENTS AFTER THE REPORTING PERIOD**

- The capital increase process planned by the company continues. On this context, the application made to CMB related to increasing Company’s right to purchase TL 3 new shares for 100 shares with a nominal value of TL 1 of its issued capital of full TL 110,000,000 nominal value by a total of TL 91.000.000 to TL 201.000.000 was accepted on 22 April 2021 by CMB. The rights to purchase new shares will be exercised between 28 April 2021 and 17 May 2021.
- Company will not be able to serve on retail stores due to full-time curfew between 29 April and 17 May 2021 within the scope of Covid-19 measures. During this period, the company will proceed to sales activities through omni channels, combining with corner store opened in the Carrefoursa and online channel.
- As of 31 March 2021, the Corporate Tax rate valid in Turkey is 20%. However, Corporate Tax rate will be applied as 25% for the corporate earnings in the 2021 taxation period and 23% for the corporate earnings in the 2022 taxation period with the article 11 of The Law on the Amendment of Law on the Procedure for the Collection of Public Receivables and Certain Laws no 7316, published in the Official Gazette dated 22 April 2021 and numbered 31462 and the provisional article 13 added to the Corporate Tax Law No. 5520. This change will be 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 1 July 2021. Since the tax rate change will come into effect as of 22 April 2021, 20% has been used as the tax rate in the period tax and deferred tax calculations in the financial statements dated 31 March 2021.

If Company's deferred tax for the first three-month period was calculated over the new rate, it is estimated that the deferred tax asset would increase by TL 4.129 and the deferred tax expense would be reduced by 4.129 TL.