

**TEKNOSA İÇ VE DIŞ TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE
NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

28 October 2022

This report contains 2 pages of the review report and 38 pages of condensed interim financial statements and notes.



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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 September 2022, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine 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.

The accounting principles summarized in Note 2, differ from the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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



Erman Durmaz, SMMM
Engagement Partner
28 October 2022

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT FOR THE
INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Current Period	Prior Period
		<i>Reviewed</i>	<i>Audited</i>
		30 September 2022	31 December 2021
Current assets			
Cash and cash equivalents	5	834.314	709.408
Trade receivables	7	308.536	155.925
<i>Trade receivables from related parties</i>	4	31.663	18.609
<i>Trade receivables from third parties</i>	7	276.873	137.316
Inventories	9	3.535.816	1.719.160
Prepaid expenses	10	68.190	9.150
Derivatives		1.318	575
Other current assets	18	149.427	29.316
Total current assets		4.897.601	2.623.534
Non-current assets			
Other receivables	8	807	612
Investment property	12	35.160	35.160
Right of use assets	11	361.264	166.367
Property, plant and equipment	13	125.435	84.171
Intangible assets	14	63.112	50.213
Prepaid expenses	10	10.856	3.753
Deferred tax assets		70.257	37.286
Total non-current assets		666.891	377.562
TOTAL ASSETS		5.564.492	3.001.096

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 SEPTEMBER 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Current	Prior
		Period	Period
		<i>Reviewed</i>	<i>Audited</i>
		30 September 2022	31 December 2021
Short term liabilities			
Short-term loans and borrowings	6	89.558	--
- <i>Short-term bank loans from third parties</i>		89.558	--
Short-term portion of long-term finance lease liabilities	6	142.268	96.062
- <i>Short-term portion of long-term finance lease liabilities from related parties</i>	4	1.829	1.952
- <i>Short-term portion of long-term finance lease liabilities from third parties</i>		140.439	94.110
Trade payables	7	4.247.768	2.428.265
- <i>Trade payables to related parties</i>	4	8.256	12.845
- <i>Trade payables to third parties</i>	7	4.239.512	2.415.420
Payables related to employee benefits	15	49.465	29.928
Other payables		7.512	5.153
- <i>Other payables to third parties</i>	8	7.512	5.153
Deferred revenue	10	66.016	32.074
Period profit tax liability		36.846	--
Short term provisions		60.604	33.357
- <i>Short-term provisions for employee benefits</i>	15	37.386	19.102
- <i>Other short-term provisions</i>	16	23.218	14.255
Derivatives		3.106	--
Other current liabilities	18	1.774	2.117
Total current liabilities		4.704.917	2.626.956
Long term liabilities			
Long-term lease liabilities	6	259.044	113.071
- <i>Long-term lease liabilities from related parties</i>	4	--	746
- <i>Long-term lease liabilities from third parties</i>		259.044	112.325
Long-term provisions for employee benefits	15	35.019	18.087
Total non-current liabilities		294.063	131.158
Total liabilities		4.998.980	2.758.114
EQUITY			
Share capital		201.000	201.000
Adjustment to share capital		6.628	6.628
Restricted reserves		8.704	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		17.834	25.855
- <i>Losses on remeasurement of defined benefit plans</i>		(18.021)	(8.510)
- <i>Gains on revaluation of property, plant and equipment</i>		35.855	34.365
Other comprehensive income that are or may be reclassified to profit or loss		(1.377)	431
- <i>Cash flow hedge reserve</i>		(1.377)	431
Accumulated losses		(184.294)	(315.758)
Net profit for the period		332.359	131.464
Total equity		565.512	242.982
TOTAL LIABILITIES AND EQUITY		5.564.492	3.001.096

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(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 -	1 July-	1 January -	1 July-
		30 September	30 September	30 September	30 September
		2022	2022	2021	2021
Revenue	19	10.788.538	4.539.354	4.951.132	1.967.880
Cost of revenue (-)	19	(8.905.880)	(3.761.660)	(4.136.787)	(1.638.091)
GROSS PROFIT		1.882.658	777.694	814.345	329.789
Marketing expenses (-)	20	(961.280)	(391.736)	(438.279)	(165.788)
General administrative expenses (-)	20	(128.432)	(50.615)	(57.869)	(21.006)
Other income from operating activities	21	99.804	32.615	44.151	12.022
Other expenses from operating activities (-)	21	(279.170)	(110.709)	(144.003)	(48.692)
OPERATING PROFIT		613.580	257.249	218.345	106.325
Income from investing activities	22	31.571	16.005	4.802	545
Expenses from investing activities (-)	22	(680)	(87)	(195)	(193)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		(25)	(28)	13	14
OPERATING PROFIT BEFORE FINANCE COSTS		644.446	273.139	222.965	106.691
Finance income	23	62.121	30.765	2.231	165
Finance costs (-)	23	(328.992)	(134.030)	(192.869)	(67.440)
OPERATING PROFIT/ (LOSS) BEFORE INCOME TAX		377.575	169.874	32.327	39.416
Tax expense		(45.216)	(29.310)	(5.691)	(9.961)
- Current tax expense		(73.764)	(33.179)	--	--
- Deferred tax income/(expense)		28.548	3.869	(5.691)	(9.961)
PROFIT FOR THE PERIOD		332.359	140.564	26.636	29.455
Attributable to:					
Owners of the Company		332.359	140.564	26.636	29.455
Non-controlling interests		--	--	--	--
OTHER COMPREHENSIVE EXPENSE					
Items that are or will not be reclassified to profit or loss		(8.021)	(3.100)	(696)	(696)
<i>Losses on remeasurement of defined benefit plans</i>		(11.889)	(3.875)	(870)	(870)
<i>Income tax related to items that are or will not be reclassified to profit or loss</i>		3.868	775	174	174
Items that are or may be reclassified to profit or loss		(1.808)	(8.546)	--	18
<i>Gains/(losses) on cash flow hedges</i>		(2.363)	(11.098)	--	24
<i>Tax income/(expense) related to items that are or may be reclassified to profit or loss</i>		555	2.552	--	(6)
TOTAL OTHER COMPREHENSIVE EXPENSE		(9.829)	(11.646)	(696)	(678)
TOTAL COMPREHENSIVE INCOME		322.530	128.918	25.940	28.777
Earnings/(Loss) per share [(For 1 lot share)]		0,0165	0,0070	0,0018	0,0015
Diluted earnings/(loss) per share [(For 1 lot share)]		0,0165	0,0070	0,0018	0,0015

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(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) on hedging reserves	Prior years' losses	Net profit for the period	Total Equity
<u>Prior period</u>											
Balance at 1 January 2021	110.000	6.628	8.704	3	--	(6.244)	31.121	--	(401.054)	85.296	(165.546)
Capital increase	91.000	--	--	--	184.655	--	--	--	--	--	275.655
Transfers	--	--	--	--	--	--	--	--	85.296	(85.296)	--
Total comprehensive income	--	--	--	--	--	(696)	--	--	--	26.636	25.940
Balance at 30 September 2021	201.000	6.628	8.704	3	184.655	(6.940)	31.121	--	(315.758)	26.636	136.049
<u>Current period</u>											
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	--	--	--	--	--	(9.511)	1.490	(1.808)	--	332.359	322.530
Balance at 30 September 2022	201.000	6.628	8.704	3	184.655	(18.021)	35.855	(1.377)	(184.294)	332.359	565.512

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 CASH FLOW STATEMENTS FOR THE INTERIM NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022 AND 2021**

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

	Notes	Current	Prior
		Period	Period
		<i>Reviewed</i>	<i>Reviewed</i>
		1 January -	1 January -
		30 September 2022	30 September 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		332.359	26.636
Adjustments			
Adjustments for depreciation and amortisation expenses	20	139.844	102.683
Adjustment for the (gains)/losses on sale of fixed assets	22	56	(299)
Impairment / (cancellation) of tangible assets	13	77	(97)
Adjustments for (reversal of)/impairment of receivables	7	25	(13)
Adjustments for impairment of right of use assets	11	803	--
Adjustments for (reversal of)/impairment of inventory	9	15.176	1.941
Adjustments for (reversal of)/for other provisions		11.451	5.666
Adjustments for (reversal of)/provision for employee benefits		28.256	2.259
Adjustments for interest income	22	(30.947)	(4.308)
Adjustments for finance costs and income	23	266.871	190.638
Adjustments for tax expense		45.216	5.691
Changes in working capital		(297.835)	(218.780)
Increase in trade receivables from third parties		(139.582)	(17.863)
Increase in trade receivables from related parties		(13.054)	(2.427)
Increase in inventories		(1.831.832)	(450.947)
Increase in other assets related to operations		(188.365)	(61.791)
Increase/(decrease) in trade payables to third parties		1.824.092	293.980
Increase/(decrease) in trade payables to related parties		(4.589)	(3.265)
Increase/(decrease) in other liabilities related to operations		55.495	23.533
Cash flows from operations		511.352	112.017
Payments related to provisions for employee benefits		(4.929)	(7.305)
Tax paid		(36.918)	--
Payments related to other provisions		(2.488)	(2.926)
Cash provided by operating activities		467.017	101.786
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(67.320)	(20.587)
Acquisition of intangible assets	14	(26.303)	(13.725)
Proceeds from sale of property, plant and equipment and intangible assets		435	499
Interest received	22	30.947	4.308
Cash used in investing activities		(62.241)	(29.505)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other financing cost paid		(260.526)	(117.609)
Payments for lease liabilities	6	(146.859)	(98.167)
Proceeds from bank borrowings	6	196.000	127.500
Repayments of bank borrowings	6	(128.179)	(533.359)
Cash inflows from share premium and other capital increase		--	275.655
Cash used in financing activities		(339.564)	(345.980)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		65.212	(273.699)
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency	23	59.694	(233)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	709.408	392.201
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	834.314	118.269

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(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 4 February 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 September 2022, number of personnel of the Company is 2.406 (31 December 2021: 2.303). 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 193 stores with 101.523 square meters retail space as at 30 September 2022 (31 December 2021: 101.574 square meters, 198 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 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 interim condensed financial statements are presented in accordance with the 2022 TFRS Taxonomy, developed by the POA on the basis of the financial statement examples determined in the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019 and updated by the POA on 4 October 2022.

The Company has prepared its condensed financial statements for the interim period ended 30 September 2022 in accordance with TAS 34 Interim Financial Reporting standard.

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 2021.

Approval of condensed interim financial statements:

The interim financial statements are approved by the Company’s Board of Directors on 28 October 2022. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these interim financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(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 based on 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 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 September 2022.

(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 2021.

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 September 2022 have not changed compared to those used in the preparation of the financial statements as of the year ended 31 December 2021.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

(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 September 2022**

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.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment for the deferral of application was issued by POA on 15 January 2021.

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

**Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments
to TAS 12 Income Taxes**

In May 2021 IASB issued “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”, which amended TAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

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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 September 2022 (Continued)**

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

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

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying TFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

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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 September 2022 (Continued)**

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

Definition of Accounting Estimates (Amendments to TAS 8) (Continued)

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to TAS 8 will have significant impact on its financial statements.

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

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

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

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

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Amendments to IFRS 16 Leases impact how a sellers-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.

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.

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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 September 2022 (Continued)

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

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

- 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 IAS 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 IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 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 IFRS 16 Leases will have significant impact on its financial statements.

Amendments are effective on 1 January 2022

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

1. Annual Improvements to TFRS Standards 2018–2020 -Amendment to TFRS 1 First-time Adoption of International Financial Reporting Standards, TFRS 9 Financial Instruments, TAS 41 Agriculture
2. Reference to the Conceptual Framework – Amendments to TFRS 3 Business Combinations
3. Property, Plant and Equipment – Proceeds before Intended Use (Amendments to TAS 16 Property, Plant and Equipment)
4. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets)

These newly adopted amendments to standards have not been a significant impact on the 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.

Estimated impairment of tangible and intangible assets

The Company assesses at each reporting date to determine whether there is any indication of impairment. If the stores which are operating more than 1 year generates operating profit/ (loss) before income tax lower than the planned performance result, this situation is assessed as an objective evidence for impairment. If any such indication exists, then the asset’s recoverable amount is compared with the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the carrying amount of an asset or any cash generating unit that the asset belongs to is higher than its net realizable value, the value of the asset has impaired. Additionally, the Company recognises allowance for impairment for the tangible assets of the stores for which the Company management has expected to close down. The 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 September 30, 2022, the Company has recorded a net impairment of TL 803 for right-of-use assets (30 September 2021: None) and TL 77 for tangible assets (30 September 2021: TL 97 impairment reversal of tangible assets) (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 29.177 as at 30 September 2022 (31 December 2021: TL 14.001) (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 TAS and the amounts used for taxation purposes. The Company has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. The Company management estimates the amount of deferred tax assets which is fully and partially recoverable based on the current circumstances and available information. During the assessment, projections of future taxable income, current year and carried forward losses, potential expiration dates for utilisation of tax losses and other tax assets, and tax planning strategies are considered.

Accounting of gift checks

The Company recognises income from the gift checks by estimating the portion which will not be used by the customers based on the historic data. As at 30 September 2022, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 17.500 (31 December 2021: TL 15.460) (Note 10).

NOTE 3 – SEGMENT REPORTING

The Company applies TFRS 8 starting from 1 January 2009 and determined the reportable segments based on the internal management reports which are regularly reviewed by the decision maker.

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by sales channel. The Company’s sales channel are as follows: Electronics retail sales, and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and 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.

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NOTE 3 – SEGMENT REPORTING (Continued)

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

	1 January -30 September 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	10.077.247	711.291	10.788.538
Income from third party customers	10.077.247	711.291	10.788.538
Adjusted EBITDA	801.096	135.420	936.516

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

	1 July -30 September 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	4.250.519	288.835	4.539.354
Income from third party customers	4.250.519	288.835	4.539.354
Adjusted EBITDA	341.431	45.855	387.286

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

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Reconciliation of Adjusted EBITDA with profit before taxes	936.516	387.286	424.394	180.338
Depreciation and amortisation expenses	(139.844)	(50.772)	(102.683)	(36.201)
Finance income /(costs), net	(266.871)	(103.265)	(190.638)	(67.275)
Income/(expenses) from investing activities, net	30.891	15.918	4.607	352
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	(25)	(28)	13	14
Other operating income/(expenses), net	(179.366)	(78.094)	(99.852)	(36.670)
Provision for employee termination benefits	(3.726)	(1.171)	(3.514)	(1.142)
Profit/(loss) before tax	377.575	169.874	32.327	39.416

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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 September 2022	
	Receivables	Payables
	Current	Current
	Trading	Trading
Balances with related parties		
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	20.031	--
Aksigorta A.Ş.	7.615	83
Akbank T.A.Ş.	3.430	--
Çimsa Çimento San. ve Tic. A.Ş.	273	--
Akçansa Çimento San. ve Tic. A.Ş.	189	--
Hacı Ömer Sabancı Holding A.Ş.	90	221
Brisa Bridgestone Sabancı Lastik San.Ve Tic.A.Ş.	26	--
Agesa Sigorta Aracılığı A.Ş.	9	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	7.148
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	791
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	12
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	--	1
	31.663	8.256

	31 December 2021	
	Receivables	Payables
	Current	Current
	Trading	Trading
Balances with related parties		
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	15.255	--
Çimsa Çimento San.ve Tic.A.Ş.	1.925	--
Akbank T.A.Ş.	856	--
Kordsa Teknik Tekstil Anonim Şirketi	244	--
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	129	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	126	--
Akçansa Çimento San. ve Tic. A.Ş.	47	--
Aksigorta A.Ş.	17	545
Hacı Ömer Sabancı Holding A.Ş.	10	21
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	--	10.777
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	27
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	1.475
	18.609	12.845

	30 September 2022	31 December 2021
<u>Deposit accounts in Akbank T.A.Ş.</u>		
Demand deposit	270.324	90.945
Time deposit	--	562.412
	270.324	653.357

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	30 September 2022	31 December 2021
<u>Ak Portföy Yönetimi A.Ş.</u>		
Other liquid assets	402.694	--
	402.694	--

	30 September 2022	31 December 2021
<u>Credit card receivables in Akbank T.A.Ş.</u>		
Credit card receivables	10.011	9.429
	10.011	9.429

	1 January - 30 September 2022		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	49.634	(3.294)	(4.601)
Akbank T.A.Ş.	28.558	--	--
H.Ö. Sabancı Holding A.Ş.	614	--	(749)
Çimsa Çimento San. ve Tic. A.Ş.	474	--	--
Akçansa Çimento San. ve Tic. A.Ş.	460	--	--
Agesa Hayat ve Emeklilik A.Ş.	268	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	140	--	--
Aksigorta A.Ş.	87	--	(10.060)
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	29	--	(42.234)
Kordsa Teknik Tekstil A.Ş.	21	--	--
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	20	--	--
Enerjisa Enerji Üretim A.Ş.	20	--	--
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	17	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	3	--	(6.466)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(42)
	80.345	(3.294)	(64.152)

	1 January - 30 September 2021		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	32.505	(2.435)	(919)
Akbank T.A.Ş.	5.296	--	--
Aksigorta A.Ş.	1.591	--	(5.899)
Çimsa Çimento San. ve Tic. A.Ş.	1.407	--	--
Akçansa Çimento San. ve Tic. A.Ş.	408	--	--
H.Ö. Sabancı Holding A.Ş.	344	--	(43)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	207	--	--
Agesa Hayat ve Emeklilik A.Ş.	90	--	--
Kordsa Teknik Tekstil A.Ş.	38	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	19	--	(3.158)
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	11	--	(3.856)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(61)
	41.916	(2.435)	(13.936)

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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 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Short portion of long-term lease liabilities to related parties	1.829	1.952
Long-term lease liabilities to related parties	--	746
	1.829	2.698

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 September 2022 and 2021 are as follows:

	1 January – 30 September 2022	1 January – 30 September 2021
Salaries and other benefits	13.826	8.215
	13.826	8.215

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Cash	3.840	2.691
Demand deposit	380.444	96.225
Time deposit	--	562.412
Credit card slip receivables	47.336	48.080
Other liquid assets (*)	402.694	--
	834.314	709.408

The Company does not have any blocked deposits as at 30 September 2022 and 31 December 2021.

The Company has no time deposits as of 30 September 2022. The details of time deposits, maturity dates and interest rates of the company as at 31 December 2021 are as follows:

Currency	Maturity	Interest Rate	31 December 2021
TL	3 January 2022	26,75%	562.000
		Accrual of interest	412
			562.412

(*) Other liquid assets consist of short-term liquid funds used by the Company from Ak Portföy Yönetimi A.Ş. The maturity of the relevant fund is 3 October 2022, and the interest rate is 17,58%.

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 - SHORT-TERM LOANS AND BORROWINGS

The details of loans and borrowings as at 30 September 2022 are as follow:

	30 September 2022			
	Currency	Interest Rate	Amount	Maturity
Unsecured bank loans	TL	21,40%	89.558	14 March 2023
Short-term financial liabilities			89.558	

The Company does not have any short-term bank loans as at 31 December 2021.

The reconciliation of the Company's liabilities arising from bank loans for the accounting periods ending on 30 September 2022 and 2021 is as follows:

	2022	2021
Bank borrowings as of 1 January	--	370.058
Cash inflows during the period	196.000	127.500
Interest and principal repayments during the period	(128.179)	(533.359)
Interest expense during the period (including accruals)	21.737	35.801
Bank borrowings as of 30 September	89.558	--

The details of lease liabilities as at 30 September 2022 and 31 December 2021 are as follows:

Lease Liabilities	Present value of minimum lease payments	
	30 September 2022	31 December 2021
Within one year	157.973	117.851
Less: future finance charges	(15.705)	(21.789)
Present value of lease liabilities	142.268	96.062
Within two years and after	287.641	138.718
Less: future finance charges	(28.597)	(25.647)
Present value of lease liabilities	259.044	113.071

The Company's lease liabilities represent the present value of the future payables of the stores, vehicles and buildings 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:

	2022	2021
Lease liabilities at 1 January	209.133	266.406
Increase/ (decrease) in lease liabilities during the period	294.736	24.727
Lease payments during the period	(146.859)	(98.167)
Interest expense during the period	44.302	36.995
Lease liabilities at 30 September	401.312	229.961

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and trade payables as at 30 September 2022 and 31 December 2021 are as follows:

Short-term trade receivables	30 September 2022	31 December 2021
Trade receivables	145.596	77.850
Notes receivables	138.554	66.718
Due from related parties (Note 4)	31.663	18.609
Allowance for doubtful receivables (-)	(7.277)	(7.252)
	308.536	155.925

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 48 days for dealer groups. (31 December 2021: For retail: 1-7 days, 65 days for dealer receivables). As of 30 September 2022, the Company does not apply overdue interest on trade receivables. (31 December 2021: None).

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

	30 September 2022	30 September 2021
As at 1 January	7.252	7.262
Charge for the period	200	4
Reversals	(175)	(17)
	7.277	7.249

As of 30 September 2022 and 31 December 2021, the Company obtained the collaterals listed below for the checks, notes and trade receivables:

	30 September 2022	31 December 2021
Letters of guarantees received	241.220	113.297
Mortgages	7.832	8.772
	249.052	122.069

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 249.052 (31 December 2021: TL 122.069).

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 September 2022	31 December 2021
Trade payables	4.098.442	2.403.994
Due to related parties (Note 4)	8.256	12.845
Expense accruals	141.070	11.426
	4.247.768	2.428.265

As at 30 September 2022, the Company offsets income accruals from its suppliers amounting to TL 212.281 with trade payables (31 December 2021: TL 75.697). Average payment term of trade payables is 86 days (31 December 2021: 87 days). The Company does not have payments on a monthly basis for late interest as of 30 September 2022. (31 December 2021: 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 September 2022 and 31 December 2021 are as follows:

Other receivables

	30 September 2022	31 December 2021
Deposits and guarantees given	807	612
	807	612

Other payables

	30 September 2022	31 December 2021
Deposits and guarantees received	7.512	5.153
	7.512	5.153

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NOTE 9 - INVENTORIES

The details of the inventories as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Trading goods	3.273.814	1.674.884
Goods in transit	291.179	58.277
Allowance for impairment on inventories (-)	(29.177)	(14.001)
	3.535.816	1.719.160

The movements of allowance for inventories for the periods ended at 30 September 2022 and 30 September 2021 are as below:

	30 September 2022	30 September 2021
<i>Allowance for impairment on inventories:</i>		
As at 1 January	(14.001)	(15.702)
Provision used in/(allocated) during the period, net	(15.176)	(1.941)
As at 30 September	(29.177)	(17.643)

NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE

The details of prepaid expenses as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
<i>Short-term prepaid expenses</i>		
Advances given for inventories	34.918	828
Short term prepaid expenses	33.272	8.322
	68.190	9.150

	30 September 2022	31 December 2021
<i>Long-term prepaid expenses</i>		
Long term prepaid expenses	3.044	3.753
Advances given for tangible and intangible assets	7.812	--
	10.856	3.753

The details of the deferred revenue as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
<i>Short-term deferred revenue</i>		
Advances received	48.302	16.316
Income from gift checks	17.500	15.460
Other	214	298
	66.016	32.074

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NOTE 11 – RIGHT OF USE ASSETS

As of 30 September 2022 and 2021, the movement of right of use assets is as follows:

Cost value	Buildings	Vehicles	Total
1 January 2022 opening balance	426.810	13.476	440.286
Additions	303.183	895	304.078
Disposals	(15.588)	--	(15.588)
Impairment	(1.610)	--	(1.610)
30 September 2022 closing balance	712.795	14.371	727.166
Accumulated depreciation			
1 January 2022 opening balance	(267.946)	(5.973)	(273.919)
Charge for the period	(98.243)	(2.709)	(100.952)
Disposal	8.162	--	8.162
Impairment	807	--	807
30 September 2022 closing balance	(357.220)	(8.682)	(365.902)
Net carrying amount as of 1 January 2022	158.864	7.503	166.367
Net carrying amount as of 30 September 2022	355.575	5.689	361.264

Cost value	Buildings	Vehicles	Total
1 January 2021 opening balance	384.475	12.888	397.363
Additions	43.324	463	43.787
Disposals	(4.410)	--	(4.410)
30 September 2021 closing balance	423.389	13.351	436.740
Accumulated depreciation			
1 January 2021 opening balance	(175.143)	(2.510)	(177.653)
Charge for the period	(71.568)	(2.463)	(74.031)
Disposals	387	--	387
30 September 2021 closing balance	(246.324)	(4.973)	(251.297)
Net carrying amount as of 1 January 2021	209.332	10.378	219.710
Net carrying amount as of 30 September 2021	177.065	8.378	185.443

As of 30 September 2022 the depreciation expense is TL 100.952 (30 September 2021: TL 74.031), thereof TL 99.942 of depreciation charges included in marketing expenses (30 September 2021: TL 73.153) and TL 1.010 included in general administrative expenses (30 September 2021: TL 878).

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NOTE 12 – INVESTMENT PROPERTY

The net book value of the investment properties of the company is TL 35.160 as of 30 September 2022 (31 December 2021: TL 35.160).

The Company generates rental income by TL 2.114 (2021: TL 1.409) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 575 (2021: TL 388). 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 14 February 2022.

The appraisal firm is an accredited independent firm licensed by CMB and have appropriate qualifications and recent experience in appraising properties in the relevant locations. For the fair value of the lands and buildings owned, it was calculated by using the "Benchmark Analysis Method", "Cost Analysis Method" and "Direct Capitalization Analysis Method", and the results obtained were harmonized and the final value was reached.

Fair value of the related building is level 2.

30 September 2022 and 31 December 2021 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 September 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	--	--	--	21.147	12.771	33.402	67.320
Disposals	--	--	--	(1.162)	(2.657)	--	(3.819)
Allowance of impairment (*)	--	--	--	(468)	(1.172)	--	(1.640)
Transfers	--	--	--	16.216	5.374	(29.066)	(7.476)
Balance at 30 September 2022	27.929	369	242	147.782	127.719	11.261	315.302
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	(5.930)	(369)	(60)	(77.580)	(92.807)	--	(176.746)
Charge for the period	(517)	--	(28)	(10.651)	(6.816)	--	(18.012)
Disposals	--	--	--	758	2.570	--	3.328
Allowance of impairment (*)	--	--	--	444	1.119	--	1.563
Balance at 30 September 2022	(6.447)	(369)	(88)	(87.029)	(95.934)	--	(189.867)
Net carrying amount at 31 December 2021	21.999	--	182	34.469	20.596	6.925	84.171
Net carrying amount at 30 September 2022	21.482	--	154	60.753	31.785	11.261	125.435

(*) As of 30 September 2022, the impairment loss during the period calculated for property, plant and equipment is net TL 77 (30 September 2021: TL 97 reversal of impairment).

For the period ended 30 September 2022, thereof TL 16.455 of depreciation charges included in marketing expenses (30 September 2021: TL 11.627) and TL 1.557 included in general administrative expenses (30 September 2021: TL 1.100).

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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 September 2021 are as follows:

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

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NOTE 14 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 30 September 2022 and 2021 are as follows:

<u>Cost</u>	Licences-rights and computer software	Total
Balance at 1 January 2022	175.620	175.620
Additions	26.303	26.303
Transfers	7.476	7.476
Balance at 30 September 2022	209.399	209.399
<u>Accumulated amortisation</u>		
Balance at 1 January 2022	(125.407)	(125.407)
Charge for the period	(20.880)	(20.880)
Balance at 30 September 2022	(146.287)	(146.287)
Net book value as at 31 December 2021	50.213	50.213
Net book value as at 30 September 2022	63.112	63.112

<u>Cost</u>	Licences-rights and computer software	Total
Balance at 1 January 2021	142.982	142.982
Additions	13.725	13.725
Transfers (*)	1.837	1.837
Disposals	(185)	(185)
Balance at 30 September 2021	158.359	158.359

<u>Accumulated amortisation and impairment losses</u>		
Balance at 1 January 2021	(103.340)	(103.340)
Charge for the period	(15.925)	(15.925)
Disposals	37	37
Balance at 30 September 2021	(119.228)	(119.228)
Net book value as at 31 December 2020	39.642	39.642
Net book value as at 30 September 2021	39.131	39.131

Amortisation expenses amounting to TL 7.620 (30 September 2021: TL 5.812) are included in marketing expenses and TL 13.260 (30 September 2021: TL 10.113) 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 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Accrued salaries	27.617	13.986
Social security premiums payable	21.848	15.942
	49.465	29.928

The details of the provisions for employee benefits as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
<i>Short-term provisions</i>		
Provision for unused vacation	9.617	5.446
Provision for head office personnel premium	19.527	6.708
Provision for sales personnel premium	8.242	6.948
	37.386	19.102

	30 September 2022	31 December 2021
<i>Long-term provisions</i>		
Provision for employee termination benefit	33.227	17.614
Provision for head office personnel premium	1.792	473
	35.019	18.087

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 PROVISIONS FOR
EMPLOYEE BENEFITS (Continued)**

Long-term provisions (Continued)

Provisions for employment benefits (Continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Due to the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,20% real discount rate (31 December 2021: 4,20%) calculated by using 17% annual inflation rate and 21% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 15,60% and 10,18%, respectively (31 December 2021: 15,70% and 10,21%), 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 (121 personnel) and the provision has been calculated accordingly.

NOTE 16 – PROVISIONS

The details of the other short-term provisions as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Provisions for ongoing litigation (*)	10.360	10.697
Provisions for stores	5.881	2.077
Provisions for electricity expense	1.500	--
Provisions for service premium	1.334	--
Provisions for İklimsa repair expenses	1.274	182
Provisions for Teknosamobil expenses	705	438
Other	2.164	861
	23.218	14.255

(*) Provisions for ongoing litigation are comprised of consumer and employee reemployment lawsuits filed against the Company and provisions for compulsory employment.

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NOTE 17 – COMMITMENTS

Collateral, pledge, mortgage position

Collaterals, pledges and mortgages (“CPM”) given by the Company as at 30 September 2022 and 31 December 2021 are as follows:

CPMs given by the Company	30 September 2022			
	TL equivalents	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	1.303.928	8.081	7.098	1.027.206
- Collaterals	1.099.440	1.379	3.044	1.019.374
- Pledges	--	--	--	--
- Mortgages	7.832	--	--	7.832
- Letter of credit	196.656	6.702	4.054	--
B. Total amount of CPM given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPM	--	--	--	--
Total CPM	1.303.928	8.081	7.098	1.027.206

CPMs given by the Company	31 December 2021			
	TL equivalents	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	891.219	9.489	4.728	698.656
- Collaterals	760.042	1.452	3.495	689.884
- Pledges	--	--	--	--
- Mortgages	8.772	--	--	8.772
- Letter of credit	122.405	8.037	1.233	--
B. Total amount of CPM given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPM	--	--	--	--
Total CPM	891.219	9.489	4.728	698.656

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 September 2022 (31 December 2021: 0%).

As at 30 September 2022 and 31 December 2021, 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 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
<i>Other current assets</i>		
Deferred VAT	139.642	26.128
Advances given	6.196	1.594
Personnel advances	390	92
Other current assets	3.199	1.502
	149.427	29.316

The details of the other current liabilities as at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
<i>Other current liabilities</i>		
Other expense accruals	874	764
Other liabilities and obligations	900	1.353
	1.774	2.117

NOTE 19 – REVENUE

The details of revenue for nine-month periods ended 30 September 2022 and 2021 are as follows.

<i>Revenue (net)</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Retail sales	9.063.783	3.853.149	3.958.615	1.676.173
E-commerce sales	1.013.465	397.371	664.472	166.651
Dealer sales	711.290	288.834	328.045	125.056
	10.788.538	4.539.354	4.951.132	1.967.880

<i>Cost of revenue</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Cost of trading goods sold	(8.864.839)	(3.743.725)	(4.117.025)	(1.632.178)
Installation and warranty expenses	(41.041)	(17.935)	(19.762)	(5.913)
	(8.905.880)	(3.761.660)	(4.136.787)	(1.638.091)

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NOTE 20 – SELLING AND MARKETING AND ADMINISTRATIVE EXPENSES

The details of selling and marketing expenses for nine-month periods ended 30 September 2022 and 2021 are as follows:

<i>Selling and Marketing expenses</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Personnel expenses	(342.308)	(140.964)	(140.163)	(54.322)
Rent expenses	(168.172)	(77.611)	(69.672)	(28.164)
Depreciation and amortisation expenses	(124.017)	(45.165)	(90.592)	(32.077)
Advertising and promotion expenses	(119.965)	(38.662)	(46.262)	(16.684)
Transportation expenses	(55.816)	(24.665)	(28.469)	(9.974)
Energy, fuel, water expenses	(44.867)	(21.597)	(12.396)	(6.515)
Consultancy expenses	(37.875)	(16.110)	(25.495)	(8.496)
Maintenance expenses	(13.367)	(5.804)	(6.562)	(2.447)
Travel and accommodation expenses	(2.345)	(1.172)	(619)	(282)
Communication expenses	(1.037)	(399)	(812)	(309)
Other expenses	(51.511)	(19.587)	(17.235)	(6.518)
	(961.280)	(391.736)	(438.279)	(165.788)

The details of administrative expenses for nine-month periods ended 30 September 2022 and 2021 are as follows:

<i>Administrative expenses</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Personnel expenses	(61.571)	(26.898)	(23.822)	(8.777)
IT expenses	(26.340)	(8.557)	(11.025)	(4.044)
Depreciation and amortisation expenses	(15.827)	(5.607)	(12.091)	(4.124)
Consultancy expenses	(12.873)	(5.266)	(4.361)	(1.262)
Rent expenses	(3.192)	(1.238)	(2.314)	(873)
Travel expenses	(1.361)	(706)	(247)	(115)
Maintenance expenses	(786)	(256)	(496)	(171)
Energy, fuel, water expenses	(104)	(39)	(42)	(13)
Other expenses	(6.378)	(2.048)	(3.471)	(1.627)
	(128.432)	(50.615)	(57.869)	(21.006)

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

NOTE 21 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for nine-month periods ended 30 September 2022 and 2021 are as follows:

<i>Other income from operating activities</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange gains	65.527	16.939	14.086	7.421
Interest income	25.524	12.379	11.233	2.627
Income from personnel	1.449	570	1.130	427
Gift cards	423	272	568	179
Impairment/cancellation of fixed asset	--	--	97	(219)
Reversal of provisions for cancellation of rent agreements	--	--	14.348	475
Other income	6.881	2.455	2.689	1.112
	99.804	32.615	44.151	12.022

The details of other expense from operating activities for nine-month periods ended 30 September 2022 and 2021 are as follows:

<i>Other expense from operating activities (-)</i>	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Interest expenses	(186.424)	(72.516)	(113.128)	(38.052)
Foreign exchange losses	(75.805)	(29.145)	(17.593)	(6.638)
Litigation expenses	(4.710)	(1.153)	(3.908)	(1.523)
Impairment of fixed asset	(880)	63	(11)	(11)
Other expenses and losses	(11.351)	(7.958)	(9.363)	(2.468)
	(279.170)	(110.709)	(144.003)	(48.692)

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NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for nine-month periods ended 30 September 2022 and 2021 are as follows:

Income from investment activities

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Interest income on time deposits	30.947	15.943	4.308	112
Gain from sale of tangible and intangible assets	624	62	494	433
	31.571	16.005	4.802	545

The details of expense from investing activities for nine-month periods ended 30 September 2022 and 2021 are as follows:

Expenses from investment activities

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Loss from sale of tangible and intangible assets	(680)	(87)	(195)	(193)
	(680)	(87)	(195)	(193)

NOTE 23 – FINANCE COSTS AND INCOME

The details of finance costs for nine-month periods ended 30 September 2022 and 2021 are as follows:

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Credit card commission and discount expenses	(254.411)	(103.922)	(113.784)	(44.137)
Interest expense due lease liabilities (Note 6)	(44.302)	(19.039)	(36.995)	(11.509)
Interest and commission expenses	(21.737)	(8.824)	(35.801)	(9.455)
Guarantee letters commission expenses	(5.152)	(2.026)	(3.506)	(1.015)
Foreign exchange expenses	(2.427)	--	(2.464)	(1.232)
Other finance costs	(963)	(219)	(319)	(92)
	(328.992)	(134.030)	(192.869)	(67.440)

The details of finance income for nine-month periods ended 30 September 2022 and 2021 are as follows:

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange income	62.121	30.765	2.231	165
	62.121	30.765	2.231	165

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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 September 2022			
	TL equivalent	USD	EUR	Other
1. Trade receivable	2.488	114	20	1
2a. Monetary financial assets (including cash on hand and bank accounts)	339.375	18.026	325	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	16.757	600	316	--
4. Current assets (1+2+3)	358.620	18.740	661	1
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	685	37	--	--
8. Non-current assets (5+6+7)	685	37	--	--
9. Total assets (4+8)	359.305	18.777	661	1
10. Trade payables	(653.831)	(31.651)	(3.801)	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(7.308)	(393)	(2)	--
13. Current liabilities (10+11+12)	(661.139)	(32.044)	(3.803)	--
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)	(661.139)	(32.044)	(3.803)	--
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	(213.200)	(9.682)	(1.900)	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b. Off-balance sheet derivative liabilities	213.200	9.682	1.900	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(515.034)	(22.949)	(5.042)	1
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(311.968)	(13.511)	(3.456)	1
22. Total fair value of foreign currency hedge	(1.788)	(54)	(44)	--

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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 2021		
	TL equivalent	USD	EUR
1. Trade receivable	4.979	326	51
2a. Monetary financial assets (including cash on hand and bank accounts)	72.406	4.207	1.213
2b. Non-monetary financial assets	--	--	--
3. Other	582	44	1
4. Current assets (1+2+3)	77.967	4.577	1.265
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	480	37	--
8. Non-current assets (5+6+7)	480	37	--
9. Total assets (4+8)	78.447	4.614	1.265
10. Trade payables	(52.467)	(2.433)	(1.423)
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	--	--	--
12b. Non-monetary other liabilities	(4.974)	(381)	(2)
13. Current liabilities (10+11+12)	(57.441)	(2.814)	(1.425)
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)	(57.441)	(2.814)	(1.425)
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	88.249	2.036	4.211
19a. Off-balance sheet derivative assets	88.249	2.036	4.211
19b. Off-balance sheet derivative liabilities	--	--	--
20. Net position of foreign currency asset / (liability) (9+18+19)	109.255	3.836	4.051
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	24.918	2.100	(159)
22. Total fair value of foreign currency hedge	575	(69)	100

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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 September 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	(24.549)	24.549	(24.549)	24.549
2- Amount hedged for USD risk (-)	--	--	(17.915)	17.915
3- USD net effect (1 +2)	(24.549)	24.549	(42.464)	42.464
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	(5.631)	5.631	(5.631)	5.631
5 - Amount hedged for EUR risk (-)	--	--	(3.405)	3.405
6- EUR net effect (4+5)	(5.631)	5.631	(9.036)	9.036
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)	(30.180)	30.180	(51.500)	51.500

Foreign Currency Sensitivity Table
31 December 2021

	Profit / (Loss)		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL:				
1 - USD Dollars net assets/liabilities	4.978	(4.978)	--	--
2- Amount hedged for USD risk (-)	--	--	2.642	(2.642)
3- USD net effect (1 +2)	4.978	(4.978)	2.642	(2.642)
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	5.948	(5.948)	--	--
5 - Amount hedged for EUR risk (-)	--	--	6.183	(6.183)
6- EUR net effect (4+5)	5.948	(5.948)	6.183	(6.183)
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)	10.926	(10.926)	8.825	(8.825)

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

As at 30 September 2022 and 31 December 2021, 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
30 September 2022					
Financial Assets					
Cash and cash equivalents	834.314	--	--	834.314	5
Trade receivables (including due from related parties)	308.536	--	--	308.536	7
Other receivables	807	--	--	807	8
Derivatives	--	1.318	--	1.318	
Financial Liabilities					
Short-term bank loans	--	--	89.558	89.558	6
Lease liabilities	--	--	401.312	401.312	6
Trade payables (including due to related parties)	--	--	4.247.768	4.247.768	7
Other payables	--	--	7.512	7.512	8
Derivatives	--	3.106	--	3.106	
31 December 2021					
Financial Assets					
Cash and cash equivalents	709.408	--	--	709.408	5
Trade receivables (including due from related parties)	155.925	--	--	155.925	7
Other receivables	612	--	--	612	8
Derivatives	--	575	--	575	
Financial Liabilities					
Lease liabilities	--	--	209.133	209.133	6
Trade payables (including due to related parties)	--	--	2.428.265	2.428.265	7
Other payables	--	--	5.153	5.153	8

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

The total of the shares of the mutual funds founded by Marmara Capital Portföy Yönetimi A.Ş. and the Company's shares in the portfolios of Marmara Capital Portfolio Equity Hedge Funds are increased over 5% as a result of 150.000 purchase transactions from 14,25-14,55 price range (average price 14,3679) on 6 October 2022.