

**TEKNOSA İÇ VE DIŞ TİCARET
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2022
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

28 April 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 31 March 2022, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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

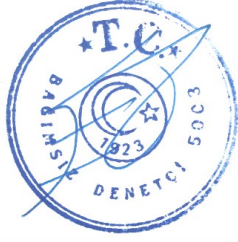
We conducted our review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial 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
28 April 2022
İstanbul, Türkiye

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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 31 MARCH 2022**

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

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Current Period	
		<i>Reviewed</i>	<i>Audited</i>
		31 March 2022	31 December 2021
Current assets			
Cash and cash equivalents	5	552.670	709.408
Trade receivables	7	186.331	155.925
<i>Trade receivables from related parties</i>	4,7	9.037	18.609
<i>Trade receivables from third parties</i>	7	177.294	137.316
Inventories	9	2.167.475	1.719.160
Prepaid expenses	10	14.651	9.150
Derivatives		--	575
Other current assets	18	47.918	29.316
Total current assets		2.969.045	2.623.534
Non-current Assets			
Other receivables	8	660	612
Investment property	12	35.160	35.160
Right of use assets	11	169.337	166.367
Property, plant and equipment	13	83.856	84.171
Intangible assets	14	52.377	50.213
Prepaid expenses	10	2.935	3.753
Deferred tax assets		27.938	37.286
Total non-current assets		372.263	377.562
TOTAL ASSETS		3.341.308	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 31 MARCH 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Current	Prior
		Period	Period
		<i>Reviewed</i>	<i>Audited</i>
		31 March 2022	31 December 2021
Short term liabilities			
Short term borrowings	6	197.730	--
- Short term bank loans from related parties	4	36.265	--
- Short term bank loans from third parties		161.465	--
Short term portion of long-term finance lease liabilities		92.343	96.062
- Short term portion of long-term finance lease liabilities from related parties	4	2.048	1.952
- Short term portion of long-term finance lease liabilities from third parties		90.295	94.110
Trade Payables	7	2.480.913	2.428.265
- Trade payables to related parties	4	7.081	12.845
- Trade payables to third parties	7	2.473.832	2.415.420
Payables related to employee benefits	15	44.265	29.928
Other payables		5.726	5.153
- Other payables to third parties	8	5.726	5.153
Deferred revenue	10	35.385	32.074
Period profit tax liability		5.871	--
Short term provisions		36.664	33.357
- Short term provisions for employee benefits	15	18.817	19.102
- Other short-term provisions	16	17.847	14.255
Other current liabilities	18	1.579	2.117
Derivatives		127	--
Total current liabilities		2.900.603	2.626.956
Long term liabilities			
Long term lease liabilities	6	117.203	113.071
- Long term lease liabilities from related parties	4	195	746
- Long term lease liabilities from third parties		117.008	112.325
Provisions for employee benefits	15	23.014	18.087
Total non-current liabilities		140.217	131.158
Total liabilities		3.040.820	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		25.855	25.855
- Losses on remeasurement of defined benefit plans		(8.510)	(8.510)
- Gains on revaluation of property, plant and equipment		34.365	34.365
Other comprehensive income that are or may be reclassified to profit or loss		(97)	431
- Cash flow hedge reserve		(97)	431
Accumulated losses		(184.294)	(315.758)
Net profit for the period		58.034	131.464
Total Equity		300.488	242.982
TOTAL LIABILITIES AND EQUITY		3.341.308	3.001.096

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
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

		Current period	Prior period
		<i>Reviewed</i>	<i>Reviewed</i>
	Notes	1 January - 31 March 2022	1 January - 31 March 2021
Revenue	19	2.843.083	1.461.262
Cost of revenue (-)	19	(2.346.235)	(1.209.815)
GROSS PROFIT		496.848	251.447
Marketing expenses (-)	20	(275.739)	(137.492)
General administrative expenses (-)	20	(36.696)	(16.849)
Other income from operating activities	21	24.911	12.705
Other expenses from operating activities (-)	21	(73.481)	(50.600)
OPERATING PROFIT		135.843	59.211
Income from investing activities	22	7.502	3.329
Expenses from investing activities (-)	22	(455)	(2)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		39	--
OPERATING PROFIT BEFORE FINANCE COSTS		142.929	62.538
Finance income	23	13.479	336
Finance costs (-)	23	(82.981)	(59.346)
OPERATING PROFIT BEFORE INCOME TAX		73.427	3.528
Tax expense		(15.393)	(1.168)
- Current tax expense		(5.871)	--
- Deferred tax expense		(9.522)	(1.168)
PROFIT FOR THE PERIOD		58.034	2.360
Attributable to:			
Owners of the Company		58.034	2.360
Non-controlling interests		--	--
OTHER COMPREHENSIVE EXPENSE			
Items that are or may be reclassified to profit or loss		(528)	--
<i>Losses on cash flow hedges</i>		(702)	--
<i>Income tax related to items that are or may be reclassified to profit or loss</i>		174	--
TOTAL OTHER COMPREHENSIVE EXPENSE		(528)	--
TOTAL COMPREHENSIVE INCOME		57.506	2.360
Earnings per share [(For 1 lot share)]		0,0029	0,0002
Diluted earnings per share [(For 1 lot share)]		0,0029	0,0002

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 THREE MONTH PERIOD ENDED 31 MARCH 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)
Transfers	--	--	--	--	--	--	--	--	85.296	(85.296)	--
Total comprehensive income	--	--	--	--	--	--	--	--	--	2.360	2.360
Balance at 31 March 2021	110.000	6.628	8.704	3	--	(6.244)	31.121	--	(315.758)	2.360	(163.186)
<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	--	--	--	--	--	--	--	(528)	--	58.034	57.506
Balance at 31 March 2022	201.000	6.628	8.704	3	184.655	(8.510)	34.365	(97)	(184.294)	58.034	300.488

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
CONDENSED CASH FLOW STATEMENTS FOR THE INTERIM THREE MONTH PERIOD ENDED
31 MARCH 2022 AND 2021**

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

		Current Period	Prior Period
		Reviewed	Reviewed
	Notes	1 January - 31 March 2022	1 January - 31 March 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		58.034	2.360
Adjustments			
Adjustments for depreciation and amortisation expenses	20	42.751	32.558
Adjustment for the (gains)/losses on sale of property, plant and equipment	22	(74)	(14)
Adjustments for (reversal of)/impairment of receivables	7	(39)	--
Adjustments for (reversal of)/provision for other provisions		7.016	5.830
Adjustments for (reversal of)/impairment of property, plant and equipment	13	10	(244)
Adjustments for impairment of right of use assets	11	1.436	--
Adjustments for (reversal of)/impairment of inventory	9	2.019	3.283
Adjustments for (reversal of)/provision for employee benefits	15	5.569	(3.217)
Adjustments for interest income	22	(6.973)	(3.313)
Adjustments for finance costs and income	23	69.502	59.010
Adjustments for tax expense		15.393	1.168
		194.644	97.421
Changes in working capital:			
Increase/(decrease) in trade receivables from third parties		(39.939)	(3.943)
Decrease in trade receivables from related parties		9.572	824
Increase in inventories		(450.334)	(192.823)
Increase in other assets related to operations		(23.517)	(35.715)
Decrease/(increase) in trade payables to third parties		58.412	(116.543)
Decrease in trade payables to related parties		(5.764)	(2.950)
Increase in other liabilities related to operations		17.683	5.372
Payments related to provisions for employee benefits		(927)	(2.471)
Payments related to other provisions		(3.425)	(1.120)
Cash provided by operating activities		(243.595)	(251.948)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(11.065)	(4.182)
Acquisition of intangible assets	14	(3.179)	(2.942)
Proceeds from sale of property, plant and equipment and intangible assets		474	12
Interest received	22	6.973	3.313
Cash used in investing activities		(6.797)	(3.799)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other financing cost paid		(70.475)	(35.138)
Payments for lease liabilities	6	(44.584)	(31.179)
Proceeds from bank borrowings	6	196.000	75.200
Repayments of bank borrowings	6	(766)	(115.227)
Cash (used in)/provided from financing activities		80.175	(106.344)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)			
		(170.217)	(362.091)
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency		13.479	(123)
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	552.670	29.987

The accompanying notes are an integral part of these condensed interim 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 THREE MONTH PERIOD ENDED 31 MARCH 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 31 March 2022, number of personnel of the Company is 2.345 (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 198 stores with 101.408 square meters retail space as at 31 March 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 financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

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 April 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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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 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 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 31 March 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 31 March 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
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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)

2.4 Summary of Significant Accounting Policies

Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 31 March 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 TAS 1 will have significant impact on its financial statements.

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

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

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

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TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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 (Continued)

**Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of
31 March 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
31 March 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.

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. Depreciation methods, useful lives and residual values are 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 31 March 2022, the Company has recorded a net impairment of TL 1.436 for right-of-use assets and TL 10 for tangible assets (31 March 2021: TL 244 impairment reversal of 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 16.020 as at 31 March 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 31 March 2022, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 15.231 (31 December 2021: TL 15.460) (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 -31 March 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	2.683.467	159.616	2.843.083
Income from third party customers	2.683.467	159.616	2.843.083
Adjusted EBITDA	199.445	33.498	232.943

	1 January -31 March 2021		
	Stores and e-commerce	Dealer Group	Total
Total segment income	1.385.992	75.270	1.461.262
Income from third party customers	1.385.992	75.270	1.461.262
Adjusted EBITDA	123.460	7.580	131.040

	1 January – 31 March 2022	1 January – 31 March 2021
Reconciliation of Adjusted EBITDA with profit before taxes:	232.943	131.040
Depreciation and amortisation expenses	(42.751)	(32.558)
Finance income /(costs), net	(69.502)	(59.010)
Income/(expenses) from investing activities, net	7.047	3.327
Impairment profit / (loss) and Reversals of Impairment		
Losses in Accordance with TFRS 9	39	--
Other expenses from operating activities, net	(48.570)	(37.895)
Provision for employee termination benefits	(5.779)	(1.376)
Profit before tax	73.427	3.528

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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.

	31 March 2022	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	7.293	--
Aksigorta A.Ş.	1.099	--
Akbank T.A.Ş.	441	--
Hacı Ömer Sabancı Holding A.Ş.	77	30
Brisa Bridgestone Sabancı Lastık San.Ve Tic.A.Ş.	55	--
Çimsa Çimento San.ve Tic.A.Ş.	32	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	21	6.138
Akçansa Çimento San. ve Tic. A.Ş.	11	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	4	906
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	3	--
Kordsa Teknik Tekstil Anonim Şirketi	1	--
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	7
	9.037	7.081

	31 December 2021	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (*)	15.255	--
Çimsa Çimento San.ve Tic.A.Ş.	1.925	--
Akbank T.A.Ş.	856	--
Kordsa Teknik Tekstil Anonim Şirketi	244	--
Temsa Global Sanayi ve Ticaret 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

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

	31 March 2022	31 December 2021
<u>Deposit accounts in Akbank T.A.Ş.</u>		
Demand deposit	103.574	90.945
Time deposit	403.682	562.412
	507.256	653.357

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	31 March 2022	31 December 2021
<u>Credit card receivables in Akbank T.A.Ş.</u>		
Credit card receivables	4.261	9.429
	4.261	9.429

	31 March 2022	31 December 2021
<u>Short term bank loans in Akbank T.A.Ş.</u>		
Short term bank loans	36.265	--
	36.265	--

	1 January-31 March 2022		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	12.396	(855)	(2.102)
Akbank T.A.Ş.	6.970	--	--
Agesa Hayat ve Emeklilik A.Ş.	207	--	--
Çimsa Çimento San.ve Tic.A.Ş.	140	--	--
H.Ö. Sabancı Holding A.Ş.	68	--	(27)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	46	--	--
Aksigorta A.Ş.	26	--	(1.248)
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	20	--	(5.938)
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	17	--	--
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	16	--	--
Enerjisa Enerji Üretim A.Ş.	10	--	--
Akçansa Çimento San. ve Tic. A.Ş.	10	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	5	--	(1.612)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(13)
Kordsa Teknik Tekstil A.Ş.	--	--	(4)
	19.931	(855)	(10.944)

	1 January-31 March 2021		
Transactions with related parties	Sale of goods	Rent expense	Other expenses
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	9.043	(825)	(155)
Akbank T.A.Ş.	378	--	--
H.Ö. Sabancı Holding A.Ş.	215	--	(2)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	107	--	--
Çimsa Çimento San.ve Tic.A.Ş.	84	--	--
Akçansa Çimento San. ve Tic. A.Ş.	78	--	--
Enerjisa Enerji Üretim A.Ş.	19	--	--
Aksigorta A.Ş.	5	--	(717)
Agesa Hayat ve Emeklilik A.Ş.	3	--	--
Kordsa Teknik Tekstil A.Ş.	2	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	1	--	(1.030)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(17)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	--	(1.067)
	9.935	(825)	(2.988)

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NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

The details of short and long term rent liabilities to related parties as at 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Short portion of long-term lease liabilities to related parties	2.048	1.952
Long-term lease liabilities to related parties	195	746
	2.243	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 31 March 2022 and 2021 are as follows:

	1 January – 31 March 2022	1 January – 31 March 2021
Salaries and other benefits	5.585	3.889
	5.585	3.889

NOTE 5 – CASH AND CASH EQUIVALENTS

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

	31 March 2022	31 December 2021
Cash	2.939	2.691
Time deposit	403.682	562.412
Demand deposit	123.019	96.225
Credit card slip receivables	23.030	48.080
	552.670	709.408

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

The details of time deposits, maturity dates and interest rates of the company as at 31 March 2022 and 31 December 2021 are as follows:

Currency	Maturity	Interest Rate	31 March 2022
TL	1 April 2022	16,50%	403.500
		Accrual of interest	182
			403.682
Currency	Maturity	Interest Rate	31 December 2021
TL	3 January 2022	26,75%	562.000
		Accrual of interest	412
			562.412

The Company’s exposure to foreign currency risk 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 31 March 2022 is as follow:

	31 March 2022			
	Currency	Interest Rate	Amount	Maturity
Bank loans	TL	18,90%	36.265	16 August 2022
Bank loans	TL	18,28%	80.609	16 September 2022
Bank loans	TL	21,40%	80.856	14 March 2023
Short term financial liabilities			197.730	

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 31 March 2022 and 2021 is as follows:

	2022	2021
Bank borrowings as of 1 January	--	370.058
Credit principal entries during the period	196.000	75.200
Interest and principal repayments during the period	(766)	(115.227)
Interest expense during the period (including accruals)	2.496	10.602
Bank borrowings as of 31 March	197.730	340.633

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

Lease Liabilities	Present value of minimum lease payments	
	31 March 2022	31 December 2021
Within one year	96.754	117.851
Less: future finance charges	(4.411)	(21.789)
Present value of lease liabilities	92.343	96.062
Within two years and after	122.802	138.718
Less: future finance charges	(5.599)	(25.647)
Present value of lease liabilities	117.203	113.071

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:

	2022	2021
Lease liabilities at 1 January	209.133	266.407
Increase/ (decrease) in lease liabilities during the period	34.987	18.173
Lease payments during the period	(44.584)	(31.179)
Interest expense during the period	10.010	13.147
Lease liabilities at 31 March	209.546	266.548

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

	31 March 2022	31 December 2021
Short term trade receivables		
Trade receivables	101.336	77.850
Notes receivables	83.171	66.718
Due from related parties (Note 4)	9.037	18.609
Allowance for doubtful receivables (-)	(7.213)	(7.252)
	186.331	155.925

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 55 days for dealer groups. (31 December 2021: For retail: 1-7 days, 65 days for dealer receivables). As of 31 March 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:

	31 March 2022	31 March 2021
As at 1 January	7.252	7.262
Charge for the period	20	--
Reversals	(59)	--
	7.213	7.262

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

	31 March 2022	31 December 2021
Letters of guarantees received	139.922	113.297
Mortgages	8.592	8.772
	148.514	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 148.514 (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 foreign currency risk, credit risk for short-term trade receivables and payables and the details of impairment are disclosed in Note 24.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables:

	31 March 2022	31 December 2021
Trade payables	2.467.231	2.403.994
Due to related parties (Note 4)	7.081	12.845
Expense accruals	6.601	11.426
	2.480.913	2.428.265

As at 31 March 2022, the Company offset income accruals from its suppliers amounting to TL 143.203 with trade payables (31 December 2021: TL 75.697). Average payment term of trade payables is 89 days (31 December 2021: 87 days). The Company does not have payments on a monthly basis for late interest as of 31 March 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 31 March 2022 and 31 December 2021 are as follows:

Other receivables

	31 March 2022	31 December 2021
Deposits and guarantees given	660	612
	660	612

Other payables

	31 March 2022	31 December 2021
Deposits and guarantees received	5.726	5.153
	5.726	5.153

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NOTE 9 - INVENTORIES

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

	31 March 2022	31 December 2021
Trading goods	1.975.838	1.674.884
Goods in transit	207.657	58.277
Allowance for impairment on inventories (-)	(16.020)	(14.001)
	2.167.475	1.719.160

The movements of allowance for inventories for the periods ended at 31 March 2022 and 31 March 2021 are as below:

	31 March 2022	31 March 2021
<i>Allowance for impairment on inventories:</i>		
As at 1 January	(14.001)	(15.702)
Change for the period/used in the period, net	(2.019)	(3.283)
As at 31 March	(16.020)	(18.985)

NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE

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

	31 March 2022	31 December 2021
<i>Short-term prepaid expenses</i>		
Short term prepaid expenses	13.641	8.322
Advances given for inventories	1.010	828
	14.651	9.150
<i>Long-term prepaid expenses</i>		
Long term prepaid expenses	2.935	3.753
	2.935	3.753

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

	31 March 2022	31 December 2021
<i>Short-term deferred revenue</i>		
Advances received	19.894	16.316
Income from gift checks	15.231	15.460
Other	260	298
	35.385	32.074

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NOTE 11 – RIGHT OF USE ASSETS

As of 31 March 2022 and 2021, the movement of right of use assets is as follows:

<u>Cost value</u>	Buildings	Vehicles	Total
1 January 2022 opening balance	426.810	13.476	440.286
Additions	35.172	--	35.172
Impairment	(3.411)	--	(3.411)
31 March 2022 closing balance	458.571	13.476	472.047
<u>Accumulated depreciation</u>			
1 January 2022 opening balance	(267.946)	(5.973)	(273.919)
Change for the period	(29.910)	(856)	(30.766)
Impairment	1.975	--	1.975
31 March 2022 closing balance	(295.881)	(6.829)	(302.710)
Net carrying amount as of 1 January 2022	158.864	7.503	166.367
Net carrying amount as of 31 March 2022	162.690	6.647	169.337

<u>Cost value</u>	Buildings	Vehicles	Total
1 January 2021 opening balance	379.740	13.013	392.753
Additions	27.360	--	27.360
Disposals	(3.749)	--	(3.749)
31 March 2021 closing balance	403.351	13.013	416.364
<u>Accumulated depreciation</u>			
1 January 2021 opening balance	(170.408)	(2.635)	(173.043)
Change for the period	(22.488)	(790)	(23.278)
Disposals	40	--	40
31 March 2021 closing balance	(192.856)	(3.425)	(196.281)
Net carrying amount as of 1 January 2021	209.332	10.378	219.710
Net carrying amount as of 31 March 2021	210.495	9.588	220.083

As of 31 March 2022 the depreciation expense is TL 30.766 (2021: TL 23.278), thereof TL 30.476 of depreciation charges included in marketing expenses (31 March 2021: TL 22.989) and TL 290 included in general administrative expenses (31 March 2021: TL 289).

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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 31 March 2022 (31 December 2021: TL 35.160).

The Company generates rental income by TL 578 (2021: TL 390) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 174 (2021: TL 129). 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.

31 March 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 31 March 2022 are as follows:

Cost	Buildings	Machinery and equipments	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	--	--	--	2.886	1.031	7.148	11.065
Disposals	--	--	--	(590)	--	--	(590)
Allowance of impairment (*)	--	--	--	(2)	(287)	--	(289)
Transfers	--	--	--	962	924	(7.603)	(5.717)
Balance at 31 March 2022	27.929	369	242	115.305	115.071	6.470	265.386
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	(5.930)	(369)	(60)	(77.580)	(92.807)	--	(176.746)
Change for the period	(173)	--	(9)	(3.031)	(2.040)	--	(5.253)
Disposals	--	--	--	190	--	--	190
Allowance of impairment (*)	--	--	--	1	278	--	279
Balance at 31 March 2022	(6.103)	(369)	(69)	(80.420)	(94.569)	--	(181.530)
Net carrying amount at 31 December 2021	21.999	--	182	34.469	20.596	6.925	84.171
Net carrying amount at 31 March 2022	21.826	--	173	34.885	20.502	6.470	83.856

(*) As of 31 March 2022, the impairment loss during the period calculated for property, plant and equipment is net TL 10 (31 March 2021: TL 244 reversal of impairment).

For the period ended 31 March 2022, thereof TL 3.408 of depreciation charges included in marketing expenses (31 March 2021: TL 2.639) and TL 1.845 included in general administrative expenses (31 March 2021: TL 1.505).

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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 31 March 2021 are as follows:

Cost	Buildings	Machinery and equipments	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	--	--	--	1.421	759	2.002	4.182
Disposals	--	--	--	(25)	--	--	(25)
Reversal of impairment	--	--	--	(2)	141	--	139
Transfers	--	--	--	332	911	(1.299)	(56)
Balance at 31 March 2021	24.324	369	57	91.093	106.554	3.161	225.558
Accumulated depreciation and impairment losses							
Balance at 1 January 2021	(5.324)	(369)	(57)	(69.545)	(85.561)	--	(160.856)
Additions	(157)	--	--	(1.990)	(1.997)	--	(4.144)
Disposals	--	--	--	23	--	--	23
Impairment/(reversal), net (*)	--	--	--	78	27	--	105
Balance at 31 March 2021	(5.481)	(369)	(57)	(71.434)	(87.531)	--	(164.872)
Net carrying amount at 31 December 2020	19.000	--	--	19.822	19.182	2.458	60.462
Net carrying amount at 31 March 2021	18.843	--	--	19.659	19.023	3.161	60.686

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NOTE 14 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 31 March 2022 and 2021 are as follows:

<u>Cost</u>	Licences-rights and computer softwares	Total
Balance at 1 January 2022	175.620	175.620
Additions	3.179	3.179
Transfers	5.717	5.717
Balance at 31 March 2022	184.516	184.516
Accumulated amortisation		
Balance at 1 January 2022	(125.407)	(125.407)
Charge for the period	(6.732)	(6.732)
Balance at 31 March 2022	(132.139)	(132.139)
Net book value as at 31 December 2021	50.213	50.213
Net book value as at 31 March 2022	52.377	52.377
	Licences-rights and computer softwares	Total
<u>Cost</u>		
Balance at 1 January 2021	142.982	142.982
Additions	2.942	2.942
Transfers	56	56
Balance at 31 March 2021	145.980	145.980
Accumulated amortisation		
Balance at 1 January 2021	(103.340)	(103.340)
Charge for the period	(5.136)	(5.136)
Balance at 31 March 2021	(108.476)	(108.476)
Net book value as at 31 December 2020	39.642	39.642
Net book value as at 31 March 2021	37.504	37.504

Amortisation expenses amounting to TL 3.972 (31 March 2021: TL 3.013) are included in marketing expenses and TL 2.760 (31 March 2021: TL 2.123) 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 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Social security premiums payable	22.339	12.374
Accrued salaries	21.926	13.986
Income taxes payable	--	3.568
	44.265	29.928

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

	31 March 2022	31 December 2021
<i>Short-term provisions</i>		
Provision for unused vacation	8.471	5.446
Provision for sales personnel premium	6.435	6.948
Provision for head office personnel premium	2.888	4.833
Provision for top management premium	1.023	1.875
	18.817	19.102

	31 March 2022	31 December 2021
<i>Long-term provisions</i>		
Provision for employee termination benefit	22.302	17.614
Provision for head office personnel premium	712	473
	23.014	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 31 March 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 13,78 % and 8,60%, 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 (124 personnel) and the provision has been calculated accordingly.

NOTE 16 – PROVISIONS

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

	31 March 2022	31 December 2021
Provisions for ongoing litigation (*)	7.330	9.152
Other	10.517	5.103
	17.847	14.255

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

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NOTE 17 – COMMITMENTS

Collateral, pledge, mortgage position

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

CPMs given by the Company	31 March 2022			
	TL equivalents	USD	Euro	TL
A. Total amount of CPM given on behalf of own legal personality	1.030.714	10.485	8.518	738.236
- Collaterals	800.463	1.359	3.122	729.644
- Pledges	--	--	--	--
- Mortgages	8.592	--	--	8.592
- Letter of credit	221.659	9.126	5.396	--
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	1.030.714	10.485	8.518	738.236

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 31 March 2022 (31 December 2021: 0%).

As at 31 March 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 and non-current assets as at 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
<i>Other current assets</i>		
Deferred VAT	38.998	26.128
Advances given	6.098	1.594
Personnel advances	264	92
Other current assets	2.558	1.502
	47.918	29.316

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

	31 March 2022	31 December 2021
<i>Other current liabilities</i>		
Other expense accruals	1.012	764
Other liabilities and obligations	567	1.353
	1.579	2.117

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NOTE 19 – REVENUE

The details of revenue for three month periods ended 31 March 2022 and 2021 are as follows.

<i>Revenue (net)</i>	1 January – 31 March 2022	1 January – 31 March 2021
Retail sales	2.410.641	1.183.607
E-commerce sales	272.826	202.385
Dealer sales	159.616	75.270
	2.843.083	1.461.262

<i>Cost of revenue</i>	1 January – 31 March 2022	1 January – 31 March 2021
Cost of trading goods sold	(2.338.391)	(1.206.072)
Installation and warranty expenses	(7.844)	(3.743)
	(2.346.235)	(1.209.815)

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NOTE 20 – SELLING AND MARKETING AND ADMINISTRATIVE EXPENSES

The details of selling and marketing expenses for three month periods ended 31 March 2022 and 2021 are as follows:

<i>Selling and Marketing expenses</i>	1 January – 31 March 2022	1 January – 31 March 2021
Personnel expenses	(101.172)	(43.771)
Advertising and promotion expenses	(44.492)	(13.783)
Rent expenses	(41.093)	(21.026)
Depreciation and amortisation expenses	(37.856)	(28.641)
Transportation expenses	(13.470)	(8.512)
Energy, fuel, water expenses	(11.259)	(2.930)
Consultancy expenses	(10.044)	(10.590)
Maintenance expenses	(3.415)	(2.143)
Travel and accommodation expenses	(281)	(160)
Communication expenses	(263)	(213)
Other expenses	(12.394)	(5.723)
	(275.739)	(137.492)

The details of administrative expenses for three month periods ended 31 March 2022 and 2021 are as follows:

<i>Administrative expenses</i>	1 January – 31 March 2022	1 January – 31 March 2021
Personnel expenses	(15.404)	(6.448)
IT expenses	(10.202)	(3.578)
Depreciation and amortisation expenses	(4.895)	(3.917)
Consultancy expenses	(3.129)	(1.466)
Rent expenses	(932)	(688)
Maintenance expenses	(246)	(184)
Travel expenses	(182)	(68)
Energy, fuel, water expenses	(32)	(15)
Other expenses	(1.674)	(485)
	(36.696)	(16.849)

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NOTE 21 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for three month periods ended 31 March 2022 and 2021 are as follows:

<i>Other income from operating activities</i>	1 January – 31 March 2022	1 January – 31 March 2021
Foreign exchange gains	19.635	2.815
Interest income	4.008	3.408
Income from personnel	474	343
Gift cards	130	140
Reversal of provisions for cancellation of rent agreements	--	5.019
Impairment/cancellation of fixed asset	--	244
Other income	664	736
	24.911	12.705

The details of other expense from operating activities for three month periods ended 31 March 2022 and 2021 are as follows:

<i>Other expense from operating activities (-)</i>	1 January – 31 March 2022	1 January – 31 March 2021
Interest expenses on trade transactions	(50.328)	(37.377)
Foreign exchange loss	(18.708)	(8.093)
Litigation expenses	(1.058)	(513)
Impairment of fixed asset	(1.446)	--
Other expenses	(1.941)	(4.617)
	(73.481)	(50.600)

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NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for three month periods ended 31 March 2022 and 2021 are as follows:

Income from investment activities

	1 January – 31 March 2022	1 January – 31 March 2021
Gain from sale of fixed assets	529	16
Interest income on time deposits	6.973	3.313
	7.502	3.329

The details of expense from investing activities for three month periods ended 31 March 2022 and 2021 are as follows:

Expenses from investment activities

	1 January – 31 March 2022	1 January – 31 March 2021
Loss from sale of fixed assets	(455)	(2)
	(455)	(2)

NOTE 23 – FINANCE COSTS AND INCOME

The details of finance costs for three month periods ended 31 March 2022 and 2021 are as follows:

	1 January – 31 March 2022	1 January – 31 March 2021
Credit card commission and discount expenses	(68.725)	(33.855)
Interest expense due lease liabilities (Note 6)	(10.010)	(13.147)
Interest and commission expenses	(2.496)	(10.602)
Guarantee letters commission expenses	(1.554)	(1.201)
Foreign exchange expenses	--	(459)
Other finance costs	(196)	(82)
	(82.981)	(59.346)

The details of finance income for three month periods ended 31 March 2022 and 2021 are as follows:

	1 January – 31 March 2022	1 January – 31 March 2021
Foreign exchange income	13.479	336
	13.479	336

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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	31 March 2022		
	TL equivalent	USD	EUR
1. Trade receivable	4.353	240	52
2a. Monetary financial assets (including cash on hand and bank accounts)	118.508	3.339	4.268
2b. Non-monetary financial assets	--	--	--
3. Other	2.654	179	2
4. Current assets (1+2+3)	125.515	3.758	4.322
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	548	37	--
8. Non-current assets (5+6+7)	548	37	--
9. Total assets(4+8)	126.063	3.795	4.322
10. Trade payables	(155.156)	(7.685)	(2.612)
11. Financial liabilities	--	--	--
12a. Other monetary liabilities	--	--	--
12b. Non-monetary other liabilities	(5.584)	(379)	(2)
13. Current liabilities (10+11+12)	(160.740)	(8.064)	(2.614)
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)	(160.740)	(8.064)	(2.614)
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	(5.999)	(410)	--
19a. Off-balance sheet derivative assets	--	--	--
19b. Off-balance sheet derivative liabilities	(5.999)	(410)	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(40.676)	(4.679)	1.708
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(32.295)	(4.106)	1.708
22. Total fair value of foreign currency hedge	(127)	(9)	--

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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) (IFRS 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

31 March 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	6.852	(6.852)	6.852	(6.852)
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1 +2)	6.852	(6.852)	6.852	(6.852)
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	2.786	(2.786)	2.786	(2.786)
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	2.786	(2.786)	2.786	(2.786)
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)	9.638	(9.638)	9.638	(9.638)

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 31 March 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
31 March 2022					
Financial Assets					
Cash and cash equivalents	552.670	--	--	552.670	5
Trade receivables (including due from related parties)	186.331	--	--	186.331	7
Other receivables (including due from related parties)	660	--	--	660	8
Financial Liabilities					
Short-term bank loans	--	--	197.730	197.730	6
Lease liabilities	--	--	209.546	209.546	6
Trade payables (including due to related parties)	--	--	2.480.913	2.480.913	7
Other payables	--	--	5.726	5.726	8
Derivatives	--	127	--	127	
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 (including due from related parties)	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

None.