

**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 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

(Originally issued in Turkish)

2 May 2023

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT FOR THE
INTERIM PERIOD ENDED 31 MARCH 2023

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

CONTENTS	PAGE(S)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	1-2
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND	
OTHER COMPREHENSIVE INCOME.....	3
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY....	4
CONDENSED INTERIM STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	6-38
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	6
NOTE 2 BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS...	6-11
NOTE 3 SEGMENT REPORTING.....	12
NOTE 4 RELATED PARTY DISCLOSURES.....	13-15
NOTE 5 CASH AND CASH EQUIVALENTS.....	16
NOTE 6 LOANS AND BORROWINGS.....	17
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	18-19
NOTE 8 OTHER RECEIVABLES AND PAYABLES	19
NOTE 9 INVENTORIES.....	20
NOTE 10 PREPAID EXPENSES AND DEFERRED REVENUE	20
NOTE 11 RIGHT OF USE ASSETS.....	21
NOTE 12 INVESTMENT PROPERTY.....	22
NOTE 13 PROPERTY, PLANT AND EQUIPMENT.....	23-24
NOTE 14 INTANGIBLE ASSETS	25
NOTE 15 PAYABLES RELATED TO EMPLOYEE BENEFITS AND	
PROVISIONS FOR EMPLOYEE BENEFITS.....	26-27
NOTE 16 PROVISIONS.....	27
NOTE 17 COMMITMENTS.....	28
NOTE 18 OTHER CURRENT ASSETS AND LIABILITIES.....	29
NOTE 19 REVENUE	30
NOTE 20 SELLING AND MARKETING AND GENERAL ADMINISTRATIVE	
EXPENSES.....	31
NOTE 21 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES.....	32
NOTE 22 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES.....	33
NOTE 23 FINANCE COSTS AND INCOME.....	33
NOTE 24 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL	
INSTRUMENTS.....	34-36
NOTE 25 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND	
EXPLANATIONS ON HEDGE ACCOUNTING).....	37
NOTE 26 EVENTS AFTER THE REPORTING PERIOD	38



KPMG Bağımsız Denetim ve SMMM A.Ş.
Levent Mah. Meltem Sokak
İş Bankası Kuleleri No:14/10
34330 Beşiktaş İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

**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 2023, 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
2 May 2023
İstanbul, Turkey

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH)
 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Current Period	
		<i>Reviewed</i>	<i>Audited</i>
		31 March 2023	31 December 2022
Current assets			
Cash and cash equivalents	5	958.021	1.604.179
Trade receivables	7	527.834	441.042
<i>Trade receivables from related parties</i>	4,7	29.503	26.528
<i>Trade receivables from third parties</i>	7	498.331	414.514
Inventories	9	4.095.191	3.265.498
Prepaid expenses	10	98.484	80.796
Other current assets	18	80.898	47.047
Total current assets		5.760.428	5.438.562
Non-current Assets			
Other receivables	8	831	816
Investment property	12	91.510	91.510
Right of use assets	11	475.082	374.312
Property, plant and equipment	13	262.306	221.282
Intangible assets	14	83.507	78.093
Prepaid expenses	10	11.928	17.445
Deferred tax assets		80.395	75.528
Total non-current assets		1.005.559	858.986
TOTAL ASSETS		6.765.987	6.297.548

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 STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current period	Prior period
		<i>Reviewed</i>	<i>Audited</i>
		31 March 2023	31 December 2022
LIABILITIES			
Current liabilities			
Short-term loans and borrowings	6	227.940	202.260
-Short-term bank loans from third parties	4	159.639	108.327
-Short-term bank loans from related parties		68.301	93.933
Short portion of long-term lease liabilities	6	197.426	154.134
-Short portion of long-term lease liabilities to related parties	4	282	1.075
-Short portion of long-term lease liabilities to third parties		197.144	153.059
Trade payables	7	4.667.735	4.560.737
-Trade payables to related parties	4	54.738	20.872
-Trade payables to third parties	7	4.612.997	4.539.865
Payables related to employee benefits	15	102.779	62.552
Other payables		7.877	7.511
-Other payables to third parties	8	7.877	7.511
Deferred revenue	10	125.630	78.002
Current income tax liabilities		54.929	32.867
Short-term provisions		75.258	99.131
-Short-term provisions for employee benefits	15	44.498	75.440
-Other short-term provisions	16	30.760	23.691
Derivatives		--	2.613
Other current liabilities	18	7.165	4.255
Total current liabilities		5.466.739	5.204.062
Non-current liabilities			
Long-term lease liabilities	6	323.528	263.565
-Long-term lease liabilities to third parties		323.528	263.565
Long-term provisions for employee benefits	15	77.313	68.702
Total non-current liabilities		400.841	332.267
Total liabilities		5.867.580	5.536.329
EQUITY			
Share capital		201.000	201.000
Adjustments 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		14.793	21.715
-Losses on remeasurement of defined benefit plans		(49.594)	(42.364)
-Gains on revaluation of property, plant and equipment		64.387	64.079
Other comprehensive income that are or may be reclassified to profit or loss		--	(2.119)
-Losses on cash flow hedge		--	(2.119)
Retained earnings / (accumulated losses)		340.633	(184.294)
Net profit for the period		141.991	524.927
Total Equity		898.407	761.219
TOTAL LIABILITIES AND EQUITY		6.765.987	6.297.548

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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

	Notes	Current period	Prior period
		<i>Reviewed</i>	<i>Reviewed</i>
		1 January - 31 March 2023	1 January - 31 March 2022
Revenue	19	6.621.574	2.843.083
Cost of revenue (-)	19	(5.559.583)	(2.346.235)
GROSS PROFIT		1.061.991	496.848
Marketing expenses (-)	20	(575.225)	(275.739)
General administrative expenses (-)	20	(66.907)	(36.696)
Other income from operating activities	21	54.975	24.911
Other expenses from operating activities (-)	21	(153.158)	(73.481)
OPERATING PROFIT		321.676	135.843
Income from investing activities	22	39.160	7.502
Expenses from investing activities (-)	22	--	(455)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		10	39
OPERATING PROFIT BEFORE FINANCE COSTS		360.846	142.929
Finance income	23	3.085	13.479
Finance costs (-)	23	(203.159)	(82.981)
OPERATING PROFIT BEFORE INCOME TAX		160.772	73.427
Tax expense		(18.781)	(15.393)
- Current tax expense		(22.062)	(5.871)
- Deferred tax income/(expense)		3.281	(9.522)
NET PROFIT FOR THE PERIOD		141.991	58.034
Attributable to:			
Owners of the Company		141.991	58.034
Non-controlling interests		--	--
OTHER COMPREHENSIVE INCOME			
Items that are or will not be reclassified to profit or loss		(6.922)	--
<i>Losses on remeasurement of defined benefit plans</i>		(9.038)	--
<i>Income tax related to items that are or will not be reclassified to profit or loss</i>		2.116	--
Items that are or may be reclassified to profit or loss		2.119	(528)
<i>Gains/(losses) on cash flow hedges</i>		2.649	(702)
<i>Tax income/(expense) related to items that are or may be reclassified to profit or loss</i>		(530)	174
TOTAL OTHER COMPREHENSIVE INCOME		(4.803)	(528)
TOTAL COMPREHENSIVE INCOME		137.188	57.506
Earnings/(Loss) per share [(For 1 lot share)]		0,0071	0,0029
Diluted earnings/(loss) per share [(For 1 lot share)]		0,0071	0,0029

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 CASH FLOW STATEMENTS FOR THE INTERIM THREE-MONTH PERIOD ENDED
31 MARCH 2023**

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

		Current Period	Prior Period
		Reviewed	Reviewed
	Notes	1 January - 31 March 2023	1 January - 31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		141.991	58.034
<u>Adjustments to reconciliation of net profit for the period</u>			
Adjustments for finance costs and income	23	200.074	69.502
Adjustments for depreciation and amortisation expenses	20	72.627	42.751
Adjustments for impairment of inventory	9	20.921	2.019
Adjustments for (reversal of)/provision for other provisions		7.137	7.016
Adjustments for (reversal of)/impairment of property, plant and equipment and intangible assets	13	144	10
Adjustment for the (gains)/losses on sale of fixed assets	22	--	(74)
Adjustments for (reversal of)/impairment of receivables	7	(10)	(39)
Adjustments for impairment of right of use assets	11	--	1.436
Adjustments for (reversal of)/provision for employee benefits		(24.744)	5.569
Adjustments for interest income	22	(39.160)	(6.973)
Adjustments for tax expense		18.781	15.393
		397.761	194.644
Changes in working capital:			
Increase in trade receivables from third parties		(83.807)	(39.939)
Decrease in trade receivables from related parties		(2.975)	9.572
Increase in inventories		(850.614)	(450.334)
Increase in other assets related to operations		(47.445)	(23.517)
Increase/(decrease) in trade payables to third parties		73.132	58.412
Decrease in trade payables to related parties		33.866	(5.764)
Increase in other liabilities related to operations		91.131	17.683
Payments related to provisions for employee benefits		(6.625)	(927)
Payments related to other provisions		(31)	(3.425)
Cash provided by operating activities		(395.607)	(243.595)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(58.456)	(11.065)
Acquisition of intangible assets	14	(12.032)	(3.179)
Proceeds from sale of property, plant and equipment and intangible assets		3.409	474
Interest received	22	39.160	6.973
Cash used in investing activities		(27.919)	(6.797)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other financing cost paid		(158.232)	(70.475)
Payments for lease liabilities	6	(74.490)	(44.584)
Proceeds from bank borrowings	6	117.000	196.000
Repayments of bank borrowings	6	(108.642)	(766)
Cash (used in)/provided from financing activities		(224.364)	80.175
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)			
		(647.890)	(170.217)
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency		1.732	13.479
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.604.179	709.408
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	958.021	552.670

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Teknosa İç ve Dış Ticaret Anonim Şirketi, (“Teknosa” or “the Company”) was established on 3 March 2000 and is engaged in retail sales of consumer electronics through its stores and website www.teknosa.com and air conditioners and white goods through its dealers. In addition, the website www.teknosa.com became “Marketplace” as of 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 2023, number of personnel of the Company is 2.565 (31 December 2022: 2.458). The Company is registered in Turkey and operates under the laws and regulations of Turkish Commercial Code.

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

The Company operates in Turkey in 102.503 square meters with 189 stores retail space as at 31 March 2023 (31 December 2022: 100.432 square meters with 189 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 with Turkish Financial Reporting Standards (“TFRS”)

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

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

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed version. The Company’s condensed interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed interim financial statements should be considered together with the financial statements as of 31 December 2022.

Approval of condensed interim financial statements:

The interim financial statements are approved by the Company’s Board of Directors on 2 May 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these interim financial statements.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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

2.1 Basis of presentation (Continued)

(ii) Basis of measurement

The financial statements have been prepared on historical cost basis except for revaluation of land, building, investment properties measured at fair value and derivatives. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are prepared by reflecting the necessary corrections and classifications to the legal records prepared on the basis of historical cost, in order to make the right presentation in accordance with TFRS.

(iii) Presentation and functional currency

These financial statements are presented in Turkish Lira ("TL"), which is the valid currency of the Company. Unless otherwise stated, all financial information presented in TL has been rounded to the nearest thousand TL.

(iv) Preparation of financial statements in hyperinflationary periods

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

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

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

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

2.2 Changes in significant accounting policies

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

2.3 Changes in estimates and error

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods. Identified significant accounting errors are applied retrospectively and prior period financial statements are restated.

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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

2.4 Summary of Significant Accounting Policies

**Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of
31 March 2023**

Standards issued but not yet effective and not early adopted

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

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

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

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

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

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

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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

2.4 Summary of Significant Accounting Policies (Continued)

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

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

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

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

The amendments confirm the following:

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

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

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

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

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

Amendments are effective on 1 January 2023

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

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

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**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 recognized 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 recognized on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of property, plant and equipment and intangible assets

The Company assesses at each reporting date to determine whether there is any indication of impairment. If the stores which are operating more than 1 year generates operating profit/ (loss) before income tax lower than the planned performance result, this situation is assessed as an objective evidence for impairment. If any such indication exists, then the asset’s recoverable amount is compared with the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the carrying amount of an asset or any cash generating unit that the asset belongs to is higher than its net realizable value, the value of the asset has impaired. Additionally, the Company recognises allowance for impairment for the tangible assets of the stores for which the Company management has expected to close down. The 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 2023, the Company has recorded a net impairment of TL 125 for property, plant and equipment and TL 19 for intangible assets (31 March 2022: TL 10 for property, plant and equipment and TL 1.436 for right-of-use assets) (Note 11, 13 and 14).

Allowance on inventories

In accordance with the accounting policy, inventories are stated at the net realizable 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 recognized allowance on inventories amounting to TL 43.984 as at 31 March 2023 (31 December 2022: TL 23.063) (Note 9).

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

2.5 Critical judgments and estimates (Continued)

Deferred tax assets

The Company recognizes deferred tax asset or liability in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes in accordance with TFRS and the amounts used for taxation purposes. The Company has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. The Company management estimates the amount of deferred tax assets which is fully and partially recoverable based on the current circumstances and available information. During the assessment, projections of future taxable income, current year and carried forward losses, potential expiration dates for utilisation of tax losses and other tax assets, and tax planning strategies are considered.

Accounting of gift checks

The Company recognizes 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 2023, the amount offset from the deferred revenue from the gift checks recognized in the financial statement is amounting to TL 25.270 (31 December 2022: TL 25.952) (Note 10).

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

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 2023		
	Stores and e-commerce	Dealer Group	Total
Total segment income	6.300.199	321.375	6.621.574
Adjusted EBITDA	457.881	40.460	498.341

	1 January -31 March 2022		
	Stores and e-commerce	Dealer Group	Total
Total segment income	2.683.467	159.616	2.843.083
Adjusted EBITDA	199.445	33.498	232.943

	1 January – 31 March 2023	1 January – 31 March 2022
Reconciliation of Adjusted EBITDA with profit before taxes:	498.341	232.943
Depreciation and amortisation expenses	(72.627)	(42.751)
Finance income /(costs), net	(200.074)	(69.502)
Income/(expenses) from investing activities, net	39.160	7.047
Impairment profit / (loss) and Reversals of Impairment		
Losses in Accordance with TFRS 9	10	39
Other income/(expense) from operating activities, net	(98.183)	(48.570)
Provision for employee termination benefits	(5.855)	(5.779)
Profit before tax	160.772	73.427

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

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 2023	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	20.666	--
Akbank T.A.Ş.	7.351	--
Kordsa Teknik Tekstil Anonim Şirketi	425	--
Çimsa Çimento San. ve Tic.A.Ş.	312	--
Hacı Ömer Sabancı Holding A.Ş.	268	39
Akçansa Çimento San. ve Tic. A.Ş.	226	--
Aksigorta A.Ş.	98	4.048
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	92	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	30	49.792
Ak Finansal Kiralama A.Ş.	26	--
Brisa Bridgestone Sabancı Lastik San.Ve Tic.A.Ş.	9	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	841
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	16
Temsa Global San. ve Tic.A.Ş.	--	1
Enerjisa Enerji Üretim A.Ş.	--	1
	29.503	54.738

	31 December 2022	
	Receivables	Payables
	Current	Current
Balances with related parties	Trading	Trading
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	23.374	--
Akbank T.A.Ş.	1.874	--
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	517	--
Akçansa Çimento San. ve Tic. A.Ş.	304	--
Çimsa Çimento San. ve Tic. A.Ş.	296	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	73	15.948
Aksigorta A.Ş.	46	2.010
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	43	--
Kordsa Teknik Tekstil Anonim Şirketi	1	--
Hacı Ömer Sabancı Holding A.Ş.	--	1.140
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	11
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	--	1
Enerjisa Enerji Üretim A.Ş.	--	1
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	1.761
	26.528	20.872

	31 March	31 December
	2023	2022
<u>Deposit accounts in Akbank T.A.Ş.</u>		
Demand deposit	214.995	163.469
	214.995	163.469

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH)
 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

	31 March 2023	31 December 2022
<u>Other liquid assets in Akbank T.A.Ş.</u>		
Other liquid assets	580.414	1.186.429
	580.414	1.186.429

	31 March 2023	31 December 2022
<u>Credit card receivables in Akbank T.A.Ş.</u>		
Credit card receivables	12.002	22.672
	12.002	22.672

	31 March 2023	31 December 2022
<u>Short term bank loans in Akbank T.A.Ş.</u>		
Short term bank loans	159.639	108.327
	159.639	108.327

Transaction with related parties	1 January – 31 March 2023		
	Sale of goods	Rent expense	Other expenses
Akbank T.A.Ş.	41.504	--	--
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	13.339	(948)	(1.399)
Kordsa Teknik Tekstil A.Ş.	395	--	--
Çimsa Çimento San. ve Tic.A.Ş.	362	--	--
Hacı Ömer Sabancı Holding A.Ş.	337	--	(97)
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	350	--	--
Akçansa Çimento San. ve Tic. A.Ş.	232	--	--
Aksigorta A.Ş.	140	--	(4.048)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	38	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	25	--	(48.892)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	--	(5.090)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(3)
	56.722	(948)	(59.529)

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Transaction with related parties	1 January – 31 March 2022		
	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. ve Bağlı Ortaklıkları	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)

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

	31 March 2023	31 December 2022
<i>Short portion of long-term lease liabilities to related parties</i>		
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	282	1.075
	282	1.075

Benefits for the key management personnel

The Company’s key management has been identified as the general managers and assistant general managers. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
Salaries and other benefits	16.023	5.585
	16.023	5.585

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

NOTE 5 – CASH AND CASH EQUIVALENTS

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

	31 March 2023	31 December 2022
Cash	2.866	8.040
Demand deposit	312.467	288.339
Credit card slip receivables	62.274	121.371
Other liquid assets (*)	580.414	1.186.429
	958.021	1.604.179

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

(*) Other liquid assets consist of short-term liquid funds which is exempt of corporate tax used by the Company from Akbank T.A.Ş. The maturity of the relevant fund is 1 April 2023, and the interest rate is 27%. As of 31 March 2023, TL 414 interest accrual has been accounted. (The maturity of the relevant fund is 2 January 2023, and the interest rate is 21,11%. As of 31 December 2022, TL 1.429 interest accrual has been accounted.)

The Company’s exposure to foreign currency risk for cash and cash equivalents are disclosed in Note 24.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

NOTE 6 - LOANS AND BORROWINGS

The details of loans and borrowings as at 31 March 2023 and 31 December 2022 is as follow:

31 March 2023				
	Currency	Interest Rate	Amount	Maturity
Unsecured bank loans	TL	26,88%	68.301	5 March 2024
Unsecured bank loans	TL	34,74%	51.785	23 February 2024
Unsecured bank loans	TL	44,09%	107.854	25 October 2023
Short-term financial liabilities			227.940	

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

The reconciliation of the Company's liabilities arising from bank loans for the accounting periods ending on 31 March 2023 and 2022 is as follows:

	2023	2022
Bank borrowings as of 1 January	202.260	--
Credit principal entries during the period	117.000	196.000
Interest and principal repayments during the period	(108.642)	(766)
Interest expense during the period (including accruals) (Note 23)	17.322	2.496
Bank borrowings as of 31 March	227.940	197.730

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

	Present value of minimum lease payments	
	31 March 2023	31 December 2022
Lease Liabilities		
Within one year	207.375	178.323
Less: future finance charges	(9.949)	(24.189)
Present value of lease liabilities	197.426	154.134
Within two years and after	339.831	304.927
Less: future finance charges	(16.303)	(41.362)
Present value of lease liabilities	323.528	263.565

The Company's lease liabilities represent the present value of the future payables of the buildings and machinery and equipment that are rented by the third parties through their useful lives.

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

	2023	2022
Lease liabilities at 1 January	417.699	209.133
Increase in lease liabilities during the period	151.493	34.987
Lease payments during the period	(74.490)	(44.584)
Interest expense during the period	26.252	10.010
Lease liabilities at 31 March	520.954	209.546

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

	31 March 2023	31 December 2022
Short term trade receivables		
Trade receivables	318.723	291.311
Notes receivables	186.934	130.539
Due from related parties (Note 4)	29.503	26.528
Allowance for doubtful receivables (-)	(7.326)	(7.336)
	527.834	441.042

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 64 days for dealer groups. (31 December 2022: For retail: 1-7 days, 49 days for dealer receivables). As of 31 March 2023, the Company does not apply overdue interest on trade receivables. (31 December 2022: None).

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

	31 March 2023	31 March 2022
As at 1 January	7.336	7.252
Charge for the period	--	20
Reversals	(10)	(59)
	7.326	7.213

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

	31 March 2023	31 December 2022
Letters of guarantees received	387.402	283.260
Mortgages	6.582	7.432
	393.984	290.692

The fair value of collateral and mortgages that the Company has the right to sell or re-guarantee or pledge before the collateral owner defaults is TL 393.984 (31 December 2022: TL 290.692).

As at the reporting date, there are not any collaterals or mortgages which are sold or re-pledged by the Company.

The Company's exposure to foreign currency risk, credit risk for short-term trade receivables and payables and the details of impairment are disclosed in Note 24.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables:

	31 March 2023	31 December 2022
Trade payables	4.445.990	4.519.299
Due to related parties (Note 4)	54.738	20.872
Expense accruals	167.007	20.566
	4.667.735	4.560.737

As at 31 March 2023, the Company offset income accruals from its suppliers amounting to TL 317.935 with trade payables (31 December 2022: TL 232.182). Average payment term of trade payables is 75 days (31 December 2022: 80 days). The Company does not have payments on a monthly basis for late interest as of 31 March 2023. (31 December 2022: None).

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

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

Other receivables

	31 March 2023	31 December 2022
Deposits and guarantees given	831	816
	831	816

Other payables

	31 March 2023	31 December 2022
Deposits and guarantees received	7.877	7.511
	7.877	7.511

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

NOTE 9 - INVENTORIES

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

	31 March 2023	31 December 2022
Trading goods	3.925.689	3.081.163
Goods in transit	213.486	207.398
Allowance for impairment on inventories (-)	(43.984)	(23.063)
	4.095.191	3.265.498

The movements of allowance for inventories for the periods ended at 31 March 2023 and 31 March 2022 are as below:

	31 March 2023	31 March 2022
<i>Allowance for impairment on inventories:</i>		
As at 1 January	(23.063)	(14.001)
Change for the period/used in the period, net	(20.921)	(2.019)
As at 31 March	(43.984)	(16.020)

NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE

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

	31 March 2023	31 December 2022
<i>Short-term prepaid expenses</i>		
Short term prepaid expenses	25.689	12.063
Advances given for inventories	72.795	68.733
	98.484	80.796
<i>Long-term prepaid expenses</i>		
Long term prepaid expenses	11.928	17.445
	11.928	17.445

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

	31 March 2023	31 December 2022
<i>Short-term deferred revenue</i>		
Advances received	97.284	49.498
Income from gift checks	25.270	25.952
Other	3.076	2.552
	125.630	78.002

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

NOTE 11 – RIGHT OF USE ASSETS

As of 31 March 2023 and 2022, the movement of right of use assets is as follows:

<u>Cost value</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
1 January 2023 opening balance	769.711	14.817	784.528
Additions	153.857	124	153.981
Disposals	(3.210)	--	(3.210)
31 March 2023 closing balance	920.358	14.941	935.299
<u>Accumulated depreciation</u>			
1 January 2023 opening balance	(400.471)	(9.744)	(410.215)
Change for the period	(50.945)	(1.187)	(52.132)
Disposals	2.130	--	2.130
31 March 2023 closing balance	(449.286)	(10.931)	(460.217)
Net carrying amount as of 1 January 2023	369.239	5.073	374.312
Net carrying amount as of 31 March 2023	471.072	4.010	475.082
<u>Cost value</u>			
1 January 2022 opening balance	426.810	13.476	440.286
Additions	35.172	--	35.172
Disposals	(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)
Disposals	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

As of 31 March 2023 the depreciation expense is TL 52.132 (2022: TL 30.766), thereof TL 51.640 of depreciation charges included in marketing expenses (31 March 2022: TL 30.476) and TL 491 included in general administrative expenses (31 March 2022: TL 290).

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 12 – INVESTMENT PROPERTY

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

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

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

The appraisal firm is an accredited independent firm licensed by CMB and have appropriate qualifications and recent experience in appraising properties in the relevant locations. For the fair value of the lands and buildings owned, it was calculated by using the “Market Approach”, “Revenue Approach” and “Cost Approach”, and the results obtained were harmonized and the final value was reached.

Fair value of the related building is level 2.

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the period ended 31 March 2023 are as follows:

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2023	56.721	95	242	171.705	154.229	27.475	410.467
Additions	--	--	--	34.832	8.750	14.874	58.456
Disposals	--	--	--	(1.253)	(3.866)	--	(5.119)
Allowance of impairment (*)	--	--	--	(163)	(55)	--	(218)
Transfers	--	--	--	13.898	6.377	(22.381)	(2.106)
Balance at 31 March 2023	56.721	95	242	219.019	165.435	19.968	461.480
Accumulated depreciation and impairment losses							
Balance at 1 January 2023	(6.617)	(95)	(97)	(83.607)	(98.769)	--	(189.185)
Change for the period	(360)	--	(9)	(7.069)	(4.354)	--	(11.792)
Disposals	--	--	--	779	931	--	1.710
Allowance/(reversal) of impairment (*)	--	--	--	114	(21)	--	93
Balance at 31 March 2023	(6.977)	(95)	(106)	(89.783)	(102.213)	--	(199.174)
Net carrying amount at 31 December 2022	50.104	--	145	88.098	55.460	27.475	221.282
Net carrying amount at 31 March 2023	49.744	--	136	129.236	63.222	19.968	262.306

(*) As of 31 March 2023, the impairment loss during the period calculated for property, plant and equipment is net TL 125 (31 March 2022: TL 10 impairment loss).

For the period ended 31 March 2023, thereof TL 8.821 of depreciation charges included in marketing expenses (31 March 2022: TL 3.408) and TL 2.971 included in general administrative expenses (31 March 2022: TL 1.845).

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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 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	--	--	--	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

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH)
 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 14 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 31 March 2023 and 2022 are as follows:

Cost	Licences-rights and computer softwares	Total
Balance at 1 January 2023	232.203	232.203
Additions	12.032	12.032
Transfers	2.106	2.106
Allowance of impairment (*)	(24)	(24)
Balance at 31 March 2023	246.317	246.317
Accumulated amortisation		
Balance at 1 January 2023	(154.111)	(154.111)
Charge for the period	(8.704)	(8.704)
Allowance of impairment (*)	5	5
Balance at 31 March 2023	(162.810)	(162.810)
Net book value as at 31 December 2022	78.093	78.093
Net book value as at 31 March 2023	83.507	83.507

Cost	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

(*) As of 31 March 2023, the impairment loss during the period calculated for intangible assets are net TL 19.

Amortisation expenses amounting to TL 5.136 (31 March 2022: TL 3.972) are included in marketing expenses and TL 3.568 (31 March 2022: TL 2.760) are included in general administrative expenses.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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

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

	31 March 2023	31 December 2022
Accrued salaries	64.945	26.123
Social security premiums payable	24.849	29.348
Income taxes payable	12.985	7.081
	102.779	62.552

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

	31 March 2023	31 December 2022
<i>Short-term provisions</i>		
Provision for sales personnel premium	18.849	22.935
Provision for unused vacation	17.699	10.223
Provision for head office personnel premium	7.950	42.282
	44.498	75.440

	31 March 2023	31 December 2022
<i>Long-term provisions</i>		
Provision for employee termination benefit	73.625	65.357
Provision for head office personnel premium	3.688	3.345
	77.313	68.702

Provisions for employment benefits

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age after 25 years of service (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Due to the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 0,50% real discount rate (31 December 2022: 0,50%) calculated by using 18,95 % annual inflation rate and 19,54% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 16,93 % and 10,29%, respectively (31 December 2022: 17,21% and 11,15%), and 0% for employees working for 16 years and over.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

**NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISIONS FOR
EMPLOYEE BENEFITS (Continued)**

Long-term provisions (Continued)

Provisions for employment benefits (Continued)

Probability has been determined as 100% for employees whose insurance register began before December 1999 (130 personnel) and the provision has been calculated accordingly.

The movement of employment termination benefit provision for the year ended 31 March 2023 and 2022 are as follows:

	31 March 2023	31 March 2022
Opening balance, 1 January	65.357	17.614
Service cost	2.749	1.341
Interest cost	3.106	4.438
Paid compensation during the period	(6.625)	(927)
Actuarial (gain)/loss	9.038	3.396
	73.625	25.862

NOTE 16 – PROVISIONS

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

	31 March 2023	31 December 2022
Provisions for ongoing litigation (*)	15.268	12.417
Provisions for stores	5.101	5.107
İklimsa warranty provision	3.908	2.000
Other	6.483	4.167
	30.760	23.691

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

The movement of provisions for ongoing litigation and cancellation of rent agreements for the year ended 31 March 2023 and 31 December 2022 are as follows:

	1 January 2023	1 January-31 March 2023 additional provisions	1 January-31 March 2023 paid/reversal provisions	31 March 2023
Litigation provisions	12.417	2.882	(31)	15.268
Claim for damages	1.061	--	(10)	1.051
Reemployment lawsuit	9.942	2.658	--	12.600
Consumer lawsuits	1.330	224	--	1.554
Rental litigation provisions	84	--	(21)	63
	12.417	2.882	(31)	15.268

	1 January 2022	1 January-31 December 2022 additional provisions	1 January-31 December 2022 paid/reversal provisions	31 December 2022
Litigation provisions	10.697	4.681	(2.961)	12.417
Claim for damages	1.545	--	(484)	1.061
Reemployment lawsuit	5.601	4.341	--	9.942
Consumer lawsuits	990	340	--	1.330
Rental litigation provisions	2.561	--	(2.477)	84
	10.697	4.681	(2.961)	12.417

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

NOTE 17 – COMMITMENTS

Collateral, pledge, mortgage, warrant position

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

CPMWs given by the Company	31 March 2023			
	TL equivalents	USD	Euro	TL
A. Total amount of CPMW given on behalf of own legal personality	2.233.177	10.748	5.893	1.904.813
- Collaterals	1.992.371	1.325	3.306	1.898.231
- Pledges	--	--	--	--
- Mortgages	6.582	--	--	6.582
- Letter of credit	234.224	9.423	2.587	--
- Warrant	--	--	--	--
B. Total amount of CPMW given in behalf of fully consolidated companies	--	--	--	--
C. Total amount of CPMW given for continuation of its economic activities on behalf of third parties	--	--	--	--
D. Total amount of other CPMW	--	--	--	--
Total CPMW	2.233.177	10.748	5.893	1.904.813

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

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

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 18 – OTHER CURRENT ASSETS AND LIABILITIES

The details of the other current and non-current assets as at 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
<i>Other current assets</i>		
Deferred VAT	68.820	34.388
Advances given	2.636	6.676
Personnel advances	353	419
Other current assets	9.089	5.564
	80.898	47.047

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

	31 March 2023	31 December 2022
<i>Other current liabilities</i>		
Other expense accruals	1.533	1.254
Other liabilities and obligations	5.632	3.001
	7.165	4.255

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 19 – REVENUE

The details of revenue for three-month periods ended 31 March 2023 and 2022 are as follows.

<i>Revenue (net)</i>	1 January – 31 March 2023	1 January – 31 March 2022
Retail sales	5.627.175	2.410.641
E-commerce sales	673.024	272.826
Dealer sales	321.375	159.616
	6.621.574	2.843.083

<i>Cost of revenue</i>	1 January – 31 March 2023	1 January – 31 March 2022
Cost of trading goods sold	(5.543.658)	(2.338.391)
Installation and warranty expenses	(15.925)	(7.844)
	(5.559.583)	(2.346.235)

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH)
 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

NOTE 20 – SELLING AND MARKETING AND ADMINISTRATIVE EXPENSES

The details of selling and marketing expenses for three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
<i>Selling and Marketing expenses</i>		
Personnel expenses	(221.108)	(101.172)
Rent expenses	(113.606)	(41.093)
Depreciation and amortisation expenses	(65.597)	(37.856)
Advertising and promotion expenses	(55.215)	(44.492)
Transportation expenses	(40.127)	(13.470)
Energy, fuel, water expenses	(26.922)	(11.259)
Maintenance expenses	(9.767)	(3.415)
Consultancy expenses	(8.531)	(10.044)
Travel and accommodation expenses	(1.529)	(281)
Communication expenses	(703)	(263)
Other expenses	(32.120)	(12.394)
	(575.225)	(275.739)

The details of administrative expenses for three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
<i>Administrative expenses</i>		
Personnel expenses	(29.447)	(15.404)
IT expenses	(17.201)	(10.202)
Consultancy expenses	(7.735)	(3.129)
Depreciation and amortisation expenses	(7.030)	(4.895)
Rent expenses	(706)	(932)
Maintenance expenses	(542)	(246)
Travel expenses	(473)	(182)
Energy, fuel, water expenses	(72)	(32)
Other expenses	(3.701)	(1.674)
	(66.907)	(36.696)

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(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 three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
<i>Other income from operating activities</i>		
Foreign exchange gains	26.801	19.635
Interest income	23.841	4.008
Income from personnel	668	474
Gift cards	202	130
Other income	3.463	664
	54.975	24.911

The details of other expense from operating activities for three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
<i>Other expense from operating activities (-)</i>		
Interest expenses on trade transactions	(117.593)	(50.328)
Foreign exchange loss	(26.751)	(18.708)
Litigation expenses	(2.471)	(1.058)
Impairment of non-current and right-of-use assets	(144)	(1.446)
Other expenses	(6.199)	(1.941)
	(153.158)	(73.481)

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

NOTE 22 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for three-month periods ended 31 March 2023 and 2022 are as follows:

Income from investment activities

	1 January – 31 March 2023	1 January – 31 March 2022
Gain from sale of fixed assets	--	529
Interest income on time deposits	39.160	6.973
	39.160	7.502

The details of expense from investing activities for three-month periods ended 31 March 2023 and 2022 are as follows:

Expenses from investment activities

	1 January – 31 March 2023	1 January – 31 March 2022
Loss from sale of fixed assets	--	(455)
	--	(455)

NOTE 23 – FINANCE COSTS AND INCOME

The details of finance costs for three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
Credit card commission expenses	(154.681)	(68.725)
Interest expense due lease liabilities (Note 6)	(26.252)	(10.010)
Interest and commission expenses	(17.322)	(2.496)
Guarantee letters commission expenses	(3.140)	(1.554)
Foreign exchange expenses	(1.353)	--
Other finance costs	(411)	(196)
	(203.159)	(82.981)

The details of finance income for three-month periods ended 31 March 2023 and 2022 are as follows:

	1 January – 31 March 2023	1 January – 31 March 2022
Foreign exchange income	3.085	13.479
	3.085	13.479

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

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 2023			
	TL equivalent	USD	EUR	Other
1. Trade receivable	5.096	242	20	2
2a.Monetary financial assets (including cash on hand and bank accounts)	238.728	9.871	2.391	--
2b.Non-monetary financial assets	--	--	--	--
3. Other	2.855	147	2	--
4. Current assets (1+2+3)	246.679	10.260	2.413	2
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	708	37	--	--
8. Non-current assets (5+6+7)	708	37	--	--
9. Total assets(4+8)	247.387	10.297	2.413	2
10. Trade payables	(576.209)	(27.388)	(2.492)	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non-monetary other liabilities	(37.166)	(1.939)	(2)	--
13. Current liabilities (10+11+12)	(613.375)	(29.327)	(2.494)	--
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)	(613.375)	(29.327)	(2.494)	--
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	--	--	--	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b.Off-balance sheet derivative liabilities	--	--	--	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(365.988)	(19.030)	(81)	2
21. Net position of monetary foreign currency asset / (liability) (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(332.385)	(17.275)	(81)	2
22. Total fair value of foreign currency hedge	--	--	--	--

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

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

Foreign currency risk (Continued)

	31 December 2022			
	TL equivalent	USD	EUR	Other
1. Trade receivable	2.044	88	20	--
2a. Monetary financial assets (including cash on hand and bank accounts)	130.743	5.505	1.395	--
2b. Non monetary financial assets	--	--	--	--
3. Other	653	30	4	--
4. Current assets (1+2+3)	133.440	5.623	1.419	--
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non monetary financial assets	--	--	--	--
7. Other	692	37	--	--
8. Non current assets (5+6+7)	692	37	--	--
9. Total assets (4+8)	134.132	5.660	1.419	--
10. Trade payables	(275.172)	(13.276)	(1.350)	(1)
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non monetary other liabilities	(7.370)	(392)	(2)	--
13. Current liabilities (10+11+12)	(282.542)	(13.668)	(1.352)	(1)
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Monetary other liabilities	--	--	--	--
16b. Non monetary other liabilities	--	--	--	--
17. Non current liabilities (14+15+16)	--	--	--	--
18. Total liabilities (13+17)	(282.542)	(13.668)	(1.352)	(1)
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	(96.526)	(3.650)	(1.419)	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b. Off-balance sheet derivative liabilities	96.526	3.650	1.419	--
20. Net position of foreign currency asset / (liability) (9+18+19)	(244.936)	(11.658)	(1.352)	(1)
21. Net position of monetary foreign currency asset / (liability) (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(142.385)	(7.683)	65	(1)
22. Total fair value of foreign currency hedge	(2.613)	(129)	(10)	--

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

**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 2023

	Profit / Loss		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL:				
1 - USD Dollars net assets/liabilities	(36.435)	36.435	(36.435)	36.435
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1 +2)	(36.435)	36.435	(36.435)	36.435
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	(168)	168	(168)	168
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	(168)	168	(168)	168
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)	(36.603)	36.603	(36.603)	36.603

Foreign Currency Sensitivity Table

31 December 2022

	Profit / Loss		Equity	
	Appreciation of foreign currencies	Depreciation of foreign currencies	Appreciation of foreign currencies	Depreciation of foreign currencies
In case 10% appreciation of USD against TL:				
1 - USD Dollars net assets/liabilities	(14.974)	14.974	(14.974)	14.974
2- Amount hedged for USD risk (-)	--	--	(6.825)	6.825
3- USD net effect (1 +2)	(14.974)	14.974	(21.799)	21.799
In case 10% appreciation of EUR against TL:				
4 - EUR net assets/liabilities	134	(134)	134	(134)
5 - Amount hedged for EUR risk (-)	--	--	(2.828)	2.828
6- EUR net effect (4+5)	134	(134)	(2.694)	2.694
In case 10% appreciation of other currency against TL:				
7- Net assets/liabilities in other foreign currency	--	--	--	--
8- Amount hedged for other currency risk (-)	--	--	--	--
9- Other currency assets net effect (7+8)	--	--	--	--
TOTAL (3+6+9)	(14.840)	14.840	(24.493)	24.493

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH)
 TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
 FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

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

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

As at 31 March 2023 and 31 December 2022, fair value and carrying amounts of assets and liabilities are shown in the table below:

	Financial assets at amortized cost	Financial assets and liabilities measured at fair value through other comprehensive income	Financial liabilities at amortised cost	Carrying amount	Note
31 March 2023					
Financial Assets					
Cash and cash equivalents	958.021	--	--	958.021	5
Trade receivables (including due from related parties)	527.834	--	--	527.834	7
Other receivables (including due from related parties)	831	--	--	831	8
Financial Liabilities					
Short-term bank loans (including due to related parties)	--	--	227.940	227.940	6
Lease liabilities	--	--	520.954	520.954	6
Trade payables (including due to related parties)	--	--	4.667.735	4.667.735	7
Other payables	--	--	7.877	7.877	8
31 December 2022					
Financial Assets					
Cash and cash equivalents	1.604.179	--	--	1.604.179	5
Trade receivables (including due from related parties)	441.042	--	--	441.042	7
Other receivables (including due from related parties)	816	--	--	816	8
Financial Liabilities					
Short-term bank loans	--	--	202.260	202.260	6
Lease liabilities (including due from related parties)	--	--	417.699	417.699	6
Trade payables (including due from related parties)	--	--	4.560.737	4.560.737	7
Other payables	--	--	7.511	7.511	8
Derivatives	--	2.613	--	2.613	24

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

The company was fined based on the allegation that during the on-site inspection procedural examination was made more difficult, carried out within the scope of the investigation opened pursuant to the decisions of the Competition Board dated 18 May 2022 and numbered 22-23/370-M and 22-23/371-M. Within the scope of the Competition Authority's decision dated 2 May 2023 and numbered E-70922894-110.01.04-63722, Competition Board decided to impose an administrative fine of TL 38.205.675 which is 0.5% of the annual gross revenue of the 2021 fiscal year