

**TEKNOSA İÇ VE DIŞ TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE
SIX MONTH PERIOD ENDED 30 JUNE 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

7 August 2023

This report contains 2 pages of the review report and 39 pages of condensed interim financial statements and notes.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT FOR THE
INTERIM PERIOD ENDED 30 JUNE 2023**

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

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

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 June 2023, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 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 condensed 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 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.



Erman Durmaz, SMMM
Engagement Partner
7 August 2023
İstanbul, Turkey

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 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Current Period	Prior Period
		<i>Reviewed</i>	<i>Audited</i>
		30 June 2023	31 December 2022
Current assets			
Cash and cash equivalents	5	858.769	1.604.179
Trade receivables	7	496.416	441.042
<i>Trade receivables from related parties</i>	4	34.580	26.528
<i>Trade receivables from third parties</i>	7	461.836	414.514
Inventories	9	5.169.458	3.265.498
Prepaid expenses	10	92.964	80.796
Derivatives		15.040	--
Other current assets	18	166.215	47.047
Total current assets		6.798.862	5.438.562
Non-current Assets			
Other receivables	8	1.078	816
Investment property	12	91.510	91.510
Right of use assets	11	540.809	374.312
Property, plant and equipment	13	354.186	221.282
Intangible assets	14	96.146	78.093
Prepaid expenses	10	8.832	17.445
Deferred tax assets		96.948	75.528
Total non-current assets		1.189.509	858.986
TOTAL ASSETS		7.988.371	6.297.548

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

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)**

LIABILITIES	Notes	Current Period	Prior Period
		<i>Reviewed</i>	<i>Audited</i>
		30 June 2023	31 December 2022
Short term liabilities			
Short-term loans and borrowings	6	303.721	202.260
- <i>Short-term bank loans from related parties</i>	4	159.847	108.327
- <i>Short-term bank loans from third parties</i>		143.874	93.933
Short-term portion of long-term finance lease liabilities	6	224.826	154.134
- <i>Short-term portion of long-term finance lease liabilities from related parties</i>	4	2.020	1.075
- <i>Short-term portion of long-term finance lease liabilities from third parties</i>		222.806	153.059
Trade Payables	7	5.536.140	4.560.737
- <i>Trade payables to related parties</i>	4	19.003	20.872
- <i>Trade payables to third parties</i>	7	5.517.137	4.539.865
Payables related to employee benefits	15	103.173	62.552
Other payables		10.683	7.511
- <i>Other payables to third parties</i>	8	10.683	7.511
Deferred revenue	10	93.281	78.002
Current income tax liabilities		52.222	32.867
Short term provisions		133.608	99.131
- <i>Short-term provisions for employee benefits</i>	15	56.688	75.440
- <i>Other short-term provisions</i>	16	76.920	23.691
<i>Derivative instruments</i>		2.781	2.613
Other current liabilities	18	11.437	4.255
Total current liabilities		6.471.872	5.204.062
Long term liabilities			
Long-term lease liabilities	6	367.281	263.565
- <i>Long-term lease liabilities from third parties</i>		367.281	263.565
<i>Provisions for employee benefits</i>	15	87.218	68.702
Total non-current liabilities		454.499	332.267
Total liabilities		6.926.371	5.536.329
EQUITY			
Share capital		201.000	201.000
Adjustment to share capital		6.628	6.628
Restricted reserves		19.753	8.704
Other reserves		3	3
Share premiums		184.655	184.655
Other comprehensive income or expense items that will not be reclassified to profit or loss		11.797	21.715
- <i>Losses on remeasurement of defined benefit plans</i>		(52.946)	(42.364)
- <i>Gains on revaluation of property, plant and equipment</i>		64.743	64.079
Other comprehensive income that are or may be reclassified to profit or loss		9.807	(2.119)
- <i>Gains/(Losses) on cash flow hedge</i>		9.807	(2.119)
Retained earnings / (accumulated losses)		329.584	(184.294)
Net profit for the period		298.773	524.927
Total Equity		1.062.000	761.219
TOTAL LIABILITIES AND EQUITY		7.988.371	6.297.548

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

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

		Current period	Current period	Prior period	Prior period
		<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>	<i>Reviewed</i>
		1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
	Notes				
Revenue	19	14.452.262	7.830.688	6.249.184	3.406.101
Cost of revenue (-)	19	(12.056.295)	(6.496.712)	(5.144.220)	(2.797.985)
GROSS PROFIT		2.395.967	1.333.976	1.104.964	608.116
Marketing expenses (-)	20	(1.248.080)	(672.855)	(569.544)	(293.805)
General administrative expenses (-)	20	(156.385)	(89.478)	(77.817)	(41.121)
Other income from operating activities	21	210.420	155.445	67.189	42.278
Other expenses from operating activities (-)	21	(549.422)	(396.264)	(168.461)	(94.980)
OPERATING PROFIT		652.500	330.824	356.331	220.488
Income from investing activities	22	58.449	19.289	15.566	8.064
Expenses from investing activities (-)	22	--	--	(593)	(138)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		(102)	(112)	3	(36)
OPERATING PROFIT BEFORE FINANCE COSTS		710.847	350.001	371.307	228.378
Finance income	23	72.897	69.812	31.356	17.877
Finance costs (-)	23	(434.682)	(231.523)	(194.962)	(111.981)
OPERATING PROFIT BEFORE INCOME TAX		349.062	188.290	207.701	134.274
Tax expense		(50.289)	(31.508)	(15.906)	(513)
- Current tax expense		(71.346)	(49.284)	(40.585)	(34.714)
- Deferred tax income		21.057	17.776	24.679	34.201
NET PROFIT FOR THE PERIOD		298.773	156.782	191.795	133.761
Attributable to:					
Owners of the Company		298.773	156.782	191.795	133.761
Non-controlling interests		--	--	--	--
OTHER COMPREHENSIVE INCOME					
Items that are or will not be reclassified to profit or loss		(9.918)	(2.996)	(4.921)	(4.921)
<i>Remeasurements of defined benefit liability</i>		(13.227)	(4.189)	(8.014)	(8.014)
<i>Income tax related to items that are or will not be reclassified to profit or loss</i>		3.309	1.193	3.093	3.093
Items that are or may be reclassified to profit or loss		11.926	9.807	6.738	7.266
<i>Gains on cash flow hedges</i>		14.872	12.223	8.735	9.437
<i>Income tax related to items that are or may be reclassified to profit or loss</i>		(2.946)	(2.416)	(1.997)	(2.171)
TOTAL OTHER COMPREHENSIVE INCOME		2.008	6.811	1.817	2.345
TOTAL COMPREHENSIVE INCOME		300.781	163.593	193.612	136.106
Earnings per share [(For 1 lot share)]		0,0149	0,0078	0,0095	0,0066
Diluted earnings per share [(For 1 lot share)]		0,0149	0,0078	0,0095	0,0066

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

(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				
	Paid-in share capital	Adjustments to share capital	Restricted reserves	Other reserves	Share premiums	Losses on remeasurement of defined benefit plans	Gains on revaluation of property, plant and equipment	Gains/(losses) reserves	Prior years' losses	Net profit for the period	Total Equity
Prior period											
Balance at 1 January 2022	201.000	6.628	8.704	3	184.655	(8.510)	34.365	431	(315.758)	131.464	242.982
Transfers	--	--	--	--	--	--	--	--	131.464	(131.464)	--
Total comprehensive income	--	--	--	--	--	(6.411)	1.490	6.738	--	191.795	193.612
Balance at 30 June 2022	201.000	6.628	8.704	3	184.655	(14.921)	35.855	7.169	(184.294)	191.795	436.594
Current period											
Balance at 1 January 2023	201.000	6.628	8.704	3	184.655	(42.364)	64.079	(2.119)	(184.294)	524.927	761.219
Transfers to legal reserve	--	--	11.049	--	--	--	--	--	(11.049)	--	--
Transfers	--	--	--	--	--	--	--	--	524.927	(524.927)	--
Total comprehensive income	--	--	--	--	--	(10.582)	664	11.926	--	298.773	300.781
Balance at 30 June 2023	201.000	6.628	19.753	3	184.655	(52.946)	64.743	9.807	329.584	298.773	1.062.000

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED CASH FLOW STATEMENTS FOR THE INTERIM SIX-MONTH PERIOD ENDED
30 JUNE 2023 AND 2022**

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

		Current Period	Prior Period
		Reviewed	Reviewed
	Notes	1 January - 30 June 2023	1 January - 30 June 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		298.773	191.795
<u>Adjustments to reconciliation of net profit for the period</u>			
Adjustments for depreciation and amortisation expenses	20	158.496	89.072
Adjustment for the (gains)/losses on sale of fixed assets	22	--	31
Impairment / (cancellation) of tangible assets	13	164	20
Adjustments for (reversal of)/impairment of receivables	7	102	(3)
Adjustments for (reversal of)/for other provisions		53.259	9.701
Adjustments for impairment of right of use assets	11	--	923
Adjustments for impairment of inventory	9	46.046	8.266
Adjustments for (reversal of)/provision for employee benefits		3.369	10.772
Adjustments for interest income	22	(58.449)	(15.004)
Adjustments for finance costs and income	23	361.785	163.606
Adjustments for tax expense		50.289	15.906
		913.834	475.085
Changes in working capital:			
Increase in trade receivables from third parties		(47.424)	(96.011)
Increase in trade receivables from related parties		(8.052)	(12.081)
Increase in inventories		(1.950.006)	(800.289)
Increase in other assets related to operations		(124.138)	(65.007)
Increase/(decrease) in trade payables to third parties		977.272	356.621
Increase/(decrease) in trade payables to related parties		(1.869)	5.238
Increase/(decrease) in other liabilities related to operations		66.254	16.209
Payments related to provisions for employee benefits		(16.832)	(2.245)
Tax paid		(51.991)	(5.446)
Payments related to other provisions		(30)	(5.014)
Cash used in operating activities		(242.982)	(132.940)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(166.818)	(35.164)
Acquisition of intangible assets	14	(73.711)	(11.458)
Proceeds from sale of property, plant and equipment and intangible assets		43.903	518
Interest received	22	58.449	15.004
Cash used in investing activities		(138.177)	(31.100)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other financing cost paid		(336.770)	(154.359)
Payments for lease liabilities	6	(159.809)	(93.674)
Proceeds from bank borrowings	6	186.750	196.000
Repayments of bank borrowings	6	(125.339)	(1.440)
Cash used in from financing activities		(435.168)	(53.473)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)			
		(816.327)	(217.513)
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency	23	70.917	28.929
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.604.179	709.408
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	858.769	520.824

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Teknosa İç ve Dış Ticaret Anonim Şirketi, (“Teknosa” or “the Company”) was established on 3 March 2000, and is engaged in retail sales of consumer electronics through its stores and website www.teknosa.com and air conditioners and white goods through its dealers. In addition, the website www.teknosa.com became “Marketplace” as of February 4, 2022 and started selling its own products to its customers as well as the products of its authorized dealers on its website. The Company’s main shareholder is Hacı Ömer Sabancı Holding A.Ş. as at 30 June 2023, number of personnel of the Company is 2.658 (31 December 2022: 2.458). The Company is registered in Turkey and operates under the laws and regulations of Turkish Commercial Code.

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

The Company operates in Turkey in 187 stores with 101.917 square meters retail space as at 30 June 2023 (31 December 2022: 189 stores, 100.432 square meters). 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 CONDENSED FINANCIAL STATEMENTS

2.1 Basis of presentation

(i) Statement of compliance

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

The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

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 2022.

Approval of condensed interim financial statements:

The interim financial statements are approved by the Company’s Board of Directors on 7 August 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these interim financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 –BASIS OF PRESENTATION OF CONDENSED 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

In accordance with the announcement made by the POA on 20 January 2022, it has been stated that companies applying TFRS do not need to make any adjustments in their financial statements for 31 December 2021 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies ("TAS 29"). Since no new announcement has been made by POA regarding the application of inflation accounting, no inflation adjustment has made in accordance with TAS 29 while preparing the financial statements as of 30 June 2023.

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

The financial statements of the Company have been prepared comparatively with the prior year in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes with respective disclosures for the major differences.

The Company has not made reclassifications on prior period financial statements.

2.2 Changes in significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2022.

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. Identified significant accounting errors are applied retrospectively and prior period financial statements are restated.

The assumptions and significant accounting estimates used in the preparation of the interim condensed financial statements as of 30 June 2023 have not changed compared to those used in the preparation of the financial statements as of the year ended 31 December 2022.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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

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

2.4 Summary of Significant Accounting Policies

Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 30 June 2023

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.

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.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as “TFRS 2023” on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

The Company does not expect that application of these amendments to TAS 1 will have significant impact on its financial statements.

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

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

2.4 Summary of Significant Accounting Policies (Continued)

**Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of
30 June 2023 (Continued)**

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

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases (Continued)

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Company does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its financial statements.

The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA

**IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and
IFRS S2 Climate-related Disclosures**

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

The ISSB’s first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies’ future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

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

2.4 Summary of Significant Accounting Policies (Continued)

Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 30 June 2023 (Continued)

The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA (Continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB’s amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements.

Amendments are effective on 1 January 2023

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

1. Disclosure of Accounting Policies (Amendments to TAS 1)
2. Definition of Accounting Estimates (Amendments to TAS 8)
3. Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12 Income Taxes

These newly adopted amendments to standards have not been a significant impact on the condensed interim financial statements of the Company.

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

2.5 Critical judgments and estimates

While preparing the financial statements, the management made judgments, estimates and assumptions affecting the application of the accounting policies of the Company and the amounts of the reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and related assumptions are constantly reviewed. Changes made to estimates are recognized prospectively.

The Company management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

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. Useful lives are based on management’s best estimates and 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 mentioned provision amount is applied at the rate of 100% over the net book value of right-of-use assets, 100% for leasehold improvements and 50% over the net book value of tangible fixed assets. As of June 30, 2023, the Company has recorded a net impairment of TL 164 for property, plant and equipment (30 June 2022: TL 923 for right-of-use assets and TL 20 for property, plant and equipment) (Note 11 and 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 69.109 as at 30 June 2023 (31 December 2022: TL 23.063) (Note 9).

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

2.5 Critical judgments and estimates (Continued)

Deferred tax assets

The Company recognises deferred tax asset or liability in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes in accordance with TFRS 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 June 2023, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 29.024 (31 December 2022: TL 25.952) (Note 10).

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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 internal management reports which are regularly reviewed by the decision maker.

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by sales channel. The Company’s sales channel are as follows: Electronics retail sales, and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and e-commerce (including Marketplace sales) 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 June 2023		
	Stores and e-commerce	Dealer Group	Total
Total segment income	13.686.943	765.319	14.452.262
Adjusted EBITDA	1.061.154	110.037	1.171.191
	1 January -30 June 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	5.826.728	422.456	6.249.184
Adjusted EBITDA	459.665	89.565	549.230
	1 April -30 June 2023		
	Stores and e-commerce	Dealer Group	Total
Total segment income	7.386.744	443.944	7.830.688
Adjusted EBITDA	603.273	69.577	672.850
	1 April -30 June 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	3.143.261	262.840	3.406.101
Adjusted EBITDA	260.220	56.067	316.287

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NOTE 3 – SEGMENT REPORTING (Continued)

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Reconciliation of Adjusted EBITDA with profit before taxes	1.171.191	672.850	549.230	316.287
Depreciation and amortisation expenses	(158.496)	(85.869)	(89.072)	(46.321)
Finance income /(costs), net	(361.785)	(161.711)	(163.606)	(94.104)
Income/(expenses) from investing activities, net	58.449	19.289	14.973	7.926
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with IFRS 9	(102)	(112)	3	(36)
Other operating income/(expenses), net	(339.002)	(240.819)	(101.270)	(52.700)
Provision for employee termination benefits	(21.193)	(15.338)	(2.557)	3.222
Profit/(loss) before tax	349.062	188.290	207.701	134.274

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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.

	30 June 2023	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	25.940	1.321
Akbank T.A.Ş.	6.676	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	490	5.725
Akçansa Çimento San. ve Tic. A.Ş.	460	--
Kordsa Teknik Tekstil A.Ş.	343	--
Çimsa Çimento San. ve Tic.A.Ş.	277	--
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	161	--
Hacı Ömer Sabancı Holding A.Ş.	121	197
Aksigorta A.Ş.	75	9.308
Ak Finansal Kiralama A.Ş.	26	--
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	11	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	2.444
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	7
Temsa Global Sanayi ve Ticaret A.Ş.	--	1
	34.580	19.003
	31 December 2022	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	23.374	--
Akbank T.A.Ş.	1.874	--
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	517	--
Akçansa Çimento San. ve Tic. A.Ş.	304	--
Çimsa Çimento San. ve Tic. A.Ş.	296	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	73	15.948
Aksigorta A.Ş.	46	2.010
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	43	--
Kordsa Teknik Tekstil Anonim Şirketi	1	--
Hacı Ömer Sabancı Holding A.Ş.	--	1.140
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	11
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	--	1
Enerjisa Enerji Üretim A.Ş.	--	1
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	1.761
	26.528	20.872
	30 June	31 December
	2023	2022
<u>Deposit accounts in Akbank T.A.Ş.</u>	387.290	163.469
Demand deposit	387.290	163.469

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

<u>Other liquid asset in Akbank T.A.Ş.</u>	30 June 2023	31 December 2022
Other liquid assets	173.894	1.186.429
	173.894	1.186.429

<u>Credit card receivables in Akbank T.A.Ş.</u>	30 June 2023	31 December 2022
Credit card receivables	13.126	22.672
	13.126	22.672

<u>Short-term bank loans in Akbank T.A.Ş.</u>	30 June 2023	31 December 2022
Short-term bank loans	159.847	108.327
	159.847	108.327

	1 January -30 June 2023		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Akbank T.A.Ş.	68.906	--	--
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	31.481	(3.742)	(1.800)
Kordsa Teknik Tekstil A.Ş.	1.691	--	--
Çimsa Çimento San.ve Tic.A.Ş.	1.644	--	--
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	902	--	--
Aksigorta A.Ş.	861	--	(16.617)
Akçansa Çimento San. ve Tic. A.Ş.	767	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	490	--	(60.624)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	349	--	--
Enerjisa Enerji Üretim A.Ş.	40	--	--
Hacı Ömer Sabancı Holding A.Ş.	--	--	(319)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	--	(9.808)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(28)
	107.131	(3.742)	(89.196)

	1 January -30 June 2022		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	33.176	(2.011)	(3.557)
Akbank T.A.Ş.	17.455	--	--
H.Ö. Sabancı Holding A.Ş.	500	--	(171)
Agesa Hayat ve Emeklilik A.Ş.	246	--	--
Çimsa Çimento San.ve Tic.A.Ş.	201	--	--
Akçansa Çimento San. ve Tic. A.Ş.	170	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	85	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	29	--	(24.367)
Aksigorta A.Ş.	26	--	(3.359)
Enerjisa Enerji Üretim A.Ş.	20	--	--
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	17	--	--
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	17	--	--
Kordsa Teknik Tekstil A.Ş.	12	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	3	--	(4.600)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(26)
	51.957	(2.011)	(36.080)

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

The details of short and long-term lease liabilities to related parties as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short portion of long-term lease liabilities to related parties	2.020	1.075
Long-term lease liabilities to related parties	5.031	--
	7.051	1.075

Benefits for the key management personnel

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 June 2023 and 2022 are as follows:

	1 January – 30 June 2023	1 January – 30 June 2022
Salaries and other benefits	23.586	9.261
	23.586	9.261

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Cash	7.417	8.040
Time deposit	8.070	--
Demand deposit	583.629	288.339
Credit card slip receivables	85.759	121.371
Other liquid assets(*)	173.894	1.186.429
	858.769	1.604.179

The Company does not have any blocked deposits as at 30 June 2023 and 31 December 2022.

The details of time deposits, maturity dates and interest rates of the company as at 30 June 2023 and 31 December 2022 are as follows:

Currency	Maturity	Interest Rate	30 June 2023
TL	3 July 2023	20%	7.496
TL	3 July 2023	13%	554
		Accrual of interest	20
			8.070

(*) Other liquid assets consist of short-term corporate tax exempt free liquid funds used by the Company from Akbank T.A.Ş. The maturity of the relevant fund is July 4, 2023, and the interest rate is 37,74%. As of 30 June 2023, TL 894 interest accrual has been accounted for. (For 31 December 2022, the maturity of the related fund is 2 January 2023, the interest rate is 21,11%. As of 31 December 2022, TL 1.429 interest accrual has been accounted for.)

The Company’s exposure to credit risk, foreign currency risk and details of impairment for cash and cash equivalents are disclosed in Note 24.

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NOTE 6 - LOANS AND BORROWINGS

The details of loans and borrowings as at 30 June 2023 and 31 December 2022 are as follow:

30 June 2023				
Currency	Interest Rate	Amount	Maturity	
Unsecured bank loans	TL	32,85%	19.822	13 October 2023
Unsecured bank loans	TL	44,09%	107.965	25 October 2023
Unsecured bank loans	TL	45,32%	51.196	12 January 2024
Unsecured bank loans	TL	34,74%	51.882	23 February 2024
Unsecured bank loans	TL	26,88%	72.856	5 March 2024
Short-term financial liabilities			303.721	

31 December 2022				
Currency	Interest Rate	Amount	Maturity	
Unsecured bank loans	TL	21,40%	93.933	14 March 2023
Unsecured bank loans	TL	44,09%	108.327	25 October 2023
Short-term financial liabilities			202.260	

The reconciliation of the Company's liabilities arising from bank loans for the accounting periods ending on 30 June 2023 and 2022 is as follows:

	2023	2022
Bank borrowings as of 1 January	202.260	--
Cash inflows during the period	186.750	196.000
Interest and principal repayments during the period	(125.339)	(1.440)
Interest expense during the period (including accruals)	40.050	12.913
Bank borrowings as of 30 June	303.721	207.473

The details of lease liabilities as at 30 June 2023 and 31 December 2022 are as follows:

Lease Liabilities	Present value of minimum lease payments	
	30 June 2023	31 December 2022
Within one year	246.045	178.323
Less: future finance charges	(21.219)	(24.189)
Present value of lease liabilities	224.826	154.134
Within two years and after	401.945	304.927
Less: future finance charges	(34.664)	(41.362)
Present value of lease liabilities	367.281	263.565

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:

	2023	2022
Lease liabilities at 1 January	417.699	209.133
Increase/ (decrease) in lease liabilities during the period	278.334	210.337
Lease payments during the period	(159.809)	(93.674)
Interest expense during the period	55.883	25.263
Lease liabilities at 30 June	592.107	351.059

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and trade payables as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short-term trade receivables		
Trade receivables	264.858	291.311
Notes receivables	204.416	130.539
Due from related parties (Note 4)	34.580	26.528
Allowance for doubtful receivables (-)	(7.438)	(7.336)
	496.416	441.042

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 59 days for dealer groups. (31 December 2022: For retail: 1-7 days, 49 days for dealer receivables). As of 30 June 2023, the Company does not apply overdue interest on trade receivables. (31 December 2022: None).

The movement table of the Company's provision for doubtful receivables is as follows:

	30 June 2023	30 June 2022
As at 1 January	7.336	7.252
Charge for the period	127	66
Reversals	(25)	(69)
	7.438	7.249

As of 30 June 2023 and 31 December 2022, the Company obtained the collaterals listed below for the checks, notes and trade receivables:

	30 June 2023	31 December 2022
Letters of guarantees received	476.882	283.260
Mortgages	6.252	7.432
	483.134	290.692

The fair value of collateral and mortgages that the Company has the right to sell or re-guarantee or pledge before the collateral owner defaults is TL 483.134 (31 December 2022: TL 290.692).

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 details of 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:

	30 June 2023	31 December 2022
Trade payables	5.275.663	4.519.299
Due to related parties (Note 4)	19.003	20.872
Expense accruals	241.474	20.566
	5.536.140	4.560.737

As at 30 June 2023, the Company offsets income accruals from its suppliers amounting to TL 451.672 with trade payables (31 December 2022: TL 232.182). Average payment term of trade payables is 75 days (31 December 2022: 80 days). The Company does not have payments on a monthly basis for late interest as of 30 June 2023. (31 December 2022: None).

The foreign exchange rate risk and liquidity risk for the Company’s trade payables are disclosed in Note 24.

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

The details of other receivables and other payables as at 30 June 2023 and 31 December 2022 are as follows:

Other receivables

	30 June 2023	31 December 2022
Deposits and guarantees given	1.078	816
	1.078	816

Other payables

	30 June 2023	31 December 2022
Deposits and guarantees received	10.683	7.511
	10.683	7.511

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NOTE 9 - INVENTORIES

The details of the inventories as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Trading goods	5.076.351	3.081.163
Goods in transit	162.216	207.398
Allowance for impairment on inventories (-)	(69.109)	(23.063)
	5.169.458	3.265.498

The movements of allowance for inventories for the periods ended at 30 June 2023 and 30 June 2022 are as below:

	30 June 2023	30 June 2022
<i>Allowance for impairment on inventories:</i>		
As at 1 January	(23.063)	(14.001)
Change for the period/(used in) the period, net	(46.046)	(8.266)
As at 30 June	(69.109)	(22.267)

NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE

The details of prepaid expenses as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
<i>Short-term prepaid expenses</i>		
Advances given for inventories	60.220	68.733
Short-term prepaid expenses	32.744	12.063
	92.964	80.796
<i>Long-term prepaid expenses</i>		
Long-term prepaid expenses	8.832	17.445
	8.832	17.445

The details of the deferred revenue as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
<i>Short-term deferred revenue</i>		
Advances received	61.850	49.498
Income from gift checks	29.024	25.952
Other	2.407	2.552
	93.281	78.002

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NOTE 11 – RIGHT OF USE ASSETS

As of 30 June 2023 and 2022, 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 2023 opening balance	769.710	14.817	784.527
Additions	280.768	440	281.208
Disposals	(4.687)	--	(4.687)
30 June 2023 closing balance	1.045.792	15.257	1.061.049
<u>Accumulated depreciation</u>			
1 January 2023 opening balance	(400.471)	(9.744)	(410.215)
Charge for the period	(110.510)	(2.500)	(113.010)
Disposal	2.985	--	2.985
30 June 2023 closing balance	(507.996)	(12.244)	(520.240)
Net carrying amount as of 1 January 2023	369.239	5.073	374.312
Net carrying amount as of 30 June 2023	537.796	3.013	540.809
<u>Cost value</u>			
	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
1 January 2022 opening balance	426.810	13.476	440.286
Additions	217.882	--	217.882
Disposals	(13.870)	--	(13.870)
Impairment	(2.387)	--	(2.387)
30 June 2022 closing balance	628.435	13.476	641.911
<u>Accumulated depreciation</u>			
1 January 2022 opening balance	(267.946)	(5.973)	(273.919)
Charge for the period	(62.574)	(1.722)	(64.296)
Disposal	7.455	--	7.455
Impairment	1.464	--	1.464
30 June 2022 closing balance	(321.601)	(7.695)	(329.296)
Net carrying amount as of 1 January 2022	158.864	7.503	166.367
Net carrying amount as of 30 June 2022	306.834	5.781	312.615

As of 30 June 2023 the depreciation expense is TL 113.010 (30 June 2022: TL 64.296), thereof TL 111.758 of depreciation charges included in marketing expenses (30 June 2022: TL 63.497) and TL 1.252 included in general administrative expenses (30 June 2022: TL 799).

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NOTE 12 – INVESTMENT PROPERTY

The net book value of the investment properties of the company is TL 91.510 as of 30 June 2023 (31 December 2022: TL 91.510).

The Company generates rental income by TL 786 (2022: TL 578) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 372 (2022: TL 174). Operating expenses which are not related to the Teknosa store are distributed to lessees.

Buildings which are recognized as property, plant and equipment and investment property were revalued by an independent appraisal firm named Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 14 February 2023.

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 “Market Approach”, “Revenue Approach” and “Cost Approach”, and the results obtained were harmonized and the final value was reached.

Fair value of the related building is level 2.

30 June 2023 and 31 December 2022 there is no mortgage on investment properties.

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2023 are as follows:

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2023	56.721	95	242	171.705	154.229	27.475	410.467
Additions	--	--	--	64.566	20.578	81.674	166.818
Disposals	--	(3)	--	(4.579)	(7.793)	--	(12.375)
Allowance of impairment (*)	--	--	--	(152)	(724)	--	(876)
Transfers	--	--	--	22.490	13.705	(36.414)	(219)
Balance at 30 June 2023	56.721	92	242	254.030	179.995	72.735	563.815
Accumulated depreciation and impairment losses							
Balance at 1 January 2023	(6.617)	(95)	(97)	(83.607)	(98.769)	--	(189.185)
Charge for the period	(720)	--	(18)	(16.342)	(9.605)	--	(26.685)
Disposals	--	3	--	3.983	1.543	--	5.529
Allowance of impairment (*)	--	--	--	55	657	--	712
Balance at 30 June 2023	(7.337)	(92)	(115)	(95.911)	(106.174)	--	(209.629)
Net carrying amount at 31 December 2022	50.104	--	145	88.098	55.460	27.475	221.282
Net carrying amount at 30 June 2023	49.384	--	127	158.119	73.821	72.735	354.186

(*) As of 30 June 2023, the impairment loss during the period calculated for property, plant and equipment is net TL 164 (30 June 2022: TL 20 reversal of impairment).

For the period ended 30 June 2023, thereof TL 24.412 of depreciation charges included in marketing expenses (30 June 2022: TL 10.157) and TL 2.273 included in general administrative expenses (30 June 2022: TL 900).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement of property, plant and equipment and related accumulated depreciation for the year period ended 30 June 2022 are as follows:

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2022	27.929	369	242	112.049	113.403	6.925	260.917
Additions	--	--	--	9.646	9.111	16.407	35.164
Disposals	--	--	--	(636)	(698)	--	(1.334)
Allowance of impairment (*)	--	--	--	(391)	(1.959)	--	(2.350)
Transfers	--	--	--	3.321	5.243	(14.823)	(6.259)
Balance at 30 June 2022	27.929	369	242	123.989	125.100	8.509	286.138
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	(5.930)	(369)	(60)	(77.580)	(92.807)	--	(176.746)
Charge for the period	(345)	--	(18)	(6.402)	(4.292)	--	(11.057)
Disposals	--	--	--	217	568	--	785
Allowance of impairment (*)	--	--	--	391	1.939	--	2.330
Balance at 30 June 2022	(6.275)	(369)	(78)	(83.374)	(94.592)	--	(184.688)
Net carrying amount at 31 December 2021	21.999	--	182	34.469	20.596	6.925	84.171
Net carrying amount at 30 June 2022	21.654	--	164	40.615	30.508	8.509	101.450

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NOTE 14 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 30 June 2023 and 2022 are as follows:

<u>Cost</u>	Licences-rights and computer software	Total
Balance at 1 January 2023	232.203	232.203
Additions	73.711	73.711
Disposals	(37.057)	(37.057)
Impairment	(27)	(27)
Transfers	219	219
Balance at 30 June 2023	269.049	269.049
<u>Accumulated amortisation</u>		
Balance at 1 January 2023	(154.111)	(154.111)
Charge for the period	(18.801)	(18.801)
Impairment	9	9
Balance at 30 June 2023	(172.903)	(172.903)
Net book value as at 31 December 2022	78.093	78.093
Net book value as at 30 June 2023	96.146	96.146
	Licences-rights and computer software	Total
<u>Cost</u>		
Balance at 1 January 2022	175.620	175.620
Additions	11.458	11.458
Transfers	6.259	6.259
Balance at 30 June 2022	193.337	193.337
<u>Accumulated amortisation</u>		
Balance at 1 January 2022	(125.407)	(125.407)
Charge for the period	(13.719)	(13.719)
Balance at 30 June 2022	(139.126)	(139.126)
Net book value as at 31 December 2021	50.213	50.213
Net book value as at 30 June 2022	54.211	54.211

Amortisation expenses amounting to TL 7.125 (30 June 2022: TL 5.199) are included in marketing expenses and TL 11.676 (30 June 2022: TL 8.520) are included in general administrative expenses.

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NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISIONS FOR EMPLOYEE BENEFITS

The details of payables related to employee benefits as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Social security premiums payable	58.314	29.348
Accrued salaries	44.859	26.123
Income taxes payable	--	7.081
	103.173	62.552

The details of the provisions for employee benefits as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
<i>Short-term provisions</i>		
Provision for unused vacation	17.382	10.223
Provision for head office personnel premium	18.712	42.282
Provision for sales personnel premium	20.594	22.935
	56.688	75.440
<i>Long-term provisions</i>		
Provision for employee termination benefit	82.944	65.357
Provision for head office personnel premium	4.274	3.345
	87.218	68.702

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:

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 June 2023, 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 0,50% real discount rate (31 December 2022: 0,50%) calculated by using 18,85% annual inflation rate and % interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 19,79 % and 11,43%, respectively (31 December 2022: 17,21% and 11,15%), 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 (114 personnel) and the provision has been calculated accordingly.

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NOTE 16 – PROVISIONS

The details of the other short-term provisions as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Provisions for ongoing litigation (*)	18.234	12.417
Competition authority penalty provision (**)	28.600	--
Store provisions	83	5.107
Other	30.003	6.167
	76.920	23.691

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

(**) As a result of the claim that the procedural examination was made difficult put forward during the on-site examination conducted within the scope of the investigation opened in accordance with the decisions of the Competition Board dated 18 May 2022 and numbered 22-23/370-M and 22-23/371-M, the date of the Competition Authority on May 2, 2023 and E-70922894- 110.01.04-63722 as a result of the numbered decision, at the rate of 0.5% of the Company's annual gross revenues, which were formed at the end of the 2021 financial year and determined by the Competition Board, including, it has been decided to impose an administrative fine of TL 38.206 on the company. There will be a 25% discount if the penalty is paid in advance to the Company's affiliated tax office within 1 month after receipt of the notification of the reasoned decision. (The amount to be paid is TL 28.654). The Company has recognized the discounted penalty amount in the “other short-term provisions” account. Following the notification of the reasoned decision, the company management is evaluating the application to the judicial way for the cancellation of the decision and the penalty by using its legal rights within the time limit following the notification of the reasoned decision.

As of 30 June 2023 and 30 June 2022, the movement tables regarding the provisions for lawsuit and lease termination are as follows:

	1 January 2023	1 January- 30 June 2023 additional provisions	1 January- 30 June 2023 paid/reversal provisions	30 June 2023
Rent terminations provisions	--	83	--	83
Litigation provisions	12.417	5.847	(30)	18.234
Claim for damages	1.061	--	(10)	1.051
Reemployment lawsuit	9.942	5.557	--	15.499
Consumer lawsuits	1.330	290	--	1.620
Rental litigation provisions	84	--	(20)	64
	12.417	5.930	(30)	18.317
	1 January 2022	1 January- 30 June 2022 additional provisions	1 January- 30 June 2022 paid/reversal provisions	30 June 2022
Litigation provisions	9.152	3.759	(5.013)	7.898
Reemployment lawsuit	5.601	3.759	(2.620)	6.740
Consumer lawsuits	990	--	70	1.060
Rental litigation provisions	2.561	--	(2.463)	98
	9.152	3.759	(5.013)	7.898

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NOTE 17 – COMMITMENTS

Collateral, pledge, mortgage, warrant position

Collaterals, pledges, mortgages and warrant (“CPMW”) given by the Company as at 30 June 2023 and 31 December 2022 are as follows:

CPMWs given by the Company	30 June 2023			
	TL equivalents	USD	Euro	TL
A. Total amount of CPMW given on behalf of own legal personality	2.211.322	7.343	4.258	1.901.810
- Collaterals	2.043.062	2.103	3.310	1.895.558
- Pledges	--	--	--	--
- Mortgages	6.252	--	--	6.252
- Letter of credit	162.008	5.240	948	--
- Warrant	--	--	--	--
B. Total amount of CPMW given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPMW given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPMW	2.211.322	7.343	4.258	1.901.810

CPMWs given by the Company	31 December 2022			
	TL equivalents	USD	Euro	TL
A. Total amount of CPMW given on behalf of own legal personality	1.518.862	8.738	6.273	1.230.420
- Collaterals	1.305.352	1.344	2.871	1.222.988
- Pledges	--	--	--	--
- Mortgages	7.432	--	--	7.432
- Letter of credit	206.078	7.394	3.402	--
- Warrant	--	--	--	--
B. Total amount of CPMW given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPMW given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPMW	1.518.862	8.738	6.273	1.230.420

The ratio of other CPM given on behalf of third parties except for the CPM given on behalf of the Company’s own legal personality to total equity is 0% as at 30 June 2023 (31 December 2022: 0%).

As at 30 June 2023 and 31 December 2022, the Company is contingently liable in respect of bank letter of guarantees obtained from banks mainly given to lessors in accordance with the lease agreements, enforcement office related to ongoing lawsuits and custom related to import transactions.

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NOTE 18 – OTHER CURRENT ASSETS AND LIABILITIES

The details of the other current assets as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
<i>Other current assets</i>		
Deferred VAT	135.550	34.388
Advances given	21.283	6.676
Personnel advances	270	419
Other current assets	9.112	5.564
	166.215	47.047

The details of the other current liabilities as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
<i>Other current liabilities</i>		
Other expense accruals	2.968	1.254
Other liabilities and obligations	8.469	3.001
	11.437	4.255

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NOTE 19 – REVENUE

The details of revenue for six-month periods ended 30 June 2023 and 2022 are as follows.

<i>Revenue (net)</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Retail sales	12.247.458	6.620.283	5.210.634	2.799.993
E-commerce sales	1.439.485	766.461	616.094	343.268
Dealer sales	765.319	443.944	422.456	262.840
	14.452.262	7.830.688	6.249.184	3.406.101

<i>Cost of revenue</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Cost of trading goods sold	(12.005.744)	(6.462.086)	(5.121.114)	(2.782.723)
Installation and warranty expenses	(50.551)	(34.626)	(23.106)	(15.262)
	(12.056.295)	(6.496.712)	(5.144.220)	(2.797.985)

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NOTE 20 – SELLING AND MARKETING AND ADMINISTRATIVE EXPENSES

The details of selling and marketing expenses for six-month periods ended 30 June 2023 and 2022 are as follows:

<i>Selling and Marketing expenses</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Personnel expenses	(458.453)	(237.345)	(201.344)	(100.172)
Rent expenses	(247.497)	(133.891)	(90.561)	(49.468)
Advertising and promotion expenses	(155.184)	(99.969)	(81.303)	(36.811)
Depreciation and amortisation expenses	(143.295)	(77.698)	(78.852)	(40.996)
Transportation expenses	(88.238)	(48.111)	(31.151)	(17.681)
Energy, fuel, water expenses	(47.883)	(20.961)	(23.270)	(12.011)
Maintenance expenses	(19.143)	(9.376)	(7.563)	(4.148)
Consultancy expenses	(15.899)	(7.368)	(21.765)	(11.721)
Travel and accommodation expenses	(3.365)	(1.836)	(1.173)	(892)
Communication expenses	(1.113)	(410)	(638)	(375)
Other expenses	(68.010)	(35.890)	(31.924)	(19.530)
	(1.248.080)	(672.855)	(569.544)	(293.805)

The details of administrative expenses for six-month periods ended 30 June 2023 and 2022 are as follows:

<i>Administrative expenses</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Personnel expenses	(76.785)	(47.338)	(34.673)	(19.269)
IT expenses	(34.368)	(17.167)	(17.783)	(7.581)
Consultancy expenses	(18.751)	(11.016)	(7.607)	(4.478)
Depreciation and amortisation expenses	(15.201)	(8.171)	(10.220)	(5.325)
Maintenance expenses	(1.715)	(1.173)	(530)	(284)
Rent expenses	(1.205)	(499)	(1.954)	(1.022)
Travel expenses	(1.165)	(692)	(655)	(473)
Energy, fuel, water expenses	(120)	(48)	(65)	(33)
Other expenses	(7.075)	(3.374)	(4.330)	(2.656)
	(156.385)	(89.478)	(77.817)	(41.121)

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NOTE 21 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for six-month periods ended 30 June 2023 and 2022 are as follows:

<i>Other income from operating activities</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Foreign exchange gains	151.337	124.536	48.588	28.953
Interest income	49.930	26.089	13.145	9.137
Income from personnel	1.470	802	879	405
Gift cards	251	49	151	21
Other income	7.432	3.969	4.426	3.762
	210.420	155.445	67.189	42.278

The details of other expense from operating activities for six-month periods ended 30 June 2023 and 2022 are as follows:

<i>Other expense from operating activities (-)</i>	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Interest expenses on trade transactions	(256.351)	(138.758)	(113.908)	(63.580)
Foreign exchange losses	(241.892)	(215.141)	(46.660)	(27.952)
Competition authority penalty provision expense	(28.600)	(28.600)	--	--
Litigation expenses	(7.106)	(4.635)	(3.557)	(2.499)
Impairment of fixed asset	(164)	(20)	(943)	503
Other expenses and losses	(15.309)	(9.110)	(3.393)	(1.452)
	(549.422)	(396.264)	(168.461)	(94.980)

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NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for six-month periods ended 30 June 2023 and 2022 are as follows:

Income from investment activities

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Interest income on time deposits	58.449	19.289	15.004	8.031
Gain from sale of tangible and intangible assets	--	--	562	33
	58.449	19.289	15.566	8.064

The details of expense from investing activities for six-month periods ended 30 June 2023 and 2022 are as follows:

Expenses from investment activities

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Loss from sale of tangible and intangible assets	--	--	(593)	(138)
	--	--	(593)	(138)

NOTE 23 – FINANCE COSTS AND INCOME

The details of finance costs for six-month periods ended 30 June 2023 and 2022 are as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Credit card commission and discount expenses	(329.371)	(174.690)	(150.489)	(81.764)
Interest expense due lease liabilities (Note 6)	(55.883)	(29.631)	(25.263)	(15.253)
Interest and commission expenses	(40.050)	(22.728)	(12.913)	(10.417)
Guarantee letters commission expenses	(6.817)	(3.677)	(3.126)	(1.572)
Foreign exchange expenses	(1.980)	(627)	(2.427)	(2.427)
Other finance costs	(581)	(170)	(744)	(548)
	(434.682)	(231.523)	(194.962)	(111.981)

The details of finance income for six-month periods ended 30 June 2023 and 2022 are as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Foreign exchange income	72.897	69.812	31.356	17.877
	72.897	69.812	31.356	17.877

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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 minimize 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 June 2023			
	TL equivalent	USD	EUR	Other
1. Trade receivable	906	12	20	1
2a. Monetary financial assets (including cash on hand and bank accounts)	269.269	9.837	541	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	15.209	354	215	--
4. Current assets (1+2+3)	285.384	10.203	776	1
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	955	37	--	--
8. Non-current assets (5+6+7)	955	37	--	--
9. Total assets (4+8)	286.339	10.240	776	1
10. Trade payables	(572.238)	(21.449)	(650)	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(52.916)	(2.047)	(2)	--
13. Current liabilities (10+11+12)	(626.154)	(23.496)	(652)	--
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)	(626.154)	(23.496)	(652)	--
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	258.231	10.000	--	--
19a. Off-balance sheet derivative assets	258.231	10.000	--	--
19b. Off-balance sheet derivative liabilities	--	--	--	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(80.584)	(3.256)	124	1
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(302.063)	(11.600)	(89)	1
22. Total fair value of foreign currency hedge	12.266	475	--	--

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

Foreign currency risk (Continued)

Foreign Currency Position	31 December 2022			
	TL equivalent	USD	EUR	Other
1. Trade receivable	2.044	88	20	--
2a. Monetary financial assets (including cash on hand and bank accounts)	130.743	5.505	1.395	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	653	30	4	--
4. Current assets (1+2+3)	133.440	5.623	1.419	--
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	692	37	--	--
8. Non-current assets (5+6+7)	692	37	--	--
9. Total assets (4+8)	134.132	5.660	1.419	--
10. Trade payables	(275.172)	(13.276)	(1.350)	(1)
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(7.370)	(392)	(2)	--
13. Current liabilities (10+11+12)	(282.542)	(13.668)	(1.352)	(1)
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)	(282.542)	(13.668)	(1.352)	(1)
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	(96.526)	(3.650)	(1.419)	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b. Off-balance sheet derivative liabilities	96.526	3.650	1.419	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(244.936)	(11.658)	(1.352)	(1)
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(142.385)	(7.683)	65	(1)
22. Total fair value of foreign currency hedge	(2.613)	(129)	(10)	--

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

Foreign currency risk (Continued)

The table below presents the Company’s sensitivity to a 10% deviation in foreign exchange rates of USD, EUR and other foreign currencies. These amounts have indicated the effect of the USD, EUR and other foreign currencies against TL strengthened / weakened by 10%. During this analysis all other variables held constant.

Foreign Currency Sensitivity Table

30 June 2023

	Profit / (Loss)		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL:				
1 - USD Dollars net assets/liabilities	(34.231)	34.231	(34.231)	34.231
2- Amount hedged for USD risk (-)	--	--	25.823	(25.823)
3- USD net effect (1 +2)	(34.231)	34.231	(8.408)	8.408
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	349	(349)	349	(349)
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	349	(349)	349	(349)
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)	(33.882)	33.882	(8.059)	8.059

Foreign Currency Sensitivity Table

31 December 2022

	Profit / (Loss)		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL:				
1 - USD Dollars net assets/liabilities	(14.974)	14.974	(14.974)	14.974
2- Amount hedged for USD risk (-)	--	--	(6.825)	6.825
3- USD net effect (1 +2)	(14.974)	14.974	(21.799)	21.799
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	134	(134)	134	(134)
5 - Amount hedged for EUR risk (-)	--	--	(2.828)	2.828
6- EUR net effect (4+5)	134	(134)	(2.694)	2.694
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)	(14.840)	14.840	(24.493)	24.493

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

As at 30 June 2023 and 31 December 2022, 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 at fair value through other comprehensive income	Financial liabilities at amortised cost	Carrying amount	<i>Note</i>
30 June 2023					
<u>Financial Assets</u>					
Cash and cash equivalents	858.769	--	--	858.769	5
Trade receivables (including due from related parties)	496.416	--	--	496.416	7
Other receivables	1.078	--	--	1.078	8
Derivatives	--	15.040	--	15.040	
<u>Financial Liabilities</u>					
Short-term bank loans	--	--	303.721	303.721	6
Lease liabilities	--	--	592.107	592.107	6
Trade payables (including due to related parties)	--	--	5.536.140	5.536.140	7
Other payables	--	--	10.683	10.683	8
Derivative	--	2.781	--	2.781	
31 December 2022					
<u>Financial Assets</u>					
Cash and cash equivalents	1.604.179	--	--	1.604.179	5
Trade receivables (including due from related parties)	441.042	--	--	441.042	7
Other receivables	816	--	--	816	8
<u>Financial Liabilities</u>					
Short-term bank loans	--	--	202.260	202.260	6
Lease liabilities (including due from related parties)	--	--	417.699	417.699	6
Trade payables (including due from related parties)	--	--	4.560.737	4.560.737	7
Other payables	--	--	7.511	7.511	8
Derivatives	--	2.613	--	2.613	

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 - EVENTS AFTER THE REPORTING PERIOD

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375" , which includes the regulation on increase in corporate tax rate from %20 to %25 for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export.

This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods.

This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 "Events After the Reporting Period" and If the company's first six months period tax was calculated over the new rate, it would be an effect of TL 26.380 increase in deferred tax asset and TL 24.860 increase in deferred tax income.