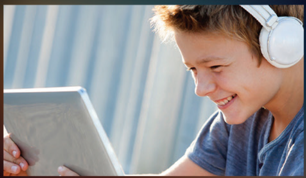
TECHNOLOGY IS GREAT AT TEKNOSA



TEKNOSA

2023
ANNUAL REPORT

The Greatest Gift
The 100th Anniversary of Türkiye

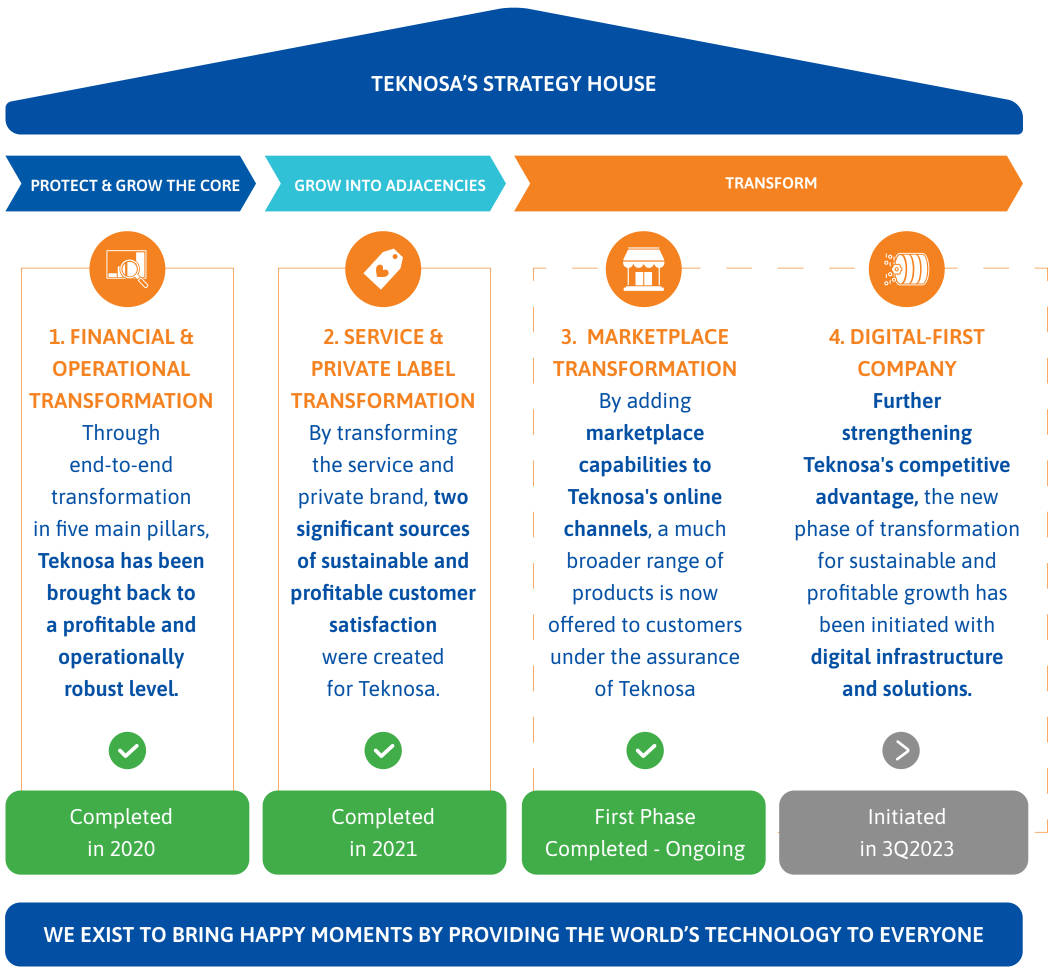
We are committed to producing in the light of Republican values to create a positive impact on the environment, society, and humanity, and to generating more value for all our stakeholders, our sector, and our country. We will continue on this path.

You can track the project by scanning the QR code.

Contents

Strategy House

In This Journey, The First Three Transformation Programs Have Been Successfully Completed!



TEKNOSA HAS BEEN A PIONEER IN ITS SECTOR WITH A LARGE-SCALE TRANSFORMATION SINCE 2019.

Teknosa successfully completed the first three programs in its transformation journey and launched the fourth phase. Teknosa focuses first on financial and operational transformation adopting a data-based approach on profitability and efficiency. After introducing the marketplace in the second phase of the transformation, the Company started its Digital-Focused transformation program in the third quarter of 2023.

Teknosa aims to increase company value and create value for all stakeholders with its transformation programs.

During the **financial and operational transformation**, the Company managed to improve its purchasing and retail performance and enjoyed a strong improvement in EBITDA with the contribution of significant savings in operating expenses. Teknosa's transformation journey improves both financial metrics and operational metrics. The growth in sales volume, increase in total traffic and customer service quality enhanced customer satisfaction, boosting the NPS to 70 well above global average.

Under the **Service and Private Label Transformation**, Teknosa launched the Tekno Hizmet brand for a wider product range, taking into account possible needs of customers throughout their entire journey with electronic products. In line with the changing trends, the Company aims to meet the needs of customers with quality products and affordable prices under its private label Preo, offering products in the small home appliances category and personal care product range.

With the launch of the **"Marketplace"** in the third phase, Teknosa enjoyed a rapid growth above its global peers in a very short period of two years, reaching a Gross Merchandise Value (GMV) of TL 10.1 billion in e-commerce.

Teknosa is committed to becoming a digital-first company to maintain its competitive edge and adapt to the needs of the digital age.

Teknosa started its **Digital-Focused Transformation Program** in the third quarter of 2023. The new transformation program covering the years 2023-2026 is based on a comprehensive strategy to increase customer focus, digitalization, use of technology, and operational efficiency.

Bilgisayar & Tablet
Telefon ve Aksesuarları
Dyson Deneyim Alanı
Ödeme Noktası
Kişisel Bakım
Teknoloji Pazar Yeri
Süpürge
Cep Telefonları
Telefon Aksesuarları
Aksesuar
Aksesuarlar
Hizmet Paketleri
SAMSUNG
Redmi Note 11
WATCH

Teknosa at a Glance

Teknosa is Turkey's Most Widespread and Reliable Technology Partner.

64
Cities

181
Stores

2,868
Employees

105K
Stores sqm

~260M
Annual No of Visitors (Stores + Online)

500+
İklimsa Authorized Dealers & Services

95%
Omnichannel Retailing Revenue Share

5%
İklimsa Revenue Share

Providing broad technology both online and in-store...

Having successfully transformed from **traditional retailer to "Phygital"...**

Offering **technology-focused needs** of its customers with a **holistic approach and unique customer experience...**

A Digital CE Retail Platform with strong physical presence

It Is Reaching Millions of Customers with Value Oriented Businesses.

5 major brands reaching our customers

1.9 Million
new customers

5 Million
active customers

Preo	Tekno Hizmet	TeknoClub	TeknosaCell	İklimsa
Turkey's most comprehensive technology private label brand	End-to-end services	Rapidly growing Loyalty Program	Turkey's virtual network operator	Heating-Cooling & Solar Energy Systems
With 1500 SKUs, product sales exceeding **2 Million** in 2023	With a comprehensive service portfolio, service sales exceeding **3 Million** in 2023	TeknoClub membership reaching **3.2 Million** in 2 years	**500 K** TeknosaCell subscribers	**5 Brands** and **+200 models** Heating-cooling and solar energy systems portfolio

Our Vision, Mission, Culture and Values

VISION
To act as the leading electronics retailer in the region through "innovative" and "distinctive" products and services.

MISSION
To bring happy moments by providing the world's technology to everyone.

CULTURE AND VALUES
Teknosa is a young company and the pioneer of innovation, that prioritizes the needs and expectations of its customers and all its stakeholders, values different opinions, promotes wide participation in decisions, is not afraid of making mistakes and turns mistakes into development opportunities, and focuses on creating sustainable value. Its values are cooperation, trust, sincerity, happiness, showing understanding and proactivity.

QUALITY POLICY

Offering tech products and services, Teknosa is a company that prioritizes customer satisfaction, continuously improves its relationships with suppliers, places importance on the development of its employees, ensures the sustainability and efficiency of its lean and fast-moving organization by practicing modern management techniques and always conducts assessments for further improvement with an innovative approach.

COMPLAINT MANAGEMENT POLICY

Teknosa handles all complaints and requests received through customer interaction channels in accordance with laws and Company policies, and in a confidential, fair and objective manner, thus continuously improving its complaint management system and increasing customer satisfaction.

INFORMATION SECURITY POLICY

Considering corporate information as an extremely valuable asset, Teknosa recognizes that information and the support business systems for storing information are critical to business processes identified within the organization and should be appropriately protected.

Agenda of the Ordinary General Assembly Meeting

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ AGENDA FOR THE 2023 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 19 APRIL 2024

1. Opening and formation of the Meeting Council.

2. Reading and discussion of the 2023 Annual Report of the Board of Directors.

3. Reading the summary of the 2023 Auditor's Reports.

4. Reading, discussion, and approval of the 2023 Financial Statements.

5. Submission for the approval of the General Assembly the members elected to serve temporarily for the memberships of the Board of Directors that became vacant during the fiscal year.

6. Release of the members of the Board of Directors with regard to the activities in 2023.

7. Determining of how the 2023 profit/loss will be used.

8. Election of the members of the Board of Directors and determination of their terms of office.

9. Deciding on the remuneration of the members of the Board of Directors.

10. Election of the Auditor.

11. Submitting the amendment to the Dividend Distribution Policy for the approval of the General Assembly.

12. Discussing and approving the authorization of the Board of Directors to distribute advance dividends for the fiscal year 2024.

13. Informing the General Assembly regarding the donations and grants made by the Company in 2023.

14. Determination of the upper limit for donations to be made by the Company in 2024.

15. Granting permission to the Chairman and the Members of the Board of Directors to perform the transactions under the Articles 395 and 396 of the Turkish Commercial Code.

16. Petitions and Requests.

About Teknosa

Teknosa in Brief

Bringing the concept of technology markets to consumers in Türkiye for the first time, Teknosa is the most accessible technology retail chain of Türkiye thanks to a broad network of stores, teknosa.com and mobile platforms.

Established under Sabancı Holding in 2000, Teknosa İç ve Dış Ticaret A.Ş. has been traded on BIST since 2012. Driven by the philosophy of “Technology for Everyone”, the Company offers easy access to technology everywhere and a pleasant shopping experience for its customers.

Shaping the future with its stakeholders, Teknosa stands out in the sector thanks to its widespread penetration, superior service quality, reliability, and product diversity, as well as its dynamic, innovative, and entrepreneurial corporate structure.

Teknosa focuses on sustainability, aiming to offer more value to the society and all stakeholders. Powered by its 23 years of experience in the industry, Teknosa is active in retail, e-commerce as well as air conditioning sector under its İklimsa brand.

Teknosa is the pioneer of its sector through continuous investments in its brand and people, training of human resources to be experts in their respective fields, leading innovative services for customer satisfaction, development of the product mix through ideal channels for consumers’ needs, and bold steps.

Bringing the concept of technology markets to consumers in Türkiye for the first time, Teknosa is the most accessible technology retail chain of Türkiye thanks to a broad network of stores, teknosa.com and mobile platforms.

Teknosa is a pioneer of the sector with the omnichannel model through applications blending digital and physical channels to address customers’ expectations.

As the founder of the first technology-focused marketplace of the sector, the Company offers all products and services in its technology ecosystem with a holistic experience and under the assurance of Teknosa.

Teknosa also provides more comfortable, digital, accessible, and sustainable shopping experience for the customers with its brand-new customer-oriented stores.

With the aim of creating the largest service ecosystem of electronic products in Türkiye, Teknosa’s digital transformation covers all the steps from the supply chain to the delivery of products to the end user and to the after-sales.

Adopting a data-based management culture, the Company continues to invest in CRM processes. The Company analyzes data with the use of AI algorithms to serve best customer experience.

Always working to create the Teknosa of the future, Teknosa will continue to be the pioneer of holistic experience in the retail sector and to add value and contribute to its stakeholders and Türkiye thanks to its investments in stores, teknosa.com, marketplace, customer experience, business continuity, operational excellence, and human resources.

Capital and Shareholding Structure

With its strong capital structure, Teknosa confidently continues on its path by constantly improving its performance with its strong capital structure.

Teknosa's approved and issued share capital consists of 20,100,000,000 shares with a nominal value of 1 Kr each (December 31, 2022: 20,100,000,000).

Breakdown of Shareholders Holding More Than 5% of the Capital and Voting Rights:

Shareholder	Share in Capital (TL)	Ratio in Capital (%)	Voting Right Ratio (%)
Hacı Ömer Sabancı Holding A.Ş.	100,500,001.44	50.00	50.00
Free Float	100,499.,998.56	50.00	50.00
Total	201,000,000.00	100.00	100.00

As of December 31, 2023.

Stock Performance, Investor Relations and Dividend Policy

With the New Investor Relations program, the stock price outperformed BIST 100, especially in the second half of the year, and a significant growth was recorded in the trading volume.

STOCK PERFORMANCE

TKNSA Stock Price and Trading Volume Development

Teknosa is listed on the BIST Star Market and its market capitalization is 5.97 billion TL as of year-end 2023.

The foreign ownership ratio of Teknosa's shares in the free float reached 15% as of year-end 2023.

While Teknosa increased its average daily trading volume to 170 million TL in 2023, it was also among the companies with the highest increase in foreign ownership and the highest trading volume on the Borsa Istanbul.

INVESTOR RELATIONS

The Investor Relations Department of Teknosa has been restructured in 2023 to better meet the demands of existing/potential investors and analysts, strengthen communication with stakeholders, and ensure that the company reaches its fair value. As a result, it works to continuously improve investor communication channels, including the corporate Investor Relations website.

In 2023, the Investor Relations Department carried out many new activities and events aimed at enhancing and strengthening its communication with the investment community. These include Investor and Analyst Day attended by domestic institutional investors, roadshow, various teleconferences, online and offline meetings, as well as participation in one of the region's most important conference abroad.

In 2023, the Investor Relations Department met with 128 institutional investors and analysts from Türkiye and globally. Throughout the year, many requests from both institutional and individual investors, as well as equity analysts, were answered by phone and e-mail. Additionally, two investor teleconferences were organized with the participation of numerous domestic and foreign asset management companies and brokerage firms to share the company's financial results with investors and analysts.

DIVIDEND POLICY

The dividend policy of Teknosa İç ve Dış Ticaret A.Ş. ("TEKNOSA") is determined according to the Turkish Commercial Code, the regulations of the Capital Markets Law regarding the dividend distribution and other related regulations and the Articles of Association of TEKNOSA. While determining the dividend policy, TEKNOSA also takes into account its medium and long-term strategies, investment and financial plans and strives to reach a balance between TEKNOSA's needs and the expectations of the shareholders, while also taking into consideration the current states of the Turkish Economy and the sector.

As a principle, TEKNOSA aims to distribute 100% of its distributable profits to its shareholders, while the final decision is taken during the General Assembly taking into consideration the aforementioned factors. Provided that it is authorized by the General Assembly, the Board of Directors may distribute cash dividend advances to shareholders within the framework of capital markets legislation and relevant regulations, pursuant to Article 33 of the Articles of Association.

Dividends shall be distributed equally to all of the current shares regardless of their dates of issue and/or acquisition at the shortest time, after being approved by the General Assembly, and at the date determined by the General Assembly.

The General Assembly may decide to transfer a portion or the whole amount of the net profits to excess reserves. If the Board of Directors advice the General Assembly not to distribute the profit, the reasoning behind this situation and the planned use of the undistributed profits is explained to the shareholders during the General Assembly. Likewise, the same information is also shared with the public in the Annual Report and at TEKNOSA's website.

The Dividend Distribution Policy is submitted to the approval of the shareholders during the General Assembly. The Dividend Policy is reviewed by the Board of Directors each year, taking into consideration if there are negative factors in the local and global state of the economy, the projects undertaken by TEKNOSA and the current state of the funds.

Any changes made in this policy is submitted to the approval of the shareholders at the first General Assembly to be held following the decisions are made and shared with the public at the Company's website.

Milestones

2000

• Teknosa launched operations with five retail stores.

2003

• The www.teknosa.com website was launched.

2005

• Teknosa Academy was founded as a first in the industry.

2006

• The “Scientific Retailing Program” was initiated for operational efficiency and infrastructure projects.
• Dealership operations in air conditioning sector were organized under İklimsa brand.
• E-learning program was started.
• The number of stores exceeded 150.

2007

• Gebze Logistics Center with 30 thousand m² of closed space entered into service.
• Five stores in Türkiye belonging to the German consumer electronics retailer Electronic Partner were acquired.
• Two music stores of Uzelli in Türkiye were acquired.
• After-sales and product exchange/return services were made available to customers for the first time in the technology retail segment in Türkiye.
• The corporate social responsibility project “Technology for Women” was initiated.

2008

• Orange Card loyalty program was put at the disposal of customers.

2009

• “Extra” stores with larger closed spaces were opened.

2010

• “Rapid growth” strategy was replaced by “sustainable and profitable growth”.

2011

• The Turkish operations of the American electronics retailer Best Buy were acquired.

2012

• Company’s shares began trading on the Istanbul Stock Exchange (BIST) on May 17, 2012.

2013

• Teknosa’s mobile applications for Android and iOS devices were launched.

2014

• Click & Collect was launched in line with the omnichannel strategy.
• Teknosa started to offer alternative financing options to customers with TeknoFinans.

2015

• With Teknosacell, Teknosa became the first and only technology retail company in Türkiye to provide mobile communication and line services.
• Teknosa private label “Preo” was introduced to the market.

2016

• Installment sales options for mobile devices were made available with Teknosacell.
• Teknosa’s Preo product range was expanded. Sales of new accessories and products (gaming, accessories, VR, drone) began.

2017

• The corporate social responsibility project, Technology for Women, celebrated its 10th anniversary.

2018

• The teknosa.com infrastructure and interface were renewed.
• A new CRM platform was created.
• Türkiye’s first “Satisfaction Guaranteed Return Application” was launched.
• Technology products leasing services for SMEs were initiated.

2019

• Transformation Program for the Teknosa of the New Generation was launched.
• Small home appliances and new accessories were included in the Preo product family.

2020

• Teknosa mobile apps were revamped.
• Click & Drive service was launched as a first in the industry.
• Video-Chat practices were also launched, yet another first in Türkiye.

2021

• Marketplace investment decision was taken.
• In-store digitalization projects (TeknoTAG, TeknoGO) were realized.
• The new loyalty program TeknoClub was launched.
• The “Technology for Women, Solidarity for All” project was initiated with the cooperation of the Sabancı Foundation and TKDF (Federation of Women’s Associations of Türkiye).

2022

• Digital channels were refreshed peer-to-peer.
• The first technology-focused marketplace was introduced to consumers.
• İklimsa began activity in the area of SES (Solar Energy Systems).
• Customer-oriented digital stores with a new concept were opened.
• Sales service in the refurbished phone market was initiated.
• Rental services were initiated, as a first in the industry.
• Sales were started to be made through live broadcasts.
• Teknosa Memorial Forest was created.
• Number of subscribers exceeded 1 million in the loyalty program of TeknoClub.
• Technological Hands (Teknolojik Eller) support line and Blindlook collaboration was made.
• Aware of the Tomorrow (Yarının Farkında) circular economy and e-waste education project was initiated.
• A number of 400 thousand subscribers was reached in Teknosacell.

2023

• Customer-focused new concept digital stores became widespread.
• The loyalty program TeknoClub surpassed 3 million members.
• The number of subscribers in Teknosacell approached 500,000.
• The product variety in Preo reached approximately 1,500.
• ‘The greatest gift in the second century: The Republic of Türkiye’ project was launched.
• As part of the Sabancı Republic Mobilization, the Hatay Incubation Center was inaugurated.

Teknosa in 2023

Main Competitive Advantages

Teknosa continues to move forward dynamically to maintain its competitive advantage and adapt to the needs of the digital age.

PIONEER OF THE TECHNOLOGY RETAILING AND E-COMMERCE IN TÜRKIYE

Thanks to the investments in omnichannel infrastructure, Teknosa became a reference point in the retail sector and in digital channels, developing a world-renowned sector model. The Company breaks new grounds in the sector and continues to lead the sector by developing different business models and exclusive services.

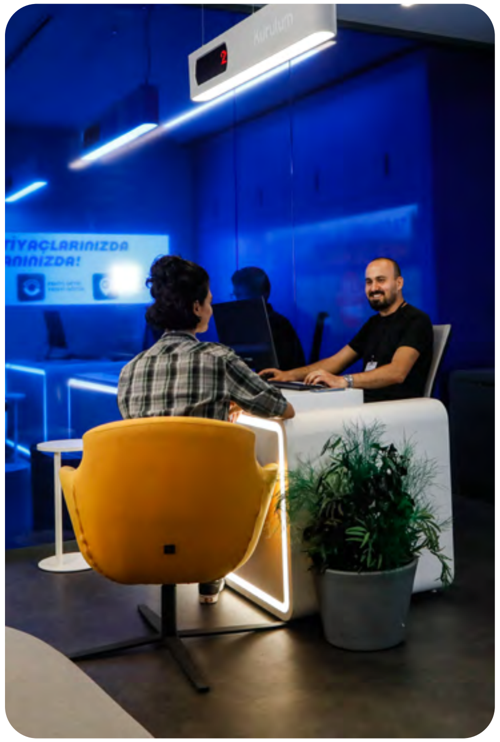
Teknosa also takes steps to add value to the society and ecosystem with its sustainability activities carried out in line with the vision of the Sabancı Group.

PIONEER OF OMNICHANNEL IN TECHNOLOGY RETAIL SEGMENT

Teknosa offers customers a seamless and integrated shopping experience through its stores, teknosa.com and mobile platform, while stepping up investments to deepen the omnichannel model, pioneered by Teknosa in Türkiye. To this end, the Company continues to stand out in the sector with its innovative applications blending online and offline experience, its marketplace business model, and the stores with a digital concept.

UNLIMITED CUSTOMER SATISFACTION

Teknosa aims to meets all the needs of its customers with a unique customer experience and digitalization in its strategic roadmap. The Company boosts customer satisfaction thanks to uninterrupted experience across all channels, fast and qualified service, customer relations program and service-oriented education programs offered to employees. Continuously improving its processes in line with a sustainability-based strategy to stand out with the unique experience and values offered in all channels, Teknosa renewed the design of its online and physical stores. The Company expanded and improved its services to facilitate the decision process before sale and focus on the customer expectations after sale.



Teknosa measures customer satisfaction at all channels and gives a high priority to increasing its NPS (Net Promoter Score), which is already above the global benchmarks.

DATA-DRIVEN MANAGEMENT APPROACH

Parallel to the 'Sabancı of the New Generation' vision, Teknosa puts advanced data analytics at the core of its business. Teknosa manages its activities based on AI algorithms and a data-driven smart system that predicts the future to enable customers to access the right product at the right time, in the right place and at the right price.

EXTENSIVE CUSTOMER SERVICES

As the pioneer of after-sales services in the sector, Teknosa meets all the demands and needs of its customers by providing seamless service through all channels such as call center, customer service corners in stores, social media accounts, digital communication channels and online store teknosa.com. The Company analyzes customers' shopping journeys and preferences to offer personalized and accelerated services by using a CRM-integrated system while monitoring all maintenance and repair needs of customers related to products.

The Teknosa Call Center aims to improve customer satisfaction by meticulously analyzing the entire process in order to meet every information need of customers. To this end, Teknosa diversifies its communication channels for a better customer experience and addresses customer needs via digital channels, including webchat/live support and WhatsApp support services. Under the marketplace transformation initiative, Teknosa established a special call center team for the marketplace to provide better and faster service to merchants and customers who shop from the marketplace.

Teknosa focuses on providing the best communication experience to its customers with cutting-edge technologies and infrastructure systems in call center processes. The Company evaluates all customer requests from all channels with an artificial intelligence system, thus improving the communication and solution experience of customers. Teknosa also increased its service quality by measuring the customer journey after shopping through post-sales satisfaction survey calls with the virtual assistant.

Moreover, the Company launched the video call center service 'Technological Hands (Teknolojik Eller)' to offer services in sign language for hearing-impaired customers to remove the barriers to communication and access to technology. A first in the sector, Teknosa's new application has become a center providing solutions to all kinds of requests and questions as well as any issue encountered by hearing-impaired customers from return and replacement to repair/maintenance, from inventory information to campaigns. Hearing-impaired customers can also complete their orders easily and safely using the secure link payment on webchat and WhatsApp, the first and only such initiative in the sector.

Teknosa customers can contact the Company and get information via 20 channels such as phone, webchat, WhatsApp, e-mail, web communication form, digital platforms, and social media. Teknosa also enables customers to place orders and make payments via the call center and webchat and WhatsApp channels to ensure a better shopping experience. The Company conducts NPS (Net Promoter Score) satisfaction surveys after calls to maximize customer satisfaction and improve the services and communication quality. Teknosa Customer Services continuously and closely monitors technological developments to launch new projects to improve customer experience and satisfaction.

VALUE-ADDED SERVICES

Teknosa launched Tekno Hizmet which covers a wide range of technology-related services such as remote technology support, installation, repair/maintenance, service subscription packages, etc. which can be used by consumers at the stores, at home, at the office or via phone. The Company continues to expand the coverage of Tekno Hizmet to better serve its customers. Thanks to the strongest service ecosystem in the technology sector, Teknosa guarantees its customers that they will always be supported both during and after the sale. By working with the best service providers in the industry, Teknosa meets customers' needs.

To this end, The Company offers service packages in various categories such as 'TeknoGuarantee', 'Maintenance/Repair Service', 'Service in Store', 'On-site Installation', 'Remote Technology Support Service', 'Rental Service', and 'Full Support'.

Recognized as the brand of 'firsts', Teknosa launched the 'Satisfaction Guaranteed Return' program which enables customers to replace TVs, monitors, notebooks, tablets, desktops, irons, vacuum cleaners, and Preo small home appliances within 30 days of purchase, regardless of whether they are used or not.

Teknosa is also the pioneer of innovative services designed for its consumers. One of these services, the 'Rental Brokerage Service' is offered via teknosa.com and selected stores with options varying from 1 month to 18 months for various products such as mobile, tablet, PC, TV, game console and accessories, electric home appliances, etc.

Under another innovative service, the 'Premium Service Package', Teknosa offers on-site installation and mobile device repair service in a single package and provides a replacement device to users while their products such as mobiles, tablets, etc. are in the repair process.

Offering life-changing technological solutions, Teknosa guides customers before, during and after sales, and develops new value-added services.

One of Teknosa's priorities is to offer its customers 'a holistic customer experience in technology' and to create an ecosystem that offers end-to-end after-sales services in collaboration with its business partners.

REPAIR SERVICE

Teknosa stores offer repair service for all mobile devices such as mobile, tablet, and notebook as well as all portable electronic devices such as small home appliances whether they are bought from Teknosa or not. For non-portable products such as TVs and white goods, door-to-door maintenance and repair service is provided.

Teknosa enjoys a strong growth with customer-oriented digital transformation moves and diversifies its innovative services. To this end, in 2023, Teknosa launched a new service for consumers to create a repair request via teknosa.com for their defective products and follow the repair process online.

TEKNOSACELL: THE NEW STAR OF MOBILE COMMUNICATIONS

Teknosa continues to stand out with its mobile communication service brand, Teknosacell, the first and only brand in the technology retail sector. The Company meets customer needs in communication and technology at a single point and with a single invoice through Teknosacell, offering packages with generous amounts of data and exclusive benefits at Teknosa stores. Reaching a subscriber base of 500,000 people, Teknosacell continues to enrich the package contents in line with the market and customer needs.

In 2023, Teknosacell continued to offer bring old buy new option in addition to the mobile communication service, enabling thousands of customers to bring their old phones and getting a new one at a discounted price. The brand aims to expand its field of activity with new projects and to provide the best customer experience.

TEKNOSA PREO: THE MOST COMPREHENSIVE PRIVATE LABEL OF THE SECTOR

Launched in 2015 as a private label, Preo is now the most comprehensive private label of the sector with nearly 1,500 products in 77 categories as of 2023. Preo has reached to a total sale of 11.7 million products.Teknosa brings the latest technology to its consumers with Preo-branded small home appliances, personal care products, gaming accessories, notebooks and smartphone accessories, and continues to diversify Preo products taking into account customer demands. To this end, Preo's product range was expanded with products such as smartwatches, tablets, TVs, Turkish coffee machines, fans, air coolers, and heaters etc.

Aiming to facilitate the lives of its customers with innovative, reliable, high quality and cutting-edge products at advantageous prices, Preo draws its strength from the vision of becoming a favorite brand at homes in Türkiye and around the world.

A ROBUST STRUCTURE FOR CONSUMER FINANCE

Teknosa offers various consumer finance options to facilitate shopping such as ING's Teknokredi finance and Akbank's AKON at Teknosa stores; and ING's Shopper, Akbank's Direct and Yapı Kredi's Shopping Loans for the online channels. Over 1.4 million customers benefited from loans from the day shopping loans were introduced to the end of 2023. Consumers can utilize cost-free loans, either at the stores or online, quickly, easily and with compelling interest rates, enjoying up to 36 months of installments. In certain campaign periods, customers are offered 'same as cash' installment campaigns in different installments and categories.

HOME OF INNOVATIVE LEARNING: TEKNOSA ACADEMY

Teknosa gives priority to train highly qualified, expert employees to maximize customer and employee satisfaction. Founded for this purpose in 2005 as the first academy in technology retailing in Türkiye, Teknosa Academy provides employees with education and development opportunities through various programs and guides them on their career paths. In 18 years, Teknosa Academy has offered 1,867,000 hours of training to 22,350 graduates. Teknosa Academy carries

out programs to provide all employees with equal education opportunities and to ensure continuous education in line with rapid technological advancements.

Today, Teknosa Academy enables employees to communicate with customers in a more conscious and accurate manner, and offers educational and development tools, focusing on 'unique customer experience', in order to align the perception of service and customer satisfaction with new trends.

Adopting the blended learning model, Teknosa Academy takes into account changing user habits and means of access to information. To this end, Teknosa Academy provides learning and development opportunities to employees at teknosaakademi.com, which is continuously improved in terms of technological infrastructure and user experience.

In addition to the in-class courses of Teknosa Academy, employees benefit from learning and development opportunities at eight main digital channels. Accordingly, teknosaakademi.com is designated as the main medium for all these channels. There are various channels offering e-training, e-exams and surveys such as:

- Teknosa Education Platform **(LMS)**,
- **TeknoTube**, the video-based learning platform,
- **Digital Library** enabling employees to find the summaries of books which will contribute to their professional and personal development, and to advance their digital learning experience,
- **TeknoBlog** for interactive communication with the employees,
- **TeknoEkşi** where employees share their work experiences to contribute to the development journey of their colleagues,
- **E-Orientation**, a source of reference for employees from the first day of work,
- **TeknoRehber (TeknoGuide)** to follow the on-the-job education, coaching and mentoring meetings of the employees, and
- **TeknoSözlük (TeknoDictionary)** to find

the meanings of words and abbreviations specific to retail and Teknosa.

In order to manage and develop talent, Teknosa also offers various programs such as Mentee - Mentoring Program, Manager Development Programs (All-Star Manager, Performing Art of Manager, Store Manager Education, Store Development, etc.), Young Talent Development Program and Corporate Coaching Program.

STRONG LOGISTICS INFRASTRUCTURE

Teknosa continues its investments in order to establish a powerful logistics infrastructure and maximize the efficient use of technology. As of the end of 2023, the Company has a sales area of 100,000 m2 and a warehouse covering 30,000 m2 of closed space. Proud to have the largest logistics center in its sector, Teknosa handles all logistics operations from its logistics center at Gebze. The logistics center has an online connection to all stores and all operations are carried out by utilizing information systems. Moreover, at the stores, retail operations are supported by technology, and all processes, including stock level controlling, product placement and label changing, are carried out by means of scientific retailing tools.

DEVELOPING TECHNOLOGY INFRASTRUCTURE

Teknosa prioritizes technological infrastructure development to offer uninterrupted and the finest quality service to all stakeholders. In 2023, the Company reviewed the whole technological infrastructure used in stores, storage, and head office management units, especially the online sales channel, and carried out works for its modernization and compliance to global technologies.

Teknosa continuously improves all systems offering service to customers.

CORPORATE SALES

Teknosa's corporate sales service offers companies the best solutions for products and services they need.

Teknosa aims for the highest customer satisfaction with its corporate product range, and its approach to safety, quality, and support.

The Company makes corporate shopping a joy thanks to its premium service, preparation of product and price offer in line with demand, consultancy in product selection, guiding service and delivery speed.

To this end, all enterprises are enabled to procure all their technological product needs from Teknosa while benefiting from corporate price advantages and rental service for products.

Teknosa also offers corporate gift cards usable at all Teknosa stores such that companies can introduce their employees, customers, dealers, agencies, or business partners to hundreds of technological products.

İKLİMSA

In order to maintain its success achieved in retail product group sales for many years, İklimsa expanded its product range to cover the world-famous Japanese brand Fujitsu in 2023.

Operating under the umbrella of the technology retail chain Teknosa for 38 years, İklimsa is a pioneer in its sector with its innovative practices that add value to the lives of consumers and the world. İklimsa have grown and expanded steadily while focusing on digitalization, unique customer experience and sustainability with the assurance of Sabancı Holding, providing services with more than 500 sales-service networks and 5 regional directorates throughout Türkiye.

Introducing various pioneering applications to consumers in the air conditioning sector from retail to corporate projects, İklimsa broke new ground in the sector, offering eco-friendly, cost-efficient, sustainable, end-to-end solutions in the field of Solar Energy Systems (SES), as its second business model, under retail and corporate projects with the same high product and service quality all around Türkiye. With its third business model, Corporate Electronic Sales, İklimsa meets all the electronic needs of companies from a single sales point thanks to Teknosa's wide brand network and product range, while providing additional income opportunities to SMEs by selling electronic products through its authorized dealers and services.

AIR CONDITIONING

İklimsa provides services in a wide range of areas in the air conditioning sector from retail customers to corporate customers and public institutions. İklimsa's rich brand and product range appeals to 80% of the air conditioning market, including wall-mounted air conditioners and central air conditioning systems for public and corporate projects such as offices, business centers, hotels, and hospitals. In the wall-mounted air conditioner segment suitable for use by retail customers, İklimsa offers a rich product range and service options, A+++ energy efficiency, inverter technology, technological equipment and affordable payment terms under its own brand Sigma and world-renowned brands Mitsubishi Heavy Industries and Fujitsu.

Moreover, İklimsa offers air conditioning solutions with living room, cassette, ducted, ceiling and floor-ceiling type air conditioners in the professional series, and with wall, cassette, one-way cassette, and duct type air conditioners in multi series under its own brand Sigma and Japanese brands Mitsubishi Heavy Industries and Fujitsu.

In order to maintain its success achieved in retail product group sales for many years, İklimsa expanded its product range to cover the world-famous Japanese brand Fujitsu in 2023. This partnership includes wall-mounted air conditioners, professional series air conditioners and multi air conditioners. As a result, İklimsa gained a 40% growth in terms of units in wall-mounted air conditioners and a 45% growth in the multi-product group compared to the previous year.

In heat pumps, İklimsa's own brand Sigma provides a great advantage with systems that can provide both heating and cooling in case electric or fossil fuel-based heating systems are not available, or installation costs are high. In 2023, Sigma brand monobloc heat pumps were included in this product range, which performs heating, cooling and hot water preparation functions using air, a renewable energy source.

As a result, İklimsa enjoyed a 190% growth in terms of units compared to 2022.

In VRF (variable flow) air conditioning systems, İklimsa stands out with Samsung and its own brands Sigma, featuring superior technology and offering professional air conditioning solutions for places that require project management such as banks, hospitals, business centers and schools. In this segment, İklimsa realized a 40% growth in terms of units compared to 2022.

In ventilation systems, air handling units and heat recovery devices by İklimsa's own brand Sigma Flex provide high energy savings as well as comfort by optimizing the indoor air quality.

İklimsa continues to take firm steps into the future thanks to strong collaborations in the air conditioning business line and new brands and product groups added to its product range.

İklimsa stands out in the sector by providing after-sales service with its expert, professional team and expert service network in line with the needs of its customers.

Accordingly, İklimsa provides quality assembly materials and offers standard assembly services to each customer with its assembly set practice, while eliminating long-term risks with its additional warranty service extending up to 6 years.

In order to ensure smooth project delivery in VRF systems, İklimsa conducts standard and precise inspections with the endoscopic camera control systems implemented during construction site inspections and thus fully uses the latest technology to prevent possible risks.

Providing periodic training to keep the knowledge of authorized services up to date and prepare them for innovations, İklimsa increases awareness on sustainable environmentalism through organizations for its authorized services to acquire the FGAS professional qualification certificate.

SOLAR ENERGY SYSTEMS (SES)

In addition to carrying out industrial-scale Roof and Land Solar Energy Systems (SES) projects on an end-to-end turnkey basis, İklimsa conducts residential battery/battery-free SES projects with the same high product and service quality throughout Türkiye. İklimsa operates in 5 regional directorates in Türkiye with its expert SES design engineers, sales managers, and project managers. İklimsa offers various high-standard corporate services such as power plant design, sales, installation,

acceptance processes, maintenance and repair thanks to its widespread sales and service network throughout Türkiye. In 2023, İklimsa transferred the SES authorized dealer system by holding online meetings with 126 authorized dealers across Türkiye.

In line with the cooperation agreement with UGETAM, İklimsa's 49 authorized service providers acquired professional qualification certificates for SES installation. İklimsa completed the sale of SES projects of different sizes with a total power of 12.6 MW. İklimsa is now closely following a total of 250 projects with a total power of 350 MW, for which İklimsa provided an offer. İklimsa also provides financial solution support to its customers through agreements with Akbank, Garanti Bank and Türkiye Vakıf Katılım Bankası.

İklimsa also sells and installs mobile AC vehicle charging stations that can be used in a plug-and-play manner at homes and workplaces.

ELECTRONIC PRODUCT SALES TO COMPANIES (B2B)

İklimsa Corporate Electronics Sales Department meets all the electronic needs of corporate companies from a single sales point with a wide range of brands and products and offers special solutions for the corporate needs of companies. İklimsa facilitates the purchasing process of companies by preparing needs-based products and price offers and providing consultancy in product selection. While increasing customer portfolio and sales volume thanks to field visits to companies, online meetings, and participation in tender portals, İklimsa contributes to the increase in revenues by introducing employees and dealers of companies to thousands of products in its wide product range with corporate gift cards valid at Teknosa stores.

Moreover, İklimsa offers solutions to SMEs by meeting all their electronic needs in the Teknosa product range, including a wide range of brands and models, from a single sales point through its sales channel consisting of authorized dealers and authorized services. At the same time, thanks to its sales network, İklimsa facilitates the process of product procurement for companies by identifying products suitable for needs, fast shipping, after-sales guidance, and support at all stages of the purchasing process and provides advantages by organizing sector-based campaigns.

2023 Highlights

In line with the vision of 'Teknosa of the Future', the Company continues to offer its customers a seamless, accessible, and sustainable shopping experience.

Trying to recover quickly after a major disaster in 2023, the Turkish economy was stabilized with the parliamentary election. While taking steps in the fight against inflation without compromising its growth targets, Teknosa continued to create a sustainable, growing and constantly improving ecosystem.

Acting as the playmaker of the sector since its foundation, the Company integrated and improved its processes at the online channels and in the stores and continued its investments in all channels.

In line with the vision of 'Teknosa of the Future', the Company continues to offer its customers a seamless, accessible, and sustainable shopping experience.

TEKNOSA.COM

Expanding its online customer base with innovative and solution-oriented services, Teknosa maintained its forward-looking initiatives and achieved strong growth via digital transformation in 2023.

In 2023, The Company renewed its online and mobile platforms end-to-end, and continued to take actions to enhance customer satisfaction in line with its omnichannel strategy while improving its performance on teknosa.com and the mobile applications and making investments in e-commerce. Thanks to its strong infrastructure, wide product range and innovative applications, the Company increased its Gross Merchandise Value (GMV) to TL 10.1 billion. In 2023, Teknosa.com enjoyed a 35% growth in website traffic and a 27% increase in the conversion rate compared to the previous year.

Teknosa implemented various significant developments and strategic improvements to take the experience provided on the website to higher levels in 2023:

- Building on the heavy traffic on digital channels with Retail Media Advertisements and Teknosa ADS, a revenue stream was launched from retail media advertisements.
- Social commerce, innovative approach to community-oriented commerce, and gamification strategies such as 'Share to Earn Bonus' Model were positively received by the audience.
- With the live broadcast model, Teknosa benefited from the power of live interactions by organizing monthly live broadcasts to highlight new products and meet seasonal needs such as Mother's Day, Back to School or other occasions.

Improvements in the payment infrastructure:

- Teknosa moved from Iyzico to Garanti Bank to strengthen and facilitate payment processes. In line with its commitment to offer various and useful options to customers, Teknosa started to offer alternative payment methods such as Akbank Juzdan, YKB Worldpay and Masterpass Digital Loan and Overdraft Account.

Marketplace improvements and partner solutions:

- Teknosa introduced partner.teknosa.com, a special platform developed to improve the commercial activities of merchants.
- Integration with Mirakl, a merchant platform, was completed to provide merchants with a wider range of products and advanced shipment tracking.
- To support partners, Teknosa launched 1P Retail Media Ads featuring sponsored product ads and banners, thus creating greater visibility and opportunities for merchants to connect with consumers.

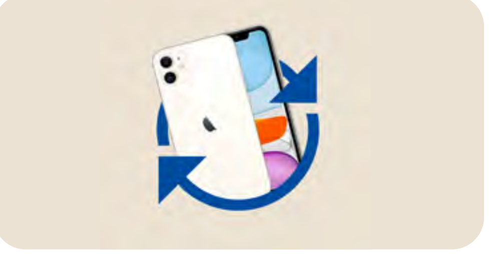
With the aim of offering unparalleled convenience, alternative delivery options were offered. Integration with HepsiJet/XL has facilitated fast product shipping and returns. Moreover, to provide the highest level of convenience to customers and improve customer satisfaction, Teknosa started to offer the option of returning products from home or shipping company branches with Yurtiçi Kargo.

As a result, thanks to the initiatives in 2023, Teknosa made significant progress in the mission of providing customers with a seamless, personalized, and enriching experience. Teknosa believes that these improvements will not only facilitate interactions with customers, but also improve satisfaction with the platform.

REFURBISHED MOBILE SALES

Teknosa continues to offer refurbished mobiles on teknosa.com, now transformed into a technology-focused marketplace. Cooperating with Refurbishment Centers approved by the Ministry of Commerce, the Company implements a 12-month guarantee and a 14-day return policy on almost-new mobiles, which are 100% operational or nearly new after required maintenance, repairs, and testing.

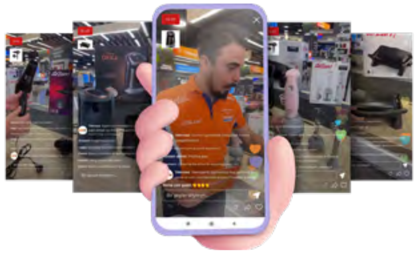
As consumers' awareness on the environmental impact of electronic waste increases, refurbished mobiles present a solution for consumers seeking sustainable alternatives.



Teknosa supports sustainability and contributes to the reduction of electronic waste by offering various advantages for refurbished mobile phones.

PRODUCT PROMOTIONS AND SALES ON LIVE BROADCAST TEKNOCANLI (TEKNOLIVE)

Teknosa started product promotions and sales through live broadcasts, an increasingly popular global trend. Various product lines, especially electric home appliances and all technology product groups, are promoted via monthly live broadcasts, and offered at special prices to the audience.



With live broadcasts, Teknosa aims to boost brand recognition and contributing to social media engagement while ensuring that teknosa.com customers get familiar with the products. Thanks to live broadcasts, customers find the opportunity to thoroughly examine and discover the products in real time, while having the chance to enjoy an interactive shopping experience.

SHARE AND EARN WITH BI'LINK: NEW SOCIAL COMMERCE EXPERIENCE FROM TEKNOSA

In the third quarter of 2022, Teknosa launched the 'Share and Earn with Bi'link' project to be a pioneer in social commerce, as a new phase of the marketplace business model, thus offering a new income area and shopping experience for users, including people without social media accounts.

This innovative practice was developed to improve customer experience and increase traffic on digital platforms. Users can earn cash by sharing product-related posts, and upon sharing products on the website and mobile applications with their friends, can earn a commission if a sale occurs via the shared link.

Teknosa's 'Share and Earn with Bi'link' project is a pioneering step in the sector and reflects the Company's effort to strengthen its presence in the digital market and offer customers an innovative shopping experience, while enabling users to earn additional income by interacting with their social circles.

DIGITAL AMBASSADORS: SELIN AND BURAK

In the second quarter of 2023, Teknosa designed two digital characters, which are indicators of its commitment to technology and innovative vision, to provide a better experience for its users.

Two digital characters were created by using generative artificial intelligence based on customer personas. These character traits were shaped by diffusion-based artificial intelligence design models and developed with 3D design. The characters' speech and movement abilities were completed with deep learning technologies.

Selin and Burak, called digital ambassadors, started to provide guidance on Teknosa's communication channels to offer a closer eknosa.com experience, increase brand awareness and contribute to social media interactions.

CUSTOMER EXPERIENCE, CRM AND DATA ANALYTICS

In 2023, Teknosa continued to strengthen its omnichannel infrastructure and services and to invest in CRM and data analytics to guarantee a better shopping experience for consumers. Effectively managing targeted, location-based, and customized campaigns by analyzing omnichannel customer data and benefiting from state-of-the-art data analysis methods, the Company rendered its processes more efficient in collaboration with suppliers.

TeknoClub

Always focusing on customer experience, the Teknosa's TeknoClub loyalty program reached more than three million subscribers in 2023. TeknoClub members can gain further discounts as they spend while benefiting from 'welcome advantages', surprise gifts and other special privileges. Under the TeknoClub program, customers enjoy advantageous campaigns, birthday discounts, various advantages in third-party brands, free shipping and priority in call center and delivery services by reaching the TeknoPlus, TeknoPro and TeknoElit membership levels depending on their shopping level. Moreover, the Company offers return, change and technical services for TeknoClub members without the need for bringing the relevant invoices.

Placing sustainability at the center of all its activities, Teknosa planted one sapling for each TeknoClub member who made a purchase on June 5, World Environment Day, and formed the 'Teknosa TeknoClub Customers Forest' in Işıklar, in the district of Soma of Manisa. Teknosa continues to expand the forest. The Company also launched a project with the motto 'Let's make the world green together', encouraging customers to create a greener world, and planting one sapling in the TeknoClub Customers Forest for each customer who brings electronic waste to a Teknosa store.

In addition to the TeknoClub Customers Forest, Teknosa started to offer advantageous campaign opportunities for TeknoClub members related to products and services that support long-term sustainability.

Teknosa organizes raffles, surveys, and prize competitions to improve data quality in customer communication, and communicates with customers via gamification practices, thanks to wireless internet connections installed at the stores, in order to create better quality digital customer data, gauge customer profiles and thus provide enhanced services at stores.

Teknosa measures Net Promoter Score (NPS) at all contact points to better understand its customers and hear their voices. The Company increased its NPS in all channels. The Company continues to work on redesigning and ensuring the continuity of systemic processes in a lean, customer-focused manner while providing the best experience at all points of contact with customers.

Customer-Oriented Digital Concept Stores

In 2023, the Company continued to open new concept stores and renovate existing stores, which are designed in a digital, sustainable, accessible manner while focusing on customer -oriented experience and architectural design. With the new store concept, Teknosa creates stores that are much smarter, focus on people, inspire the creativity of visitors, and where customers feel like they're home.

As a first in the sector, the concept focuses on a human-oriented experience from the customer's arrival to their departure. The new concept stores offer service in a simple structure without content complexity from experience areas to information displays. Customers can easily find the products they look for via product information displays, and experience areas created for various product groups, and experience the products like they are home.

The in-store digital kiosks enable customers to access various services at the stores, including product location via barcode, detailed product information, product comparison and campaign information. Sales representatives can process contactless payments via handheld terminals, enabling customers to complete their shopping without waiting in queue.

Moreover, Teknosa designed walking areas for visually impaired customers, equipped with buttons to call for sales representatives as well as areas exclusive to physically impaired customers at the chechkouts and Tekno Hizmet area. Customers can also leave their electronic wastes in recycling boxes at these stores. The 'Sustainability Walls' installed in the stores share information with customers on topics such as energy saving and carbon footprint, thus making a call for action to create a sustainable world.

In 2023, the Company continued to improve online channels and updated its mobile application home page to emphasize the marketplace.

Thus, Teknosa focuses on providing a seamless experience that focuses on customer expectations and needs with a wider product range. By increasing the customer experience at online channels, Teknosa offers the best performance in easily accessing the right product, quickly comparing alternatives, and finding complementary products. Moreover, customers receive notifications on price and inventory changes and can personalize their transactions with special lists. Thanks to fast purchasing option, enhanced mobile application and website search functions and the smart product selection robot, Teknosa

offers suggestions to customers based on their needs and ensures an easier product selection. Furthermore, including voice mapping systems, the website ensures that visually impaired people can use the website easily and independently.

Customers can submit requests during cancellation and return processes via the website and return products at their homes without visiting a Teknosa store or a shipping company branch. Additionally, in 2023, Teknosa enabled customers to create service requests via online channels and follow the service process.

In 2023, Teknosa intensified efforts towards digitalization and transformation, making continuous investments despite challenging market conditions.

Teknosa will continue the Transformation Program in 2024, further improving customer experience and operational efficiency and increasing its growth-oriented initiatives.

IN-STORE DIGITALIZATION

In order to maximize the customer experience in stores in 2023, Teknosa replaced all cash registers with state-of-the-art devices. Moreover, the Company simplified checkout payment processes, decreasing transaction times by 20%. By increasing data line speeds and quotas in stores, Teknosa minimized waiting times during busy hours.

All printers, which reached the end of economic life, were replaced with devices that can print more clearly and faster. In addition, Teknosa continued its investments in electronic label. In 2023, the Company installed electronic labels in 44 stores, thus enabling sales representatives to use the valuable time spent on label changes for customers' needs. Furthermore, Teknosa made a significant contribution to sustainability by reducing the number of paper sheets used.

In new flagship stores, new technologies such as LED screens, Queuematics, Info Screens, Mobile Kiosk, Pick & Watch and Temperature Maps are positioned to align with the store concept and increase customer experience.

BUSINESS CONTINUITY AND CYBER SECURITY EFFORTS

Teknosa carries out risk impact analyses for critical sales applications to prepare the data center infrastructure to ensure the continuity of sales process in another province in case of a shutdown at the main data center.

In addition, the Company continued to work on cyber security, offered trainings on user awareness and conducted engineering tests. To standardize the work carried out and ensure that it is handled within the management system, Teknosa received ISO/IEC 27001:2013 Information Security Management System and ISO/IEC 27701:2019 Personal Data Management System certificates.

CREDIT RATING

In 2023, the Company's Long-Term National Issuer Credit Rating was upgraded from 'AA-(tr)' to 'AAA (tr)', the highest rating level, by the credit rating agency JCR Eurasia Rating, and the rating outlook was confirmed as 'stable'.

As the grounds for the credit rating increase, the report underlined strong financials supported by the ongoing net cash position, the improvement trend seen in the operating expense margin, as well as stable profitability and EBITDA generation capacity. Moreover, the report mentions Teknosa's long-standing presence and successful history in the sector, the flexibility provided by the marketplace segment as well as the omnichannel business model, and the strong demand for technology products as a result of digitalization. The report also stated that as a publicly traded company, Teknosa complies with corporate governance practices at a high level.

AWARDS AND ACHIEVEMENTS

- At CX Awards Türkiye, **'Productive Project' Award** for the Digital Solutions in Customer Services project in the Best Digital Customer Experience category and the Experience-Oriented Digital Store project in the Exceptional Customer Experience category, as well as **'Good Idea' Award** in the Sustainability in Customer Experience category for the Visually Impaired Accessibility Mode and Technological Hands projects
- Sitare Sezgin, Teknosa CEO, ranked 5th in the **50 Most Powerful Women CEOs** list by Ekonomist Magazine
- **'Türkiye's Most Technological Brand' Award** in the 'Technology Market' category at Tech Brands Türkiye
- **'Diamond' Award** in the 'Technology Market Chain' category as part of the Şikayetvar A.C.E Awards (Achievement in Customer Excellence)
- Emre Kurtoğlu, Assistant General Manager for Digital Sales and Marketing, included in the **Fortune Türkiye Marketing Leaders 50 CMO List**
- International **'Safety Awards 2023' Award** by the British Safety Council (BSC)
- **'The Most Reputable Brand in the Electronic Retail Industry'** Award according to the Turkish Reputation Index research results
- **'Technology Retail Company of the Year' Award** at the Blue Apple Awards

- **'Technology Retailer' Award** at ECHO Awards
- Teknosa selected **one of the 250 most preferred brands by Women** in the Reputation Academy - Women's Brand Preference Index
- **'Türkiye's Coolest Technology Retailer' Award** in the Cool Brands Research conducted in cooperation with Marketing Türkiye and Roamler Türkiye

- Brandverse Awards: **Gold Award** in the 'Technology Markets' category at the SocialBrands Data Analytics Awards, Two Awards with the 'Bi'link - Share, Earn' project, **Silver Award** in the 'Physical Customer Experience' category in the 'Experience Design' main section with the 'Customer-Focused Digital Store Experience' project, and **Bronze Award** in the 'Technology Producers' category in the 'Film' main section with the project 'Game is Our World'
- Ranked in the top 10 in the **'Türkiye's Most Powerful Brands'** list according to the Brand Finance 2023 research
- **Ranked 83rd in the 'Türkiye's Largest Companies'** research conducted by Fortune Türkiye
- **Ranked 99th** in Capital's list of **Türkiye's top 500 private companies**
- **First Prize in the 'Hardware' category** at the IT 500 Awards
- **'Success at Scale' Award** at the Mirakl Platform Pioneer Awards
- TCXA23 Türkiye Customer Experience Awards 2023: **Gold Award** in the categories of 'Best Digital Transformation', 'Best Use of Technology', 'Business Change and Transformation' and 'Overall Winner', as well as **Silver Award** in the 'Best Innovation in CX' category
- Emre Kurtoğlu, Assistant General Manager for Digital Sales and Marketing, **ranked 2nd** in the Fast Company **'Digital 50 CMO' List**
- Hammers Awards: **Gold Award** in the 'Best CRM Team' category, **Silver Award** in the 'Best Real-Time Marketing Communication Team, Best Marketing Team in the Retail Industry, Best Search Marketing' categories, and **Bronze Award** in the 'Best Loyalty Program Team, Best Data and Insight Team' categories

- **'Respect for Humanity' Award** at Kariyer.net Awards
- **Felis Award** with the 'Share and Earn with Bi'link' project at the Felis Awards
- **'Consumer Brand of the Year' Gold Award** in the 'Electromarket' category at the 'ALFA Awards'
- International Customer Experience Awards: **Gold Award** in the categories of **'Overall Winner'**, 'Best Innovation in Customer Experience over 500 Employees', 'Best Use of Technology in Companies over 1,000 Employees' and 'Best Digital Transformation in Financial Services and Retail', and **Bronze Award** in the 'Best Business Change and Transformation' category.

Transformation Journey

Since 2019, Teknosa has successfully implemented customer experience and digital transformation initiatives across omnichannels with its vision of being the Teknosa of the New Generation.

Teknosa set out on a large-scale transformation journey in 2019. The main purpose of this initiative is to transform Teknosa from a traditional retailing model, first into an omnichannel retailer with a strong financial structure, and then into a digital-first omnichannel retailer that shines out with its strong physical infrastructure.

Teknosa successfully completed the first two phases of the transformation, achieving significant improvements in financial performance, product and service diversity as well as omnichannel structure. Started in the second half of 2023, the third phase of the transformation is determinedly ongoing. With this phase, Teknosa aims to build a company that has the retail competencies of the best global practices, that has a stronger and more sustainable financial structure, and that can offer and use effective digital solutions to ensure a competitive advantage.

Teknosa's 4. Transformation Program Consists of 6 Main Layers

TO MAXIMIZE THE SERVICE OFFERED TO CUSTOMERS

1. Transformation of Store Network
2. Excellence in E-commerce
3. Development of the Omnichannel Structure

TO INCREASE THE COMPANY PERFORMANCE BY MAKING OUR OPERATIONS MORE EFFICIENT

4. Transformation of Supply Chain
5. Next Generation Digital Applications
6. ERP, Business Architecture and Data Transformation

TRANSFORMATION OF STORE NETWORK

Teknosa embraces today's global trend of **'experience-oriented retail'** with its **new digital store concept.** In line with the digital store concept, Teknosa optimizes its store network by opening large new stores and relocating existing stores while focusing on experience and product diversity.

In 2023, 10 new stores have been opened while 7 stores have been transformed into new digital concept.

Teknosa Renews Its Store Network Under The Transformation Program.

INVESTING IN THE FUTURE OF RETAIL WITH NEW CONCEPT STORES.

Teknosa embraces today's global trend of 'experience-oriented retail' with its new digital store concept.

Experience Areas

Dedicated Sections for Customers with Disabilities

STORE NETWORK CONTINUES TO OPTIMIZE.

In line with the digital store concept, Teknosa optimizes its store network by opening large new stores and relocating existing stores while focusing on experience and product diversity.

Information Screens

Hero Area

Sustainability Wall

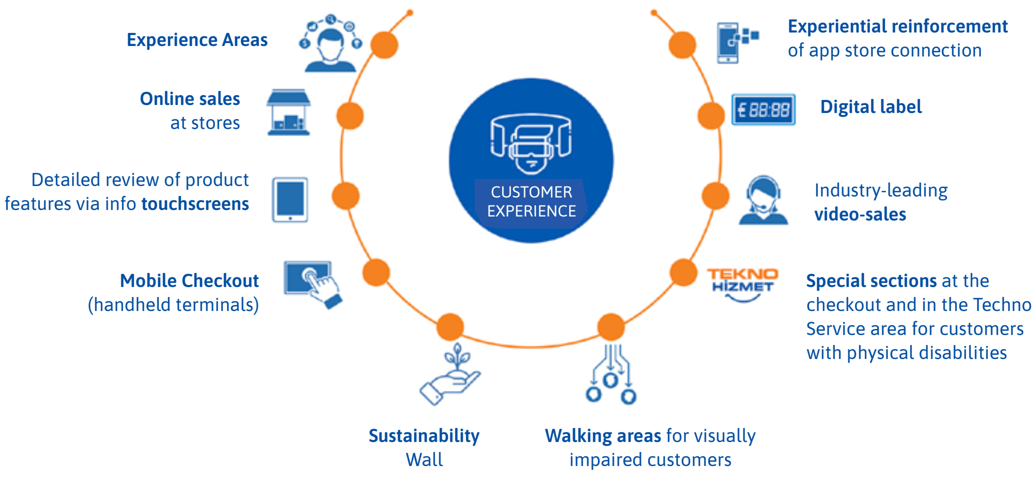
EXCELLENCE IN E-COMMERCE

Teknosa.com's e-commerce competencies reached new levels in the sector with Teknosa Marketplace, established as a technology-focused marketplace in the first half of 2022. To maintain and gradually enhance this position, Teknosa continuously carries out development works on online channels.

- Moreover, aiming to maximize the **online customer experience**, the Company implements updates regarding the customer experience.
- Teknosa focuses on **marketplace growth** to enable customers to find all the products they need on Teknosa.com, increasing **the variety of merchants and products in the marketplace.**
- In addition to the improvements in the marketplace, there is ongoing work on a **'Teknosa Partner Solutions'** proposal, expected to provide significant gains in e-commerce financial performance.
- Teknosa integrates newly developed **payment methods** needed by customers to the website, thus creating a much-preferred platform that offers a more advantageous shopping experience to customers.
- Moreover, the Company actively works on **delivery processes** that are critical for customers, transforming the end-to-end shopping experience.

DEVELOPMENT OF THE OMNICHANNEL STRUCTURE

Teknosa carries out important initiatives to develop an omnichannel structure to ensure that the transformation of the store network and the developments in the field of e-commerce are in perfect harmony, providing integrated service to customers through all channels. The Company aims to enable Teknosa stores to make the best use of Teknosa's digital capabilities, to ensure that e-commerce channels encourage the experience focus in Teknosa stores, and thus to enable Teknosa customers to **have a single, perfect experience across all channels.**



TRANSFORMATION OF SUPPLY CHAIN

Today, supply chain excellence is a must in the retail sector. The most successful companies are retailers that serve their customers with the right products in the right place at the right time. Aware of the importance of the Supply Chain, Teknosa conducts important activities in this field.

- In order to take e-commerce performance to the next level, the Company implements various structural improvements in warehouse and logistics operations to **minimize customer delivery times.**
- Moreover, work on structural improvements is ongoing for the **effective management of the supply chain network.**
- Teknosa diversifies **delivery and return options** that best suit customers' needs.
- The Company also launches specialized **stock optimization** projects to enable customers to find all the electronic products they need in Teknosa stores.
- Teknosa also works on **AI-based digital tools** to predict customer demands and supply processes most accurately.

Teknosa Transforms its Supply Chain End-to-End to Provide the Best Service to Its Customers.

Delivery time, efficiency, and variety of delivery options are very important for the customer.

Finding the right product in the right store has become even more critical to maximize the potential of stores.

NEXT GENERATION DIGITAL APPLICATIONS

Artificial intelligence and digitalization have become a critical component of the retail sector, which has a dynamic and data-intensive structure. Teknosa continues to actively work on high strategic priority digital projects to maintain its leadership and competitive edge in the sector:

- The AI-Based Fact-Based Negotiation digital tool, that will take purchasing competencies to the next level, will be launched in 2024.
- Moreover, in 2024, Teknosa plans to implement pilot applications of the Digital-Powered Sales Force tool, that will enable the strong field team to offer world-class service.

TEKNOSA WILL HAVE A 'DIGITAL-FIRST' STRUCTURE IN THE FUTURE.

Artificial intelligence and digitalization are critical components of the retail sector, which has a dynamic and data-intensive structure.

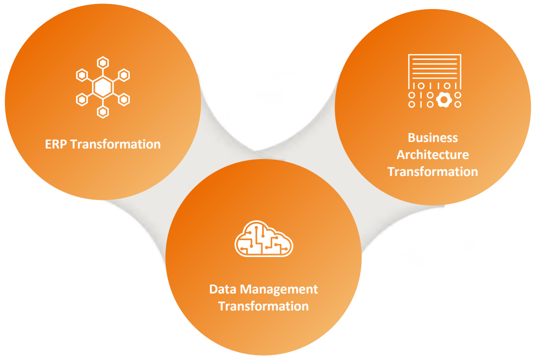
1. AI-Based Fact-Based Negotiation (Initiated)
2. Digital Enabled Sales Force (Initiated)
3. AI-Based Local Assortment Management
4. Dynamic Pricing
5. AI-Powered Markdown Optimization
6. AI-Powered Promo Effectiveness
7. GenAI Capabilities
8. Digital Enabled Backoffice

All these solutions further enhance Teknosa's competitive advantage, thus paving the way for significant improvements in both sales and profitability in terms of financial performance.

ERP, BUSINESS ARCHITECTURE AND DATA TRANSFORMATION

Data management is at the heart of digital strategy as one of the critical success factors to successfully manage the digital transformation. With the ongoing IT projects, Teknosa focuses on advanced technologies and data capabilities that will enable Teknosa to be ready for the future and reach the level of global best practices:

- Teknosa updates the current ERP system to perfectly meet today's retailing needs.
- Moreover, the Company carries out a Business Architecture Transformation initiative that will prepare the new system for the future and ensure maximum benefit from data management.
- Teknosa also addresses data management, a critical element of the era of digitalization and artificial intelligence, under the "Data Management Transformation" project.



To be ready for the future, Teknosa enhances information technologies and data competencies to the level of global best practices.

Developments in the Market

In 2023, the market share of technology retailers referred to as TSS, including Teknosa, realized at 26.5%.

The Consumer electronics market comprises five sales channels: chain stores, traditional channel, computer shops, telecom dealers and technology superstores (TSS). As per the full year results of 2023, the technology superstores (TSS) – a channel in which Teknosa also operates – had a 26.5% share of the consumer electronics market.

According to the Technology Retail Panel Study conducted by independent research institute GfK, the total market size of the consumer electronics market – including White Goods and Small Domestic Appliances (SDA) was TL 532 billion at the year-end of 2023. The market grew by 100% compared to the previous year.

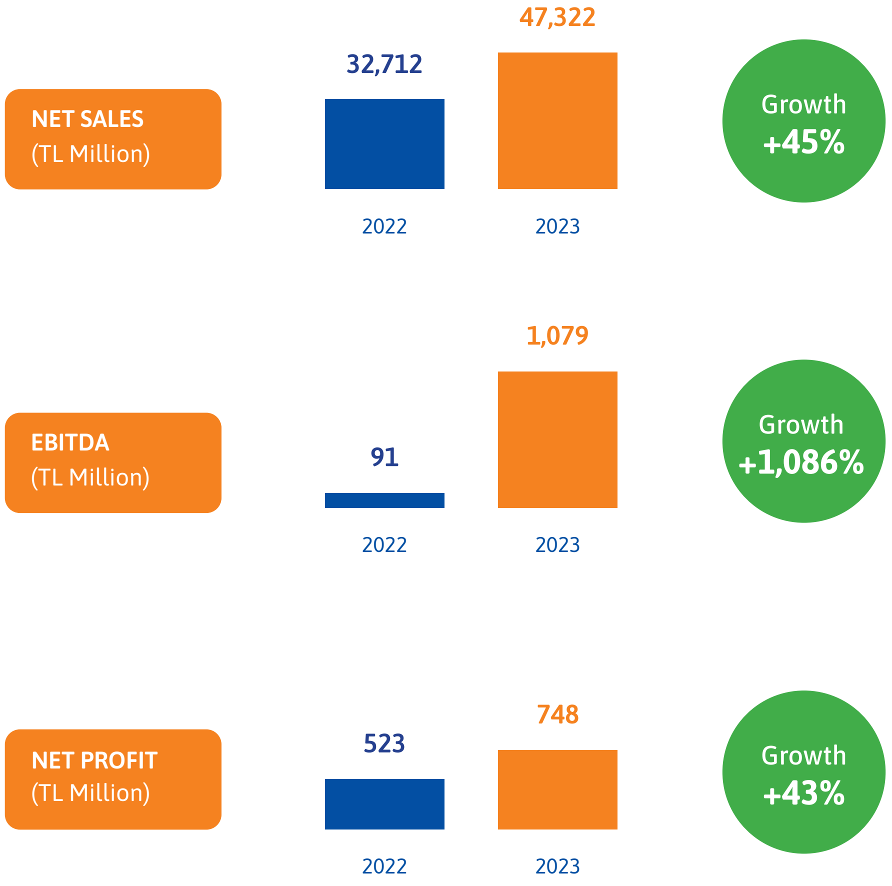
A closer look based on the product categories in the consumer electronics market reveals that the small home appliances segment, with 124.3%, is the fastest growing. This category is followed by Major White Goods (including air conditioner) with a growth rate of 104.7%, Information Technologies with a growth rate of 102.4%, Telecom with a growth rate of 95.1%, and Consumer Electronics with a growth rate of 71.3%.

Techonline market information, which is composed of the sum of online sales by players in consumer electronics market and sales by marketplace merchandisers, is also tracked by GfK. As per the full year results of 2023, techonline market size reached to TL ~132 billion with a growth by 107% compared to the previous year.

We see that the highest rate of growth is in the category of Small Home Appliances with a growth of 134.4% when we examine by category. This category is followed up by Major White Goods (including air conditioner) with a growth rate of 116.3%, Telecom with a growth rate of 102.9%, Information Technologies with a growth rate of 96%, and Consumer Electronics with a growth rate of 76.9%.

Key Financial and Operational Indicators

With its focus on digitalization and sustainability, Teknosa continued its strong financial performance in 2023 as well.



Financial Indicators (TL Million)	2022	2023
Net Sales	32,712	47,322
Total Assets	10,981	14,690
Total Equity	1,842	2,567
EBITDA	91	1,079
Net Profit	523	748

Financial Ratios	2022	2023
Current Ratio (Current Assets/ Short Term Liabilities)	1.08	1.08
Liquidity Ratio (Current Assets – Inventories/Short Term Liabilities)	0.42	0.35
Total Liabilities/ Total Equity	4.96	4.72
Total Liabilities/Total Assets	0.83	0.83

105 K m^2
Sales Area

181
Stores

1.9 million
New Customer Acquisition

154 K
Online SKUs

Guidance for 2024

Sustainable profitable growth is expected to continue in 2024 as well.

Our Guidance	2023 F	2024 F
E-Commerce Gross Merchandise Value (GMV)	7.5 billion TL	15 billion TL
CAPEX	500 million TL	1 billion TL
EBITDA Margin (%)	High single digit	Target to maintain high single digit
E-Commerce Net Merchandise Value (NMV) / Retail Total Merchandise Value (%)*	Expected to reach around 20% levels in the mid-term.	

The above expectations were given as of December 1st, 2023 and excluding the effect of IAS 29.

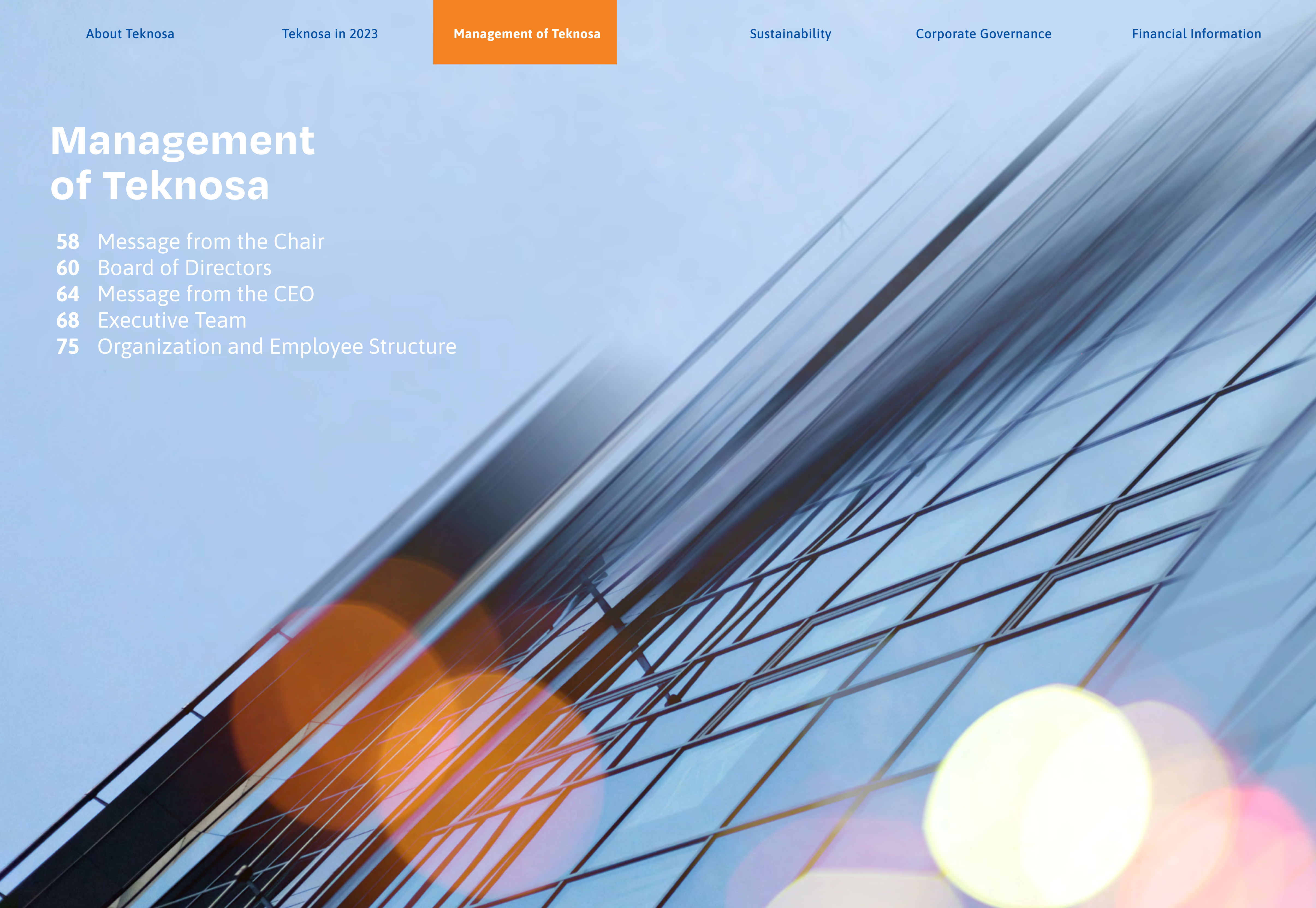
On February 2022, Teknosa launched the first technology-focused marketplace business model in Türkiye in line with its growth initiative in e-commerce. It achieved a remarkable growth surpassing global benchmarks in the past period. Based on this high performance, Teknosa increased its E-Commerce Gross Merchandise Value (GMV) by 68% compared to a year ago, exceeding 10 billion TL.

In 2024, this growth is expected to continue and reach 15 billion TL. Additionally, the ratio of E-Commerce Net Merchandise Value (NMV)* to Total Retail Net Merchandise Value is expected to reach 20% levels in the mid-term.

With its vision of becoming a "phygital" retailer and providing a unique customer experience, Teknosa plans to continue its customer focused transformation and digitalization focused infrastructure, systematic, procedural, and strategic investments next year. While CAPEX is accelerated in line with the revenue growth, reaching 582 million TL in 2023, it is expected to increase to 1 billion TL in 2024.

Despite the challenges posed by the current economic environment and macroeconomic uncertainties, Teknosa aims to sustain its growth with its focus on sustainable profitable growth. With a successful omnichannel strategy and disciplined cost management approach, Teknosa aims to maintain its Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) margin at a high single-digit percentage level in 2024, corresponding to its same level in 2023.

* While "E-Commerce Gross Merchandise Volume (GMV)" includes VAT (Value Added Tax), cancellations and returns, "Net Merchandise Volume (NMV)" refers to the e-commerce transaction volume excluding these amounts.



Management of Teknosa

Message from the Chair

Dear investors, business partners, and esteemed employees,

2023 was a year full of challenges for the world. The lasting effects of the pandemic, high inflation, the pressure on the global economy of the Russia-Ukraine War and the Israeli-Palestinian conflict made the global economy more vulnerable.

In Turkey, with a spirit of solidarity, we grieved together and healed the wounds caused by the February 6 earthquakes. Despite all these challenges, we work towards a better future thanks to the steps taken for the recovery of economy. As Teknosa, we will continue to contribute to Turkey's strong economic potential in 2024.

We closely monitor the developments in the Turkish market and the prominent trends in the world. Globally, the pandemic has accelerated the growth in e-commerce volume as well as the share of marketplaces in e-commerce. As technology has become a basic need, the consumer electronics market has achieved a strong growth course. Moreover, it has become a new trend to combine physical and digital assets in e-commerce, in other words, being a 'phygital' retailer, and build partnerships with the service ecosystem. In line with these trends, we, as Teknosa, set out on a transformation journey with the aim of transforming Teknosa into a digital-first, omnichannel retailer.

In 2023, we made various sustainability investments to become a financially strong company and to create more value for all our stakeholders. We took important steps in omnichannel on our way to becoming a phygital retailer while maintaining our leading position in the sector. In 2023, we enjoyed a growth rate above the market average thanks to our innovations in retailing and e-commerce, achieving net sales of TL 47.3 billion and a net profit of TL 748 million. We also increased our Gross Merchandise Value (GMV) in e-commerce by 68% compared to last year, reaching TL 10.1 billion. We continue to take firm steps towards our goals in line with our customer- and digital-focused service approach and strong financial performance.

All these achievements prove the effectiveness of our profitable growth strategy, built on digitalization, unique customer experience and sustainability. I would like to congratulate everyone who made this possible.

In line with the vision of Teknosa of the New Generation, we launched a project for the complete digital transformation of our company in 2019. We started to effectively integrate artificial intelligence into all our business processes, from our services to customers to purchasing processes, and from category management to creative projects. We aim to further increase the impact of digitalization and offer generative artificial intelligence solutions and projects while maintaining our leadership in the sector and maximizing customer satisfaction.

Moreover, to prepare Teknosa for the future, we focus on investments to make our operational processes faster, more flexible and more technological, and develop our information technologies and data capabilities to the level of global best practices. To this end, ERP transformation will be our priority in the coming period.

As a company focusing on investing in the environment, future, people and society, we prioritize sustainability efforts. In collaboration with the Sabancı Group companies and as part of the Sabancı Republic Mobilization, we launched an Incubation Center project in Hatay, which was devastated by great losses in the earthquake. The center organized trainings in Hatay, the province most affected by the earthquake, and in Adana, which received the highest number of immigrants after the earthquake. As we celebrate the 100th Anniversary of the Republic, we used artificial intelligence to create Atatürk's voice as close to reality as possible in line with our motto "The greatest gift in the second century is still the Republic of Turkey." We selected a number of Atatürk's sayings, never heard before from his own voice, and shared them with the people of Turkey.

In 2024, we will maintain our sustainable profitable growth and continue our investments focusing on customer experience, omnichannel, digitalization and society. We will complete the information technologies and ERP transformation, and start to implement our artificial intelligence projects. In 2024, we plan to further increase our record-breaking investments implemented in the last year.

I am very happy that our efforts and achievements in improving financial and operational metrics in 2023 advance our Company's value. As the household name of technology, we will continue to create more value for all our stakeholders, our industry, and our country through investments in all areas focused on digitalization and sustainability.

I would like to extend my heartfelt thanks to all our employees, who are the driving force behind Teknosa's sustainable success, our customers, who are our greatest source of motivation, our business partners, our investors and all our stakeholders.

I wish 2024 brings happiness, health and prosperity to Turkey and to Teknosa.

Yours sincerely,

MAX ROGER SPEUR
Chair of the Board of Directors of Teknosa

Board of Directors

MAX ROGER SPEUR
Chairman of the Board of Directors

Mr. Speur has 30 years of global experience in Technology and IT Services Industry. Mr. Speur received his Mechanical Engineering & Business Administration degree from Technische Hogeschool Rijswijk, MBA Technology Science and Management from University of Twente and MBA Leadership Program Mergers & Acquisition from Henley Business School.

He started his career in 1992 at Royal Dutch Shell as Finance & Marketing Analyst and worked at Logica between 1993-2001 at various management positions. Mr. Speur then pursued his career at IBM. He worked at IBM Business Consulting Services as Partner-Managing Principal in Amsterdam between 2001-2003 and IBM Global Services, as Communication Sector Leader in Asia Pacific, Shanghai region between 2003-2005. Mr. Speur was appointed as Hewlett Packard Enterprise Services Vice President and Sales & Industry Leader in Singapore and Melbourne in 2005 and continued this role until 2011. In 2011, he founded AT10TION Group. He joined SunTec Business Solutions in 2012 as CCO & COO. In 2017, he was appointed as CEO of CCS Connects and pursued his role until 2021.

Prior to joining our Group, Mr. Speur has been working as the founder and the CEO of AT10TION Group he has established in 2011.

BURAK TURGUT ORHUN
Vice Chairman

Mr. Burak Orhun graduated from Boğaziçi University Economy department and received his master's degree in Finance from George Washington University and MBA degree from University of Pennsylvania – Wharton School of Business.

Mr. Burak Orhun started his career at Mercedes Benz Turk as a Financial Analyst, after which he worked in United States at Thomson Corporation/Reuters, CapitalOne Financial and CadenceQuest, Inc, respectively, at various management positions such as Finance Manager, Director of Portfolio Management, Director of Corporate Development and CFO. Before joining Sabancı Group, Mr. Burak Orhun, worked at Oyak Group, responsible for all M&A and new investment activities of the Group from 2009 to 2018. He was the General Manager of Oyak Girişim Danışmanlığı A.Ş., while having executive management, board member and chairman roles at chemical and energy companies of the Group, both domestic and global. Mr. Burak Orhun joined Sabancı Group in 2018 as Head of Strategy and Business Development. Mr. Burak Orhun is currently The Building Materials Group President of Sabancı Holding.

Mr. Burak Orhun also serves as Chairman at Afyon Çimento, Akçansa, Çimsa and Çimsa Sabancı Cement BV as well as a member of Board at Teknosa.

MEHMET FIRAT
Board Member

Mehmet Fırat, who graduated from METU-Mathematics department in 2001, completed the postgraduate program in Information Systems Management in the UK in 2002. In 2019, he completed the Artificial Intelligence Program at Oxford University and in 2023, he completed the Chief Digital Officer Program at Northwestern University.

Starting his career at Havelsan, Fırat worked as a consultant, project manager, and program manager in SAP projects. In 2009, he started working as a Project Manager at Başkent Electricity Distribution Company. After working as the Group Manager of the Project Management Office and the Director of Information Technologies at Enerjisa, he has been serving as the Head of Information Technologies and Digital Business Management for the past 4 years.

In addition to his current executive roles, he is also active in management boards. He serves as the Vice Chairman of the Board of Directors of Zack AI, a Sabancı subsidiary working on artificial intelligence, and he is a board member of Eşarj, a leading company in electric vehicle charging stations.

In addition to these roles, he has active roles in associations in technology and energy areas. He is the Executive Board Member and Energy Work Group Chairman at Blockchain Turkey, serves as the Founding Member and Energy Work Group Chairman at the Artificial Intelligence and Technology Association., and works as the board member in Edider.

AHMED CEVDET ALEMDAR
Board Member

Cevdet Alemdar holds a Bachelor of Science in Industrial Engineering from Boğaziçi University, obtained in 1992, and an MBA from Sabancı University, completed in 2000.

Cevdet Alemdar joined Sabancı Group in 1993 and took various leadership positions, respectively in Beksa, Sakosa, Kordsa, Temsa Is Makinalari and Brisa. During first half of his career, he has lead manufacturing investments in Türkiye and managed factories serving to tire industries in Brazil, Thailand and China. Returning to Türkiye, he has steered Kordsa's R&D and innovation processes as VP of Technology and Market Development. From 2013 onwards, as CEO, he steered Temsa Is Makinalari to transform from a construction equipment company to a Komatsu heavy machine and Volvo truck provider in Türkiye. Next, from 2017 onwards, he led Brisa, a joint venture of Bridgestone ve Sabancı Holding, a prominent tire manufacturing venture in the world and leader of Türkiye's tire and mobility solutions. From April 2020 onwards, he worked as Sabancı Holding's Industrials SBU President. Since April 2024, he is leading Sabancı Holding's Mobility Soluitons SBU as President. He is also the Chairperson of the Board of Brisa, Temsa Skoda Transportation and Temsa Motorlu Araclar, member of the board of Teknosa.

He is SUNUM's (Sabancı University Nanotechnology Research and Application Center) Chairperson of the Board, TUSIAD's board member, Chapter Zero Steering Committee Chairperson and Bogazici University alumni. Mr. Alemdar's career reflects a breadth of experience in industrial engineering and business management across different regions and sectors.

Ahmed Cevdet Alemdar been a Member of the Board of Directors since February 21, 2023.

NEVGÜL BİLSEL SAFKAN
Independent Board Member

After graduating from Austrian High School in Istanbul in 1989, Nevgül Bilsel Safkan went on to study Business Administration at Istanbul University. She later graduated from the Executive MBA program at Bosphorus University in 2003.

In 1993, she began her professional career as an auditor for Arthur Andersen and later held many different positions in financial management of leading firms in their rapid growth process. Nevgül Bilsel Safkan, who served as the CFO of Superonline from 1999 to 2004, joined the Sabancı Group in 2005. In 11 years with the Sabancı Group, she first worked as the CFO of Marsa and from 2006 to 2013, she served as the CFO for Teknosa where she managed investor relations and public offerings. In 2013, she was promoted to the position of General Manager of Kliksa.com, the e-commerce company within the Teknosa Group and held the post until 2016. In the years that followed (2016-2018), she served as General Manager for Hotelspro and Dyson/Hakman.

Nevgül Bilsel Safkan, who returned to Sabancı Group as the General Manager of Sabancı Foundation in September 2018, has also been serving as the Deputy Chairperson of Third Sector Foundation of Turkey (TÜSEV) since 2019 and as a member of the Board of Education Reform Initiative (ERG) since 2020. Since 2020, Nevgül Bilsel Safkan has been a member of the Advisory Board of Sabancı University Gender and Women's Studies Excellence Center (SUGENDER). In 2021, she was awarded the title of Zero Project Ambassador by Essl Foundation, an Austria-based organization working in the field of disability rights, for a duration of four years. In 2023, she has been selected as a member of the Advisory Board of the European Philanthropy Association (Philea) for a duration of three years.

Nevgül Bilsel Safkan is married with one child.

TEMEL CÜNEYT EVİRGEN
Independent Board Member

Upon his graduation from Robert College in Istanbul in 1982, Cüneyt Evirgen obtained Electrical Engineering and Mathematics degrees (BSc) at Boğaziçi University, MBA at Boğaziçi University Faculty of Administrative Sciences, and Ph.D. in Marketing from Michigan State University. In 2010, he received the Outstanding Alumni Achievement Award from the MSU Eli Broad College of Business.

Dr. Evirgen is an expert in marketing and retailing strategies, international business management and market research, and has several publications and studies on these subjects. He started his career at International Business Centers (IBC) in the USA, continued as the General Manager at Bileşim International Araştırma ve Danışmanlık A.Ş. in Türkiye between 1994 and 2003, and played a role in helping the company expand into international markets.

Dr. Evirgen acted as the Director of Sabancı University Executive Development Unit (EDU), which offers nondegree education and development programs for corporations and individuals, between 2004 and 2022. He also carried out sales-marketing and operational activities of Sabancı University Professional Master's Programs between 2019 and 2022. Dr. Evirgen also taught as a lecturer at undergraduate and master's programs at Sabancı University Sabanci Business School in the period of 2003-2022. He has been working as a senior academician and GSU-CIBER Faculty Director at Georgia State University J. Mack Robinson College of Business Institute of International Business since September 2022. Dr. Evirgen has experience of over 4,000 hours of lecturing in degree and nondegree programs for professionals in total as well as consultancy services. He has also published articles and case studies in academic and sectoral journals.

Dr. Evirgen was as a Member of the Board of Directors at Teknosa İç ve Dış Ticaret A.Ş. from 2005 to 2012 and Vice President from 2012 to 2018. He also was an Independent Board Member at Carrefoursa A.Ş. and Çilek Mobilya A.Ş. from 2012 to 2018, and the Retail Sector Council Academic Consultant at the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) from 2010 to 2020. Dr. Evirgen has been an Independent Board Member at Teknosa A.Ş. since 2021.

Temel Cüneyt Evirgen is married with two children.

Message from the CEO

Dear investors, esteemed business partners and employees,

2023 was a stable and successful year where we experienced a strong, healthy, sustainable and profitable growth despite the challenges in the global and local economy. I'm exceedingly pleased with our accomplishments during this period.

As the Teknosa Family of nearly 2900 people, we continue to add value with our stores, teknosa.com and mobile application, and İklimsa, our leading brand in the air conditioning sector. We continue to be the pioneer of innovation and the sector in every field, improving the omnichannel experience to provide our customers with a unique customer experience and to meet the technology and sustainability-oriented needs of our customers in a holistic manner. We designated 2023 as the ‘Year of Strong Investment, Innovation and Transformation’, where we increased our strategic investments focused on digitalization and technology in all our business units, reaching a record investment amount of TL 582 million. We maintained our strong growth in the retail business equipped with digital competencies, in the e-commerce business, where we gained strong momentum with the marketplace, and in İklimsa, where we entered into important collaborations in the field of sustainability and air conditioning.

As Teknosa, we exceeded market growth and increased our revenues by 45% to TL 47.3 billion, and our net profit by 43% to TL 748 million compared to the previous year. Reaching for new heights with our marketplace investment, we embarked on a growth surge in e-commerce by a 68% year-over-year growth in our gross merchandise value (GMV), reaching to approximately TL 10.1 billion compared to the previous year. I would like to express my heartfelt thanks to the Teknosa Family, who are the driving force behind this achievement.

We set out on a transformation journey in 2019 with the vision of ‘Teknosa of the New Generation’. In the first half of 2023, we successfully completed the marketplace transformation which was launched in 2022 in line with our investments to transform our company into a digital-first omnichannel retailer with a strong physical presence. In the third quarter of 2023, we started the new phase of the transformation with our digital infrastructure and solutions to further strengthen Teknosa's competitive advantage and in line with our goal of sustainable profitable growth.

I am very pleased to share with you the developments in Teknosa's transformation journey. We take firm steps and pioneer many firsts to transform Teknosa into a digital-first omnichannel retailer.

As Teknosa, we embrace today’s global trend of experience-oriented retail with our new digital store concept. In 2023, we opened 10 new stores and renewed 7 stores in line with our digital concept. Under our store concept enriched with digital capabilities, we serve in various experience areas, dedicated sections for customers with disabilities and our sustainability wall in order to offer a better experience to our customers. Our customers can access the products they are looking for much more easily via the information screens and best-selling product areas. We invest in the future of retail with new concept stores while optimizing our store network by opening large new stores and relocating existing stores in line with our focus on experience and product diversity.

While e-commerce in Türkiye continues to grow exponentially, we enhance many areas from marketplace improvements to new payment and shopping loan options, from delivery processes to web and application interface experience. We increased our product and service diversity by 31 times to approximately 154,000 in our marketplace launched in February 2022. Thanks to development works regarding our marketplace, we increased the traffic of our online platform by 35% compared to the previous year. Moreover, we started to offer our customers opportunities to earn through social commerce.

We aim to improve all our business processes and make them more efficient with our generative artificial intelligence applications to better meet the changing expectations of our customers and maximize our service quality. We use technology in the most effective manner, implementing AI-based applications such as improving customer experience, data analysis, strategy creation, and chatbot and livechat solving customer problems. We stepped up our projects, especially in the areas of supply chain management, sales efficiency, and customer service. By using artificial intelligence competencies of Teknosa, we will continue to develop new projects that will further increase Teknosa’s competitive advantage and bring significant improvements in sales, profitability, and operational efficiency.

We attach utmost important to ERP transformation, one of our priorities to make our business processes more agile, efficient, and compatible with new technologies and to strengthen the technological infrastructure of our company. To this end, we adopt an approach that covers the entire ecosystem from the supply chain to the dealer portal. We also prepared the 2024 Data Management Roadmap to implement data-based digital solutions and keep data at the center of our business. We created the Business

Architecture Roadmap to transform our corporate architecture and prepare it for the future.

Sustainability is always our priority. Therefore, we shape our digital transformation strategy and processes to ensure sustainability. We take many actions to achieve our goal of 'Net Zero Emission' and 'Net Zero Waste' by 2050, and we increase our efforts to reduce our environmental impact and carbon footprint in line with these targets. To this end, we focus especially on renewable energy, energy saving, contribution to the circular economy, and eco-friendly products and services. Aware of the importance of decarbonization, we prioritize reducing our electricity consumption and using green energy. As a result of these efforts, we are proud to receive a Leadership (A-) score in the CDP Climate Change Program according to the 2023 results.

We use renewable energy in our logistics center and 80 stores. We installed a Solar Power Plant on the roof of our Adana Sabancı store. 320 panels installed here generate 175,000 kWh of electricity annually, equivalent to the consumption of approximately 58 households. We completed the LED lighting transformation in all our stores. Thus, we aim to increase renewable electricity consumption to 42% by 2025.

As a result of our cooperation with the World Wide Fund for Nature (WWF) Turkey, we received the Green Office Diploma for our Head Office. In 2023, we established a Sustainability Committee, which held its first meeting, prepared our roadmap and formed various Working Groups. Moreover, we offer various services that contribute to the circular economy, from refurbished product sales to rental brokerage services, from the 'Bring the Old, Take the New' campaign to TeknoGaranti, which extends the life of the products.

We boost our corporate and sustainability-oriented businesses with the synergy of Teknosa, and İklimsa, our leading brand in the air conditioning segment. As we continue to offer end-to-end air conditioning solutions in the air conditioning sector with our own brand Sigma and world-renowned brands, we break new ground in the field of solar energy, the eco-friendly business model of the future. In addition to our central regional organization, we trained and authorized 90 dealers on SPP. We signed new important project agreements for housing, agricultural irrigation, and industrial facilities. Moreover, we entered into cooperations with many banks regarding important financing agreements in the field of solar energy. We also work on different business models to combine our leadership and experience in the electronics sector in the dealer group.

Aware of our responsibility to society, we prioritize gender equality. More than 50% of our managers at the Head Office and more than 40% of mid-level managers are women. We also develop special projects and collaborations to increase the number of female field employees.

While we carry out these in-house initiatives, we also continue our projects that add value to the society. Launched 17 years ago, the 'Technology for Women' project is one of our most important projects. The project, carried out in cooperation with Habitat Association, aims to increase the digital literacy of women all over Türkiye. Since 2007, we offered technology training to more than 28,000 women under the Technology for Women project. At the beginning of the year, we were all deeply saddened by a major earthquake. In collaboration with the Sabancı Group companies and under the Sabancı Republic Mobilization, we launched an Incubation Center project in Hatay, which was devastated by great losses in the earthquake. We reached a total of 1,250 people with the trainings given especially to entrepreneurial youth and women in Hatay, the province most affected by the earthquake, and in Adana, which received the most immigration after the earthquake.

2023 was a special year for us, where we celebrated the 100th Anniversary of our Republic. To honor the anniversary, we launched a very special project with the motto "The greatest gift in the second century is still the Republic of Türkiye" and produced Atatürk's voice as close to reality as possible with artificial intelligence. We chose Atatürk's sayings, never heard before from his own voice, and presented them to the people of Türkiye. It makes us all proud, me, my team and our Company, that the project attracted tremendous interest.

In 2023, our innovative practices to increase customer satisfaction and our achievements were recognized with 41 national and international awards.

We have big goals for a strong performance in 2024. In our journey to transform Teknosa into a digital-first company with a strong physical presence, we aim to grow above the market and maintain our sustainable profitability. We will continue our strategic investments in digitalization and sustainability, focusing on providing a unique customer experience. We have a strong investment plan for 2024, amounting to TL 1 billion, thus nearly doubling our investments in 2023 in line with the revenue growth.

We will continue to make a positive impact on the environment, society and people with our expert teams, customer-oriented business culture and digital transformation projects, and create more value for our stakeholders in our ecosystem, investors, our industry, and our country.

I would like to express my endless thanks to the entire Teknosa Family, our business partners and all stakeholders who contributed to the sustainable success of our Company in this journey. With our belief in achieving greater successes together, we will reach new heights in the future.

Yours sincerely,

SİTARE SEZGİN
Teknosa CEO

Executive Team

SİTARE SEZGİN
CEO

Sitare Sezgin is a highly accomplished professional with extensive experience in management consulting, strategic leadership, and corporate governance.
She started her career at prestigious management consultancy companies, Bain & Company, and Boston Consulting Group.

In 2004, Sezgin joined Sabancı Group as the Strategy and Business Development Manager for the Retail Group after 6 years of consultancy experience. In 2009, she became the Senior VP of New Product and Channel Development at Akbank, a leading private bank within the Sabancı Group.

From 2011 to 2018, she successfully led Boyner Group's Back Up and Bofis Turizm. In 2018, she returned to Sabancı Group as the founding CEO and Board Member of AkÖde, a subsidiary of Akbank.

Sezgin's dedication to corporate governance is evident through her roles as an independent Board Member in organizations such as CarrefourSA, AvivaSA (currently AgeSA), and Doğtaş Mobilya.

Since September 2021, she has been the CEO of Teknosa, a leading Consumer Electronics retailer in Turkey. Sezgin is an active member of the Board of Directors of Agesa Life and Pension Inc., Aksigorta Inc., and Sabancı Ageas Health Insurance Inc. She also serves as a Board Member for the Health and Education Foundation, the Chain Stores Association, and Euronics, Europe's largest electronics purchasing group.

In addition to her professional achievements, Sezgin is a passionate advocate for gender equality, actively participating in various associations, like Women on Board Turkey Association, W-Tech and Yanındayız.

ÜMİT KOCAGİL
CFO

Ümit Kocagil graduated from Marmara University, Department of Economics (English).

Mr. Kocagil began his professional career at the Tax Department of Ernest & Young (Arthur Andersen) in 1995. From 1999 to 2007, he worked at Danone Tikveşli as Budget Planning & Control Specialist, Budget Planning & Control Manager, and Reporting & Accounting Manager, respectively. He served as Accounting, Reporting and Tax Group Manager at Carrefoursa between 2007 and 2014, and continued working in Carrefoursa as Accounting, Closing and Tax Group Manager after 2014.

Mr. Kocagil has been serving as the CFO of Teknosa since October 25, 2016.

NAİL ENVER YELKENCİ
Assistant General Manager, Retail Sales

Nail Enver Yelkenci graduated from Istanbul University, Department of Economics (English) in 1995.

He started his career as Sales Executive at Öztek International Forwarding Company in 1996, followed by his roles, he worked as International Sales Executive at Şişecam between 1997 - 2003. He joined Yıldız Holding/ Pladis in 2003 where he started to work as Key Account Specialist, Key Account Manager, and Organized Trade Manager for 6 years in different roles. In years between 2009-2017 he worked as Group Sales Manager, Sales Director and last 3 years as General Manager at Yıldız Holding/Pasifik A.Ş. Sales and Distribtion Company. 2018-2021 he served as the General Manager of Saray Bisküvi at Saray Holding A.Ş.

Nail Enver Yelkenci has been working as Assistant General Manager for Retail Sales at Teknosa since February 1, 2021.

CENK YENGİNER
Assistant General Manager, Category Management and Supply Chain

Cenk Yenginer graduated from Uludağ University Department of Economics in 1997.

He started his career as Category Manager at Özdilek Holding in 1997 and worked as Category Group Manager between 2003 and 2009. Cenk Yenginer worked as Category Manager at Darty between 2009 and 2013.

He started working as Category Manager at Teknosa in 2014 and has been carrying out his duty as Assistant General Manager for Category Management and Supply Chain as of August 6, 2021.

EMRE KURTOĞLU
Assistant General Manager, Digital Sales and Marketing

Emre Kurtoğlu completed his education at Galatasaray High School and graduated from Galatasaray University Department of Business Administration with a high degree in 1998. In 2000, he was selected for Sabancı Holding's Talent Pool Program for young managers. In 2013, he studied Market Driving Strategies at London Business School.

He started his career at DanoneSA and worked as DanoneSA Beverages Group Modern Channel and Commercial Marketing Group Manager and Export Group Manager respectively until 2004. Between April 2004 and September 2005, he took office as Domestic Customers Sales Group Manager at GıdaSA, established by Sabancı Group. He worked as Commercial Marketing and Export Group Manager of Danone Beverages Group and Business Development Group Manager of Dairy Products Group from 2005 to 2009. He worked at Kimberly Clark Türkiye Kâğıt Ürünleri between 2009 and 2015, first as Commercial Marketing Group Manager and then as Commercial Marketing and Distributorship Channel Group Manager, Adult Products Business Unit Marketing Director, and Baby and Children Products Marketing Director.

Kurtoğlu worked as Assistant General Manager in Charge of Commerce in 2015 and continued to work as Assistant General Manager in Charge of Category Management. Kurtoğlu has been working as the CEO of Terra Pizza since October 2018, and as Assistant General Manager for Digital Sales and Marketing at Teknosa since July 5, 2021.

ERSEN GELÇİN
Assistant General Manager, Technology

Ersen Gelçin graduated from Istanbul University Computer Engineering Department in 2000 and completed his Information Systems Management master's degree at Beykent University in 2005.

He started his career as Information Technologies Officer at Giysa in 2000. He took office as Information Technologies Supervisor at Shaya in 2002-2008, Information Systems and Technologies Manager at Caffe Nero in 2008-2015, Information Technologies Director at Infinity Invest Holding in 2015-2018, Information Technologies Director and Executive Board Member at Apaz Holding between February 2019 and July 2019, Information Technologies Director at Evidea between August 2019 and October 2020, and lastly Information Technologies Director at ebebek in October 2020.

Ersen Gelçin has been acting as the Assistant General Manager for Technology at Teknosa Technology since March 28, 2022.

ERSİN AYDIN
Assistant General Manager, Human Resources and Sustainability

Ersin Aydın graduated from Hacettepe University, Psychological Counseling and Guidance Department in 1995.

He started his professional career as a Human Resources Assistant Specialist at Migros in 1998 and worked in specialist role at Superonline in 1999. He served as a Consultant at Profile International from 2000 to 2002 and as Human Resources & Systems Manager at Odeon Cineplex from 2002 to 2003. Aydın continued his career at Turkcell, serving as Labor Relations Manager between 2003 and 2006, and as Subsidiaries Business Support Division Head between 2006 and 2007. From 2007 to 2008, he worked at KKTCELL as Assistant General Manager for Human Resources Administrative Affairs, and Information Technologies. He joined CJSC Belarussian Telecommunication Network in Belarus, serving as a Consultant between 2008-2009 and as Assistant General Manager between 2010-2011. Aydın served as Assistant General Manager for Human Resources in Türkiye at Global Bilgi between 2011 and 2014, at LC Waikiki between 2014 and 2015, and at Alliance Healthcare between 2015 and 2016. He worked as Human Resources Director at FLO Mağazacılık between 2016-2020. In addition, he has been a CTI Certified Professional Co-active Coach since 2013.

Ersin Aydın has been serving as Assistant General Manager for Human Resources and Sustainability at Teknosa since May 4, 2020.

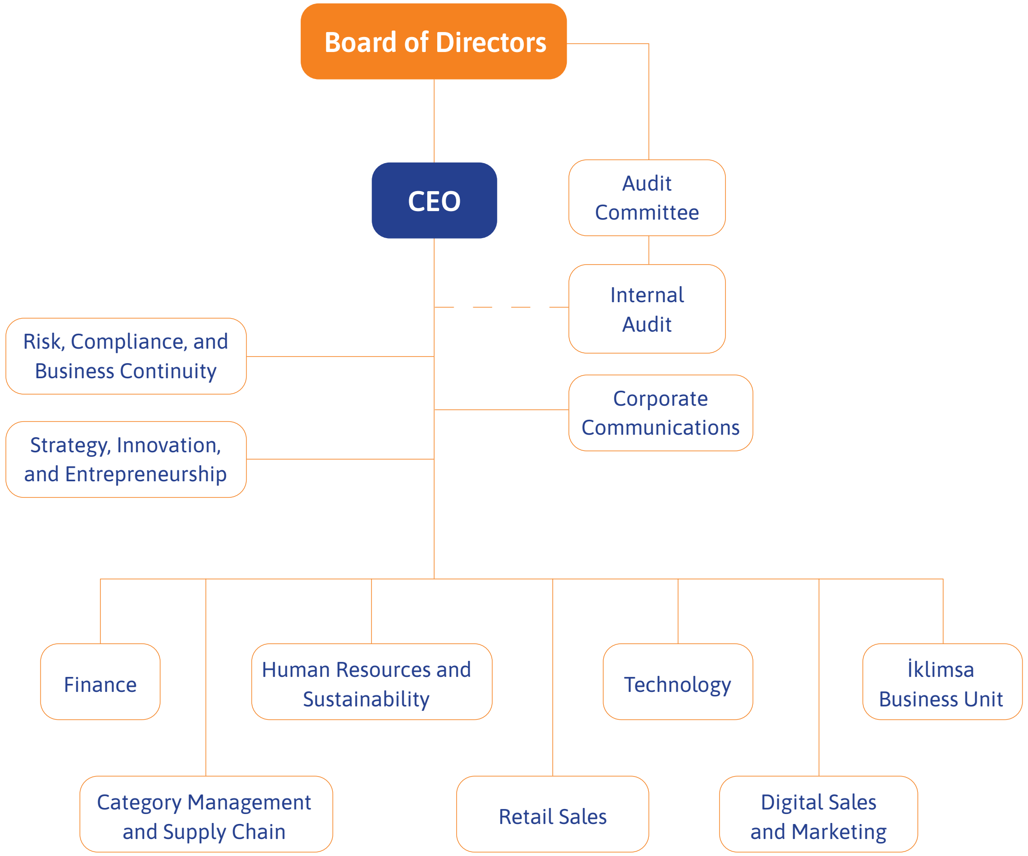
TANSU ÖZTORUN
Assistant General Manager, İklimsa Business Unit

Tansu Öztorun graduated from Istanbul Technical University, Department of Mechanical Engineering, and received his master's degree from the Department of Mechanical Engineering at Istanbul University. Also, he completed the International Business program at Istanbul University.

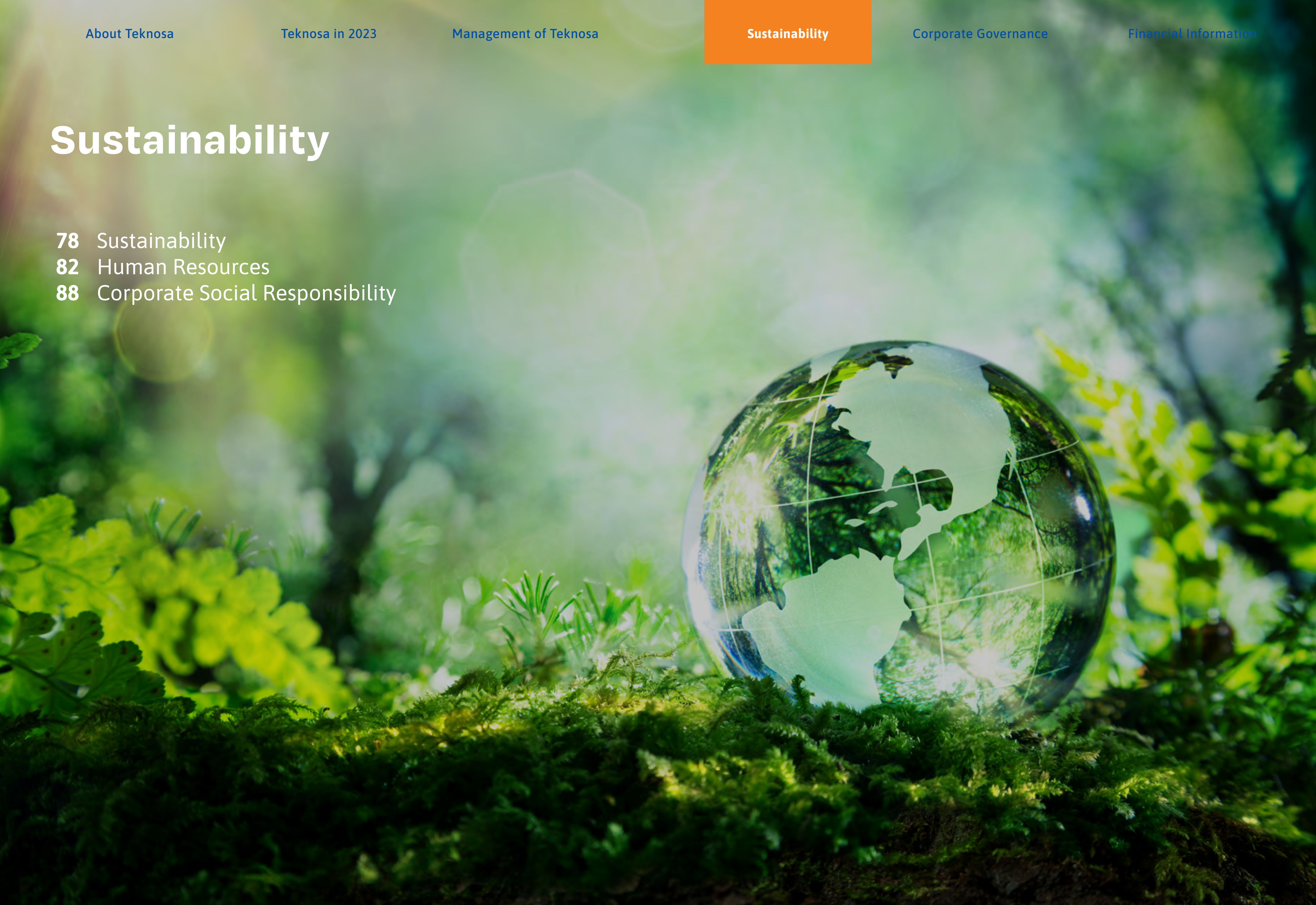
Öztorun began his professional career as a Product Engineer at Motosan in 1990. He later worked as a Post Sales Engineer at Kurteks A.Ş. and as Trade Specialist at Otokar. At Toyotasa, where he spent 11 years, he worked as Marketing and Sales Training Specialist, Sales Training Chief, Direct Sales Chief, Fleet Sales Chief, Corporate and Special Sales Manager and TRS (Toyota Retail System) Manager respectively. He worked as Sales and Marketing Director at Hedef Filo Servis A.Ş. between 2008-2011, as a consultant at Bir Psikodrama Eğitim ve Danışmanlık between 2012-2014, and later as General Manager at a Renault Authorized Dealer.

Öztorun, who began working for Teknosa as the İklimsa Director of Sales in 2014, continues to work as Assistant General Manager for İklimsa Business Unit.

Organization and Employee Structure



As of December 31, 2023, the number of employees of the Company is 2,868 (December 31, 2022: 2.458).



Sustainability

Sustainability

Teknosa takes pioneering steps in its sector in line with the Sabancı Group's mission of 'being a pioneer and setting an example' in sustainability.

Teknosa positions sustainability as one of the fundamental pillars of its business and aims to fulfill the requirements of international standards in the environmental, social and governance areas. The Company considers the important problems we face as humanity, such as the climate crisis, among its sustainability priorities, and says 'We are Aware of Tomorrow'. Teknosa does its best to be part of the solution.

The Company evaluates the negative impacts that climate change may have on our activities and identifies the steps to be taken by assessing risks and opportunities regarding the climate crisis. To this end, Teknosa closely follows all global trends and fully implements all its obligations.

Teknosa takes pioneering steps in its sector in line with the Sabancı Group's mission of 'being a pioneer and setting an example' in sustainability. Focusing on creating value for today and the future, the Company carries out awareness raising activities on various sustainability issues such as transparency, gender equality, circular economy, responsible resource use, and waste management.

You can reach detailed information on the Environmental Policy at https://yatirimci.teknosa.com/environmentalpolicy.

In 2023, Teknosa established the **Sustainability Committee** to set the sustainability strategy in the environmental, social and governance areas and to create, execute, monitor, audit, review and develop the relevant policies, targets, and implementation plans, and to assist the Board of Directors when necessary.

The Sustainability Working Groups design the programs and projects for the implementation of the Company's initiatives in the ESG areas and carry out activities in an agile manner. Teknosa has three working groups: combatting the climate crisis, sustainable strategic business models and creating social value.

At Teknosa, sustainability issues are managed by the **'Sustainability and Occupational Safety Department',** which directly reports to the Assistant General Manager for Human Resources and Sustainability and reports necessary situations to the CEO, Executive Board or Sustainability Committee.

You can find detailed information, at Sustainability Procedure and Sustainability Committee Procedure.

In 2023, Teknosa carried out the following activities regarding sustainability:

REPORTING, STRATEGY AND AWARENESS RAISING

Teknosa published its second Sustainability Report, which provides information on its sustainability performance, sustainability strategy, impacts resulting from its activities and the value created by Teknosa. Moreover, the Company shared its greenhouse gas inventory (Scope 1, 2 and 3), emission targets, zero emission roadmap, and science-based target evaluation in detail in the Greenhouse Gas Emission Report, which it published for the first time.

You can access Teknosa Sustainability Reports and Greenhouse Gas Emissions at https://yatirimci.teknosa.com/sustainability-reports.

In 2022, Teknosa reported for the first time to the Carbon Disclosure Project (CDP) Climate Change program. Thanks to the improvement studies and practices in 2023, Teknosa received a 'Leadership (A- score)' score.

You can access the CDP Climate Change Report at https://yatirimci.teknosa.com/cdp-reports.

In parallel with the Group's 'Net-Zero Emission' target, the Company undertakes to be 'net zero' by 2050. In 2022, the Company started works to develop strategies for this target, and in 2023, continued to carry out detailed projects to create a roadmap. In order to determine Science-Based Targets (SBT), Teknosa conducted the current situation assessment, and developed an emission calculation method.

Moreover, Teknosa received the Green Office certification for the Head Office Building as a result of the cooperation with World Wide Fund for Nature (WWF) Türkiye.

The Company is also a member of the BCSD Türkiye (SKD Türkiye - Business Council for Sustainable Development Türkiye). Teknosa is an active participant in the Climate Change Working Group of the Turkish Industry and Business Association (TÜSİAD).

In 2023, Teknosa completed data entry into the Refinitiv ESG index and Ecovadis sustainability assessment, preferred by Borsa Istanbul.

In 2023, the Company continued to publish Sustainability Bulletins, shared with all stakeholders on a monthly basis, to ensure that sustainability is part of the corporate culture and to raise the stakeholders' awareness on sustainability.

You can access Teknosa's Sustainability Bulletins at https://yatirimci.teknosa.com/sustainability-bulletins.

In 2023, Teknosa assigned sustainability trainings via Teknosa Academy to raise the employees' awareness on the topic while organizing sustainability surveys, trainings, and webinars.

At the 'Sustainability Interactive Areas' located in new concept stores, the Company started to provide customers with informative contents on various topics such as energy saving, carbon footprint and plastic pollution. Moreover, Teknosa shares information on its current activities regarding sustainability in these areas and installs recycling bins.

RENEWABLE ENERGY AND ENERGY SAVING

Thanks to solutions that activate heating, cooling, and lighting systems with automatic sensors in 63 stores, Teknosa saved 3.5 million kWh of energy in 2023.

The number of stores where lighting fixtures are converted to LED lighting systems reached 176. Teknosa plans to complete the LED lighting transformation of all stores in 2024.

With Renewable Power Purchase Agreements (PPAs), the entire electricity consumption of the Logistics Center and 75 stores are supplied from renewable energy resources. Today, the Logistics Center and 75 stores currently continue to use renewable energy. Teknosa aims to increase the renewable electricity consumption rate to 42% by 2025.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Teknosa respects natural resources in the ecosystem. Accordingly, and in line with the 2050 Net Zero Waste Target, the Company identified improvement areas and took actions to reduce water consumption and plastic use.

To this end, Teknosa terminated the use of plastic/glass bottles and single-use products causing environmental pollution at the Head Office, and started more eco-friendly water use, provided the employees with thermos bottles and cups from recycled materials. Thanks to the reduction practices, Teknosa reduced plastic use by 30%.

In order to leave natural resources to the next generations and ensure conscious consumption of resources, Teknosa prefers recycled and eco-friendly materials in the uniforms of store staff.

The Company also updated welcome kits distributed to newly hired staff in line with the Company's sustainability vision. The products in these kits are manufactured from recyclable, sustainable and eco-friendly materials.

Moreover, Teknosa ensured that promotional products such as notebooks, calendars etc. distributed to İklimsa authorized dealers and service shops every year are manufactured from eco-friendly and recyclable materials.

All packaging products used in e-commerce operations (except duct tapes) are also produced from recycled materials.

Teknosa started to work on implementing the zero-waste system at the stores, Logistics Center and İklimsa regional offices following the implementation at the Head Office and installed waste units at the Logistics Center and main street stores. The Company received a zero-waste certificate for the Logistics Center.

Thanks to the electronic label technology used in 52 stores, Teknosa saved 4,732,000 pieces of paper label as well as 936 toner cartridges in 2023.

The Company improved the performance of 245,730 products with maintenance and repair services to prevent these products from remaining inactive.

In order to raise awareness of consumers and prevent pollution by waste, Teknosa cooperates with VARTA on the project titled 'Turn waste batteries into saplings with VARTA & TEMA Foundation'.

Human Resources

Teknosa's Human Resources Policy is designed in line with the Company's goals and strategies as well as the vision of Sabancı Group Human Resources and 'Sabancı of New Generation'. The Human Resources management and practices aim to provide the employees with a work experience that fosters purpose and self-realization, fairness, continuous development, participation, high performance, and diversity.

'SABANCI OF NEW GENERATION' CULTURE

The Sabancı of New Generation is a culture that prioritizes the needs and expectations of customers and all stakeholders, values diverse perspectives, promotes wide participation in decision-making processes, leads in innovation, and is not afraid of making mistakes and learns from and turns mistakes into development opportunities, and focuses on creating long-term and sustainable value.

The values of the 'Sabancı of New Generation' culture are sincerity, continuous improvement, participation, courage, and passion.

TEKNOSA VALUES

Aiming to bring happy moments for everyone through the technology of the world, Teknosa strives to uphold its values of cooperation, trust, sincerity, happiness, showing understanding and proactivity, together with all employees.

SABANCI COMPETENCY MODEL

The Sabancı Competency Model, which defines the behaviors ensuring the realization of the culture, values, and strategies forming the vision of 'Sabancı of New Generation', consists of the following:

1. **Value Drive**
(Valuing Differences, Being Resilient, Courage, Nimble Learning)

2. **Leadership Drive**
(Global Perspective and Long-Term Thinking, Cultivating Innovation and Excellence, Balancing Stakeholders, Making Agile Decisions, Driving Vision and Purpose, Building Effective Teams)

3. **Performance Drive**
(Customer Focus, Driving Results)

While the 'Value Drive' and 'Leadership Drive' are shared across all Sabancı Group companies, 'Performance Drive' are specifically tailored to help Teknosa's employees advance their performance in alignment with the Company's strategies, taking into account industry dynamics and requirements.

RECRUITMENT AND CAREER MANAGEMENT

Teknosa's recruitment process aims to assess candidates' compatibility with Sabancı values and the Company's culture and to measure their potential and competencies. To this end, the Company carries out the recruitment process through competency-based interviews, general aptitude tests, foreign language assessments, technical tests tailored to the requirements of the position, and assessment center applications.

Moreover, in order to attract talent, the Company adopts a proactive approach and continuously monitors talents outside the Company while evaluating external talents for critical positions in addition to internal candidates.

Teknosa applies a career management process, which is structured with specific criteria to encompass all employees. The process is managed under four main categories: Promotion, Horizontal Career Management, Transition from Stores to Head Office, and Transition from Head Office to Stores.

ORGANIZATIONAL CLIMATE AND EMPLOYEE ENGAGEMENT MANAGEMENT

Teknosa aims to prioritize the input and expectations of employees, consistently improve approaches that boost employee engagement, foster a workplace characterized by safety, health, and ethical values, take into consideration the balance between work and personal life and achieve sustainable employee engagement by implementing appropriate leadership styles and cultivating a positive organizational climate.

To this end, the Company regularly conducts employee engagement and satisfaction surveys in collaboration with independent firms and gather employee suggestions and expectations.

In addition to these surveys, independent organizations also regularly measure perceptions of employees regarding the organizational climate, directly related to engagement, and the leadership styles of the management team, which have the most significant impact on this climate.

The HR and management teams examines the opportunities and areas for improvement identified with these assessments, and develops, implements and monitors necessary action plans and objectives.

PERFORMANCE MANAGEMENT

The Performance Management process aims to highlight employees' successful job outcomes, behaviors aligned with the organizational culture and values, and high-performance levels. In line with this approach, the employees continuously track their individual goals in relation to the Company objectives and the competency development targets they wish to focus on throughout the year using the readily accessible performance system. At the end of the year, employees can also assess their performance through feedback sessions with their managers.

RECOGNITION, APPRECIATION, AND TOTAL REWARD MANAGEMENT

The Recognition, Appreciation, and Total Reward Management process comprises fair, objective, performance-enhancing practices that center around employees' contributions to business objectives and their competencies as well as rewarding, motivating, and competitive compensation, benefits, and recognition and appreciation initiatives.

All practices under the Recognition, Appreciation, and Total Reward Management are regularly reviewed and updated in line with market analyses and benchmarking studies.

All roles within the organization are evaluated by considering factors such as the role's level of responsibility, its relative contribution to the organization, and the knowledge/skills/ experience and competencies required for the role. Based on this evaluation, the job grading structure is established, forming the basis for compensation and benefits management.

Teknosa conducts the Compensation Management in compliance with legal obligations and in line with macroeconomic data, applicable compensation policies in the market, and compensation policies formulated taking into account the Company's long-term objectives as well as in line with individuals' job sizes, performances and the internal and external pay equity.

The compensation management is enhanced with 'Side Benefits', considered an important part of total reward management. Teknosa implements Side Benefits practices tailored according to the expectations and needs of employees, with variations based on factors such as job size, role, and company-specific considerations.

HR DATA ANALYTICS AND DIGITALIZATION

To cultivate a culture of data-driven decision-making across all Human Resources functions, Teknosa regularly evaluates all systems and procedures, improves the capabilities of all Human Resources teams accordingly, and contributes to the efforts to create this culture within the Group.

Teknosa implements the IKolay Database and Analytics System to refine and enrich HR data for all employees within the Group companies, to transfer this data to a unified database, and to create value by using this data and HR analytics applications.

Based on the data and statistics of employees who join and leave the Company, Teknosa continues to design Human Resources Analytics projects by employing a data modeling methodology.

LABOR RELATIONS MANAGEMENT AND REGULATORY COMPLIANCE

Teknosa manages labor relations in accordance with applicable laws, regularly follows up relevant regulations, and makes use of all opportunities and incentives while closely monitoring relevant developments.

To establish a fair working environment, Teknosa adopts a non-discrimination policy among employees based on language, race, color, gender, political beliefs, faith, religion, sect, age, physical disabilities, etc. The Company provides a working environment which guarantees the work-private life balance.

Teknosa also provides equal opportunities for everyone while implementing practices to encourage women, youth and persons with disabilities to ensure their active participation in working life.

The Company takes all necessary measures in line with the Occupational Health and Safety policy against situations that may have a negative physical and psychological effect on employees.

EMPLOYEE HEALTH AND SAFETY

Considering the assurance of health and safety in the working environment as one of its highest priorities, Teknosa pays utmost attention to Occupational Health and Safety (OHS) practices. Teknosa strives to minimize all risks that may endanger the health and safety of employees, subcontractors, visitors, and relevant stakeholders, and to establish suitable working conditions.

The Company carries out all processes in accordance with relevant legislation, and in line with all OHS practices and principles. Teknosa's occupational health experts as well as the OHS professionals of the external service provider carry out hazard and risk analyses and field controls, provide necessary trainings, and conduct awareness-raising activities to establish a reliable and healthy working environment for the employees.

In order to achieve the target of 'loss- and accident-free' work, the Company, in line with the Company's OHS culture, monitors near-miss or hazard identification incidents reported by the employees, and continuously improves processes and practices by taking into account the feedback of employees and employee representatives.

Teknosa and its employees will continue to act by fully adopting the health and safety principles in all regions that the Company is active in line with the Occupational Health and Safety Policy and Occupational Health and Safety Internal Directive, available at https://yatirimci.teknosa.com/occupationalhealth.

EMPLOYER BRAND

Teknosa Human Resources Department actively manages Teknosa Career pages on LinkedIn, Facebook and Instagram to attract talents to the Company. Best practices, tips by employees regarding their jobs, announcements, vacant positions, and Company news are posted on Career Pages.

Well-Being Practices

- Hybrid working system (in roles suitable for hybrid working)
- Bonus system (varies depending on the position)
- Private Health Insurance, Employer Contributed Private Pension System and Life Insurance
- Remote work for one month
- Ergonomics support
- Internet & electricity support
- Master's degree support
- Education support & scholarships for the children of employees
- Meeting-free hours
- Birthday leave
- Social life supports (MultiSport, StudioCanlı, Uppy, Tekno Yaşam, Teknosa Volunteers)

TEKNOYAŞAM (TEKNOLIFE)

The TeknoLife Group, an in-house initiative, contains clubs that organize activities in sports, culture, and the arts to promote synergy among Teknosa employees and facilitate team bonding through various events. (Teknosa Theater Club, Teknosa Photography Club, Teknosa E-Sports Club, Teknosa Music Club, Teknosa Dance Club). In addition to fostering the development of employees in various areas of interest, TeknoLife also strengthens internal communication within the organization. To date, the TeknoLife Group has organized numerous tournaments, concerts, theater productions, and performances. The TeknoLife Group uses the size of the Teknosa family as an opportunity to carry out social responsibility activities and provide assistance to institutions, organizations and individuals in need.

Corporate Social Responsibility

Teknosa aims to add value to the society and individuals, and to support Türkiye's development through social responsibility projects and voluntary works.

TECHNOLOGY FOR WOMEN

In 2007, Teknosa launched the 'Technology for Women' Project in cooperation with the Habitat Association with the aim of contributing to gender equality and to digital literacy among women with limited computer and internet capabilities in Türkiye. Under the project, Teknosa has provided free-of-charge digital literacy courses to nearly 28,000 women to encourage women to participate in social and cultural life and to become active users of technology. The project has been further expanded by giving priority to women in the region affected by the February 6th earthquake.

In 2023, more than 3,000 women from all around Türkiye participated in online and in-class trainings. Teknosa organized 26 online trainings and 19 face-to-face workshops during the year. Started with computer basics and Office programs, Teknosa continuously improves the project with the addition of trainings on using social media, e-services, the Internet and mobile devices in parallel with technological advancements and participants' expectations. The project also supports women to improve their technology capabilities in various fields with digital literacy courses and physical workshops.

Women who participate in the project's courses say that they feel more confident, equal and empowered. Teknosa plans to continue developing the project in line with the needs of women.

In 2021, Teknosa launched the social solidarity movement for women subjected to violence and with limited access to technology under the 'Technology for Women' project in cooperation with the Sabancı Foundation and the Federation of Women Associations of Türkiye (TKDF). Teknosa continues to support the movement. Under the initiative, anyone can donate their smartphones that they do not use and contribute to the voice of women subjected to violence. Teknosa carries out the maintenance and repair of the smartphones that are brought to stores for donation or that are received from homes and delivers them to the TKDF.

As a signatory of the Women's Empowerment Principles (WEPs), a joint initiative of UN Global Compact and UN Women, Teknosa is committed to seven principles for establishing corporate policies to promote gender equality, as the first technology retailer from Türkiye in this platform.

The Company is also one of the corporate members of the Yanındayız Association, which aims to enable men to take an active role to ensure equality for women, as well as the Lead Network, which supports female leaders working in the retail and consumer products sector and aims to increase the number of female senior managers and contribute to their development.

Teknosa is also proud to be one of the participants of the 'Business World against Domestic Violence' project designed by the Sabancı University Corporate Governance Forum. Teknosa makes tablet and computer donations in line with the requests by schools and civil networks, especially for online education.

Teknosa conducts voluntary studies in collaboration with NGOs under the leadership of the Teknosa Volunteers Club to raise awareness of employees about social responsibility, and also contributes to the projects implemented by Sabancı Volunteers.

SABANCI HATAY INCUBATION CENTER

Teknosa participated in the third year of the 'Sabancı Republic Mobilization' events, held by Sabancı Holding in 2023 for the 100th anniversary of the founding of the Republic of Türkiye to support the promise that the values of the Republic will be kept alive by working and adding value to the environment.

To this end, the Company designed an Incubation Center project in Hatay, which suffered great losses in the February 6th earthquake. At this center, Teknosa organized trainings, reaching 1,250 participants in Hatay, the province most affected by the earthquake, and in Adana, which received the highest number of immigrants after the earthquake, to ensure economic and social improvement. The center was launched at the end of October 2023.

GREATEST GIFT IN THE SECOND CENTURY: STILL THE REPUBLIC OF TÜRKIYE

In celebration of the 100th Anniversary of the Republic, Teknosa used artificial intelligence to achieve Atatürk's voice as close to reality as possible, believing that Atatürk's words in his own voice are one of the most special legacies for the Turkish people and in line with the motto “The greatest gift in the second century is still the Republic of Türkiye.”

By analyzing dozens of voice recordings and documents from Atatürk's speeches on different dates, Teknosa created a data set from the voice recordings closest to reality. With artificial intelligence, Teknosa achieved the faithful reproduction of many different characteristics such as stress, pronunciation, and accent, as well as voice color.

With the project announced at Pera Palas, the Company selected Atatürk's words that have never been heard before and presented them to the Turkish people. Teknosa prepared a selection of Atatürk's speeches, especially his Speech (Nutuk), from the War of Independence to the proclamation of the Republic as well as speeches made in the first years of the Republic. The Company consulted with a history expert to ensure the accuracy of the sources and the speeches. Under the project, Teknosa also transformed Atatürk's sound waves into forms that matches his silhouette.

Teknosa also prepared a website to make the project accessible to everyone, sharing a quote from Atatürk in his own voice every day until October 29 on the website **https://enbuyukarmagan.teknosa.com**

Moreover, in collaboration with BlindLook, Ataturk's words in his own voice can be accessed by visually impaired users with the help of descriptive labels, and by hearing-impaired users thanks to the sound visualization method.

REFRESH MEMORIES: A PROJECT IN COLLABORATION WITH THE TURKISH ALZHEIMER’S ASSOCIATION

In cooperation with the Turkish Alzheimer's Association, Teknosa developed personalized keychains on September 21, World Alzheimer's Day, to prevent memory loss due to Alzheimer's disease and to improve the quality of life of people living with Alzheimer's. Created by recording memories in a digital environment, these special keychains serve as a portable archive containing the most special information about people, such as their precious moments, close friends, favorite foods, favorite TV programs, allowing individuals living with Alzheimer's to carry their memories with them wherever they go.

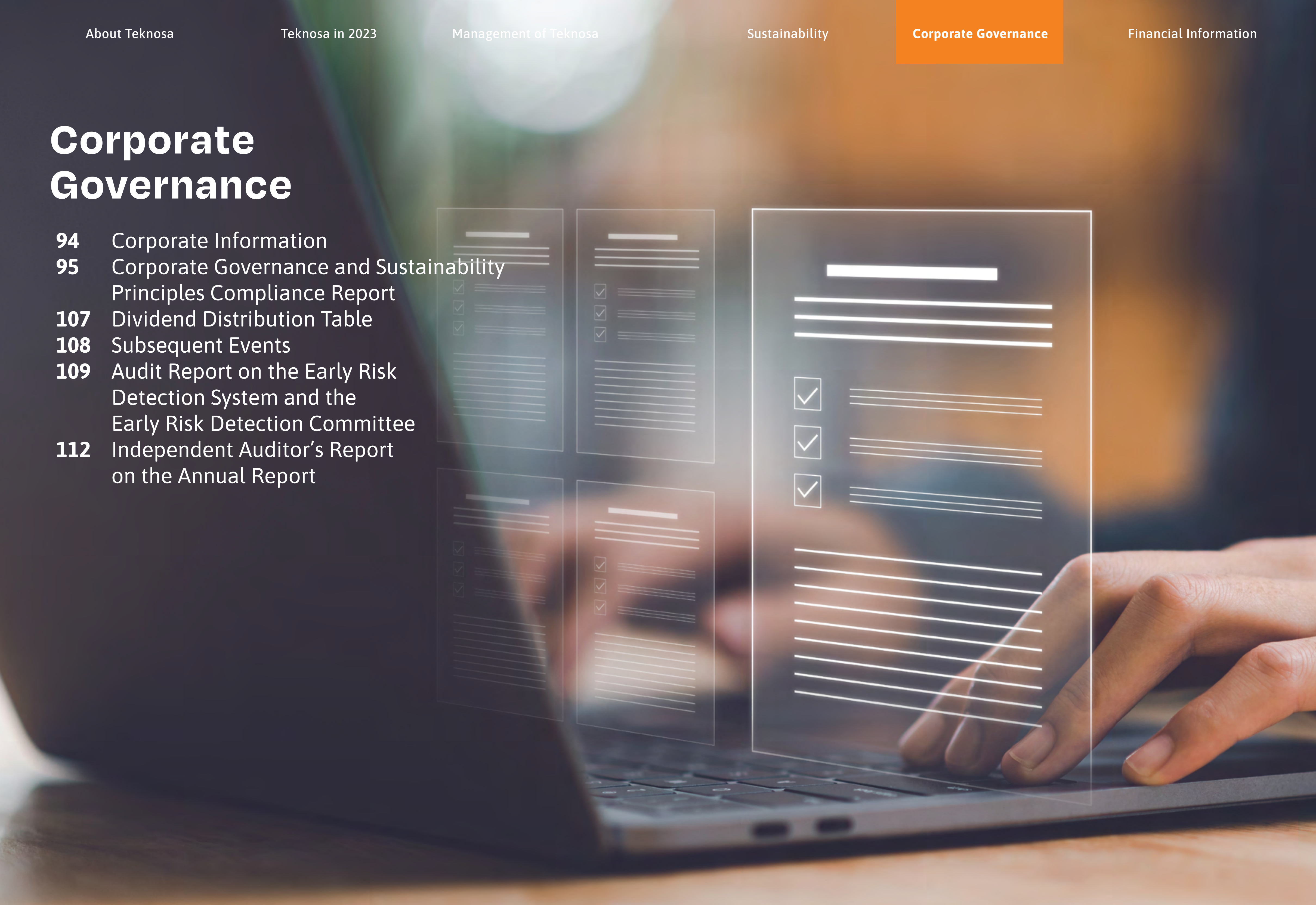
Moreover, in times of need, relatives can use these keychains to take individuals back in time, create meaningful connections and increase their emotional well-being. Under the Refresh Memories project, launched with nearly 30 individuals living with Alzheimer's from many regions of Türkiye, Teknosa continues to contribute to the technological needs of individuals.

TECHNOLOGY FOR YOUTH

Focusing on project collaborations for youth, Teknosa, since 2018, has been among the supporters of Askıda Ne Var (What’s on the Hanger) and Kampüste Ne Var (What’s at the Campus), social initiatives aiming to support youth in Türkiye.

Via the platform, the Company provides university students with the technology products that they need.

Additionally, Teknosa offers technology support to events held by universities, thus contributing to the active continuation of such useful social organizations.



Corporate Governance

Corporate Information

PRIVILEGED SHARES, VOTING RIGHTS

According to the Articles of Association of Teknosa, the Company does not have any privileged shares and has a single right to vote for each share. There is no company with which Teknosa engages in a cross-holding relation. The Articles of Association does not contain any provision that restricts the transfer of shares. Share transfers between the shareholders are performed as per the provisions of the Turkish Commercial Code and Capital Markets Law.

INFORMATION ON THE COMPANY'S ACQUISITION OF ITS OWN SHARES

Teknosa does not hold any acquired shares of its own.

CAPITAL EXPENDITURES

The Company has made capital expenditures of TL 582 million in its infrastructure and customer outreach channels, including online channels.

DONATIONS AND AIDS MADE BY THE COMPANY DURING THE YEAR

In 2023, Teknosa donated TL 3.8 million in total to charitable organizations.

INFORMATION ON THE REPORT EXPLAINING RELATIONS WITH CONTROLLING SHAREHOLDERS AND SUBSIDIARIES IN THE FRAMEWORK OF ARTICLE 199 OF THE TURKISH COMMERCIAL CODE

In the report, our Company evaluated the following transactions conducted with the controlling company and associated companies during the reporting year (January 1, 2023-December 31, 2023) in accordance with accountability principles and conditions known to us: All legal transactions as well as all legal transactions conducted under the direction of the controlling company, and all other measures taken, or refrained from being taken to the advantage of the controlling company, or one of its subsidiaries in 2023, under the circumstances and conditions known to the Board at the time.

In the report issued by the Board of Directors of Teknosa on March 20, 2024, it was concluded that, in all transactions performed by Teknosa with the controlling company and the associated companies of the controlling company in 2023, all necessary legal transactions were conducted, and all measures taken as described as per Article 199 of the Turkish Commercial Code No. 6102 and as required by the responsibilities assigned to the Board. The transactions follow the precedents, according to controlling company statements as per the relevant articles of the Turkish Commercial Code numbered 6102 and related legislation, and we declare that Teknosa did not incur any loss due to the fact that it operates under a Group of Companies.

Corporate Governance and Sustainability Principles Compliance Report

SECTION I - CORPORATE GOVERNANCE

1. Corporate Governance Approach

Teknosa commits to comply with the four key principles of Transparency, Fairness, Responsibility and Accountability of Corporate Governance and recognizes that good corporate governance practices are essential for sustainable growth in today's economies.

Traded on BIST Stars, Teknosa shapes its management approach based on these principles and takes best practices in the world as a reference while developing its corporate governance practices every year.

2. Corporate Governance Principles Compliance Status

Teknosa is in full compliance with all of the 24 mandatory principles for publicly traded companies as set out in the Corporate Governance Communiqué no. 17.1 ("Communiqué") by the Capital Markets Board, which is responsible for regulating and supervising the corporate governance practices in Türkiye. Teknosa has observed the interests of all the stakeholders, shareholders in particular, and continued its efforts to further its compliance with such mandatory principles in 2023.

Meanwhile, Teknosa has reached full compliance with 59 of 73 non-mandatory principles of the Communiqué, while it achieved partial compliance with 5 non-mandatory principles and no compliance with 4 non-mandatory principles. Transactions falling under the remaining 5 principles have not been performed in 2023, and therefore compliance has not been evaluated for these principles that have been determined to be nonapplicable.

2.1. Principles with which the Company has reached partial compliance are summarized below together with the reasons behind the lack of full compliance.

3.1.2. *An effective and prompt compensation policy is in place in cases where stakeholders' rights protected by laws and contracts are violated. The Company provides guidance and convenience to stakeholders on the applicable laws and mechanisms available to them such as compensation. In addition, it establishes a compensation policy for employees and discloses the policy via the corporate website.*

It is a priority for Teknosa to protect all stakeholders' rights at all times and embrace a business model based on creating value together. Currently, no written compensation policy is in place for employees; however, the

Company has faced no legal proceedings in this matter up to date.

3.2.1. *Models to encourage employees' and stakeholders' participation in management shall be developed in a manner to not interfere with the Company's operations. Such models adopted by the Company shall be specified in the Company's internal regulations and Articles of Association.*

Employees' participation in management is ensured by organizing regular company meetings (at least twice a year), as well as at the annual goal setting and performance evaluation meetings. Additionally, employees can provide their feedback to the management and to their colleagues through the 360-degree feedback mechanism. The results are reviewed at various management meetings, and action plans are devised to implement the necessary changes. However, the aforementioned matters are not governed by Teknosa's Articles of Association and/or internal regulations.

4.4.7. *Members of the Board of Directors shall allocate sufficient time for the businesses of the Company. Where a board member holds an executive position, acts as a board member at another company, or provides consulting services for another company, it is essential for such board member to avoid any conflicts of interest and any interruption to his/her tasks at Teknosa. Within this scope, certain rules apply to or restrict the board member's assumption of roles and duties outside the company. Roles a board member assumes outside the company, the grounds for such role, and whether such role is assumed within or outside the group are presented to the information of the shareholders under the agenda item for elections during the general assembly meeting.*

Utmost attention is paid to board members to dedicate sufficient time for the Company's works and avoid any transaction that may lead to a conflict of interest in their activities outside the Company. However, board members' roles outside Teknosa are not governed or restricted by a written instrument. Accordingly, resumes of board members are provided to shareholders in annual reports.

4.5.5. *It is important for a board member not to take part in more than one committee.*

Utmost attention is paid to the experience and expertise of independent members in the composition of committees. Due to the limited number of independent board members and obligations stipulated in the capital market regulations, however, members may be assigned to more than one committee.

4.6.5. *Wages and other benefits granted to board members and executives with administrative responsibilities are disclosed to the public in the annual report. Disclosure on the basis of each such person is essential.*

Wages for the board members are determined by the General Assembly and therefore disclosed on the basis of each board member. Wages paid to senior executives are disclosed collectively, in the footnotes of our financial statements. Performance criteria were taken into account in the remuneration for executives which complies with remuneration policies. Such information is not disclosed on the basis of persons as it is confidential information.

2.2. Principles which the Company has not complied with are summarized below with the grounds for such non-compliance.

1.3.11. *General Assembly meetings may be held publicly, including stakeholders and the press with no right to ask for the floor, and a provision may be added to the Articles of Association on this matter.*

As specified in the Articles of Association, General Assembly meetings were held openly to the stakeholders but close to the public including the press. Minutes of the Annual General Assembly Meetings are presented to the information of all stakeholders on the Public Disclosure Platform (PDP) and the Company's corporate website.

1.5.2. *Minority rights may be granted to those who hold less than one-twentieth of the capital pursuant to the Articles of Association. The scope of minority rights may be expanded subject to the Articles of Association.*

Minority rights are determined as per the provisions of the applicable legislation, and there is no specific provision on the expansion of minority rights in the Articles of Association.

2.1.3. *Financial statements, excluding special events and footnotes, which are required to be disclosed to the public in accordance with the capital market legislation, are disclosed simultaneously in Turkish as well as in English on the Public Disclosure Platform (PDP). English disclosures are prepared in a summary format accurately, thoroughly, directly, legibly, sufficiently and consistently with the Turkish disclosure so as to assist the target group in their decisions.*

The material event disclosures, earnings releases, investor presentations and end-of-year annual reports are also issued in English and made available on the website to inform our existing/potential foreign investors on the financial position and performance of the Company.

4.3.9. *The Company set a minimum target of 25% for the ratio of female members on the Board and established a policy to reach this target. The composition of the Board is reviewed annually, and the nomination process is run in accordance with this policy.*

Although there is no target ratio in this matter, due care is taken to have female members on the Board.

2.3. The following principles are determined to be non-applicable as no transaction falling under such scope was performed in 2023:

1.3.7. *Persons who have the right to access shareholding information with privilege shall inform the Board of Directors for the inclusion of the transactions they performed in their own name coinciding with the Company's operating area into the agenda of the General Assembly.*

1.4.3. *The Company has not exercised the voting rights at the General Assembly of a corporation with which it has a subsidiary relation that involves controlling rights.*

4.4.3. *Opinions of those board members who did not attend the meeting but conveyed their opinion to the Board in writing are presented to other board members.*

4.5.7. *Committees get the opinion of independent experts in matters they deem necessary with regard to their activities. The fees of the consulting services required by the Committees are covered by the Company. However, information on the persons/entities* *providing such services and/or whether such persons/entities have a relation with the company is explained in the annual report.*

4.6.4. *The company is not entitled in any way to lend money, to extend any credits, to prolong the terms of existing loans and credits, to improve the conditions thereof, and to extend credit under the name of any personal credit means through a third person or to provide warranties to a member of the board or the executives with administrative responsibility. Only those institutions which offer personal credits to individuals may be entitled to offer loans or other services under the terms applied to every individual beneficiary.*

Teknosa's compliance status with the Corporate Governance Principles in 2023 is summarized in the table below:

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Mandatory	24	-	-	-
Non-mandatory	59	5	4	5
Total	83	5	4	5

In 2023, full compliance has not been reached with such voluntary principles due to the difficulties in their implementation, ongoing discussions in Türkiye and on international platforms regarding their implementation, the contradiction between the Company's interests, and the implementation of such principles as per the practices of the Company and the market. Thanks to the value and importance Teknosa attributes to corporate governance, developments on this matter are monitored closely, and efforts towards full compliance with these principles are ongoing at full speed.

The 2023 Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF), prepared pursuant to the Capital Markets Board's Decision no. 2/49 and dated January 10, 2019 and approved by our Company's Board of Directors are publicly accessible at https://www.kap.org.tr/en/Bildirim/1260807 and https://www.kap.org.tr/en/Bildirim/1260808.

3. Investor Relations Activities

In an attempt to assist investors and analysts in their decision-making processes as per applicable laws, Teknosa paid ultimate attention in 2023 to inform them as necessary, transparently, promptly, accurately, thoroughly, legibly, directly, sufficiently, regularly and concurrently with all market participants, on the developments that might affect their investment decisions.

For this purpose, both the Public Disclosure Platform (KAP) and the Investor Relations page on the official website www.teknosa.com have been regularly updated, providing continuous and ideal communication with investors and analysts. The Investor Relations page is prepared in both Turkish and English, and quarterly financial results are available on the website in both English and Turkish. The company presentations used in domestic and international informative meetings are also available on the website.

In 2023, The Company met with a total of 128 domestic and foreign institutional existing/potential investors and analysts regarding the company's operational results, performance, and other developments during the period. In addition, queries from individual and institutional investors are responded via e-mail or phone.

Furthermore, the company started holding earnings teleconferences for the first time in the second half of the year, following the release of quarterly financial results. In 2023, the company held two teleconferences with institutional investors and shared the meeting recording links on its website.

Teknosa participated in an investor conference held abroad to inform shareholders and potential investors, while also organizing an Analyst and Investor Day domestically.

4. Monitoring the Changes in Legislation and Legal Procedures

No amendment that could impact Teknosa's operations substantially was introduced to applicable laws in 2023. However, the potential effects of the 2023 amendments to the Capital Markets Law, Turkish Commercial Code and tax regulations on Teknosa as a whole were analyzed in detail.

Teknosa monitored legislative developments that pertained to it closely and took necessary action promptly in 2023, just as it did in previous years.

Finally, no lawsuit was filed against the Company that may impact the financial position or operations of Teknosa in 2023. In addition, no administrative or legal sanction on the grounds of practices contradictory with the provisions of applicable regulations was imposed against the legal entity of Teknosa, its Board Members and the Senior Management.

SECTION II - BOARD OF DIRECTORS

1. Structure and Composition of the Board of Directors

The procedures and principles concerning the company's Board of Directors' structure, duties, management rights and representation authorities, etc. are decided upon in accordance with the provisions stipulated in the company's Articles of Association.

Teknosa is governed and represented by a Board of Directors that consists of at least six members elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Legislation. There are six members in the Teknosa Board of Directors in conformity with Article No. 4.3.1 of the Communiqué, and two independent members in conformity with the exception stipulated in the first paragraph of the 6th Article of the Communiqué.

The minimum qualifications to be sought for the Members of the Board of Directors are not provided for in the Articles of Association. However, the required qualifications of the Members of the Company's Board of Directors are in line with the relevant articles of Corporate Governance Principles. Two members of the Board of Directors are independent members who are determined according to the Capital Markets Board's Corporate Governance Principles and regulations on Corporate Governance. Independent board members' independence statements have been received prior to the appointment and these statements remain in full force and effect. Within the related activity period, there are no issues that terminate the independence.

The Members of the Board of Directors may be elected for a maximum term of office of three years and re-election of the members whose term of office has expired is permissible. In the event that a Board Member position becomes available, the Board elects a new member to fill the position and submits the elected member to the approval at the next General Meeting. The newly elected member completes the term of his/her predecessor.

On the basis of the General Meeting's resolution, Board members are authorized to perform transactions within the scope of Articles 395 and 396 of the Turkish Commercial Code.

2. Operating Principles of the Board of Directors

The Board of Directors convenes as frequently as required to efficiently fulfill its duties. The Board operates in a transparent, accountable, fair and responsible manner, and while doing so it always considers the company's long-term interests.

Every year, the members of the Board of Directors elect a chairman and a vice-chairman who will be the acting chairman in the absence of the chairman for presiding the meetings. The Chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by getting the opinions of the other members and the general manager. The agenda items of the Board of Directors' meetings are discussed explicitly and in every aspect. The Chairman of the Board shows the best effort to ensure the effective participation of the non-executive Board members in the Board meetings.

Meeting dates and agenda are determined by the chairman or vice-chairman.

The Board of Directors must convene at least four (4) times a year.

Unless one of the members requests a meeting that will be held physically, the decisions of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

The Board of Directors of the Company held four meetings between January 1, 2023, and December 31, 2023.

At the Board meetings, each member has one vote, and unanimous consent is sought while resolving matters, and the Board always complies with Corporate Governance Principles.

Attendance in person of the members without an excuse at the meetings of the Board of Directors was ensured. At the meetings held in 2023, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors, and no comments were written down in the minutes. Since Board Members did not have any questions and requested no additional information, these were not inserted in the minutes of the meeting.

The members of the Company's Board of Directors did not engage in transactions with the Company nor did they participate in ventures that would compete in the same business areas throughout the year 2023..

3. Number, Structure and Independence of the Committees Formed Under the Board

According to the Company's Articles of Association, the Board of Directors establishes a sufficient number of Committees ("Committee") to fulfill the required tasks and responsibilities properly.

The responsibilities of the "Nomination Committee" and "Remuneration Committee" as per article 4.5.1 of the Communiqué have been assumed by the "Corporate Governance Committee." Although attention was paid to the recommendation on "not taking part in more than one committee for a board member" under Article 4.5.5 of the Communiqué, a Board Member may serve multiple committees as a member due to the expertise required for such committees.

Corporate Governance Committee

The Corporate Governance Committee aims to ensure the continuity of the management process that pursues transparency and accountability in its decisions, observes stakeholders' interests, and strives for sustainable achievements on the basis of the Company's ethical values, internal and external responsibilities and risk awareness.

The Committee makes proposals and recommendations for the Board of Directors in line with the CMB's Corporate Governance Principles and other internationally recognized corporate governance principles.

As per the Corporate Governance Principles, the Corporate Governance Committee consists of up to three members, including a Chairperson appointed by the Board, and two rapporteurs. The Chairperson is appointed from among the independent members of the Board of Directors.

Should the position of Chairperson of the Committee become vacant for any reason, the Chairman of the Board assigns one of the Committee Members as a temporary Chair until the new Chair is appointed at the next Board meeting.

The Corporate Governance Committee ensures the implementation of the Corporate Governance Principles in the Company, and in the case of failure to implement such principles, it makes suggestions to the Board of Directors for the improvement thereof.

The Committee also oversees the activities of the Investor Relations Department. It evaluates the performance and principles of remuneration for Board Members and Senior Executives and examines and presents to the Board the nominations of independent members, including the nominees proposed by the management and shareholders, and their qualifications for independence. The Independent Board Member Candidate submits a written declaration to the Corporate Governance Committee at the time of nomination.

The Committee, which shall convene at least four times a year pursuant to the bylaws, convened four (4) times in 2023.

The members of the Corporate Governance Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Temel Cüneyt Evirgen
Committee Chair - Independent Board Member
Nevgül Bilsel Safkan
Committee Member - Independent Board Member
Selim Can*
Committee Member - Investor Relations Officer

Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities for the purposes of early detection of any risk such as strategic, operational, financial, compliance, etc. that may jeopardize the existence, development and continuity of the company, taking necessary measures, implementing solutions and managing the risk. Decisions taken in the Committee are reported to the Board of Directors in an advisory capacity.

The Committee members are elected by the Company's Board of Directors and are disclosed to the public. The Chair of the Committee is appointed from among the independent members by the Board of Directors. In addition to the Chairperson, there is a maximum of one Member elected by the Board in the Committee. The members of the Committee are preferably elected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chair. The annual meeting schedule is determined by the Chair of the Committee and communicated to all committee members at the beginning of each year.

The term of office of the Committee members is in parallel to the term of office of the Members of the Company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

The Early Detection of Risk Committee convened six (6) times in 2023. During these meetings, topics such as identifying risks that could threaten the continuity of our company, developing detection and prevention models and management systems for these risks, have been discussed.

In this context, the Early Detection of Risk Committee strengthens our company's risk management strategy and systems, enabling proactive measures against potential risks, thereby contributing to our company's sustainable growth.

Temel Cüneyt Evirgen
Committee Chair - Independent Board Member
Nevgül Bilsel Safkan
Committee Member - Independent Board Member

Audit Committee

The duty of the Audit Committee is to oversee the Company's accounting system, financial reporting, disclosure of financial statements, and the functioning and effectiveness of the independent auditing and internal control system on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

*At the Board of Directors meeting held on February 12, 2024, it was decided that Selim Can's duty in the Corporate Governance Committee has been terminated, and Sibel TURHAN, who currently serves as the Investor Relations Manager of the Company and complies with the criteria under the Corporate Governance Communiqué, has been elected to replace him effective from the decision date.

The Chair and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held four (4) meetings in 2023 and the main agenda items were the review of the independent audit report and examination of the presentations of the Internal Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Nevgül Bilsel Safkan
Committee Chair - Independent Board Member
Temel Cüneyt Evirgen
Committee Member - Independent Board Member

4. Risk Management and Internal Control Mechanism

Teknosa embraces the notion that each risk brings along an opportunity and recognizes that "sustainable growth" can be achieved by effectively identifying, measuring, and managing risks. The Company places great importance on risk management to "create value for its stakeholders," which is a crucial part of its mission.

At Teknosa, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is handled as a continuous and systematic process to manage these risks most efficiently. Efforts are undertaken towards the Company-wide promotion and adoption of the risk culture, while it is ensured that the right activity is carried out taking the right amount of risk.

Teknosa's **Risk Management Policy** establishes the principles guiding risk management processes and approaches, expressing the company's commitment to effectively managing risks. The policy is fully supported by senior management and is shaped around six core principles: proactive approach, holistic management, value creation, continuous improvement, culture and awareness, and effective measurement and evaluation. Teknosa aims to address risks not only reactively but also proactively, by detecting potential threats in the early stages and responding to opportunities in a timely manner. Risk management is considered an integral part of the organization's overall strategy and business processes. Additionally, Teknosa adopts a dynamic and evolving structure in its risk management processes and policies, making continuous improvements based on measurement and evaluation results. Creating a corporate culture that promotes risk management awareness and positive behaviors is supported through open communication channels and training programs. These principles enable Teknosa to sustainably grow, innovate, and maintain strong relationships with stakeholders.

Teknosa's **Risk Management Procedure**, on the other hand, regulates the principles and procedures to be followed in the process of identifying, evaluating, prioritizing, monitoring, reporting, and implementing measures and strategies for risks encountered in the company's operations.

In 2023, Teknosa continued to create value for shareholders and delivered a sustainable growth performance owing to the importance it attributes to risk management.

Risk management is carried out by the Risk, Compliance, and Business Continuity under the supervision of the Early Detection of Risk Committee on behalf of the Board of Directors. In line with the central importance given to risk management, the Risk, Compliance, and Business Continuity Management works directly under the CEO.

The risk exposure of the Company is tracked through the Key Risk Indicators (KRI) in place.

These indicators are used to detect early signals of risks and are regularly evaluated to ensure that the company remains within tolerance limits. Risk indicators are designed in accordance with sectoral and economic dynamics and their effectiveness is regularly assessed. Risk assessment is conducted through probability and impact analysis to determine the potential effects of risks on the company. This process is completed with the identification and implementation of risk mitigation strategies. Thus, various strategies such as elimination, reduction, or transfer of risks are employed to manage them effectively. Effective risk monitoring and reporting activities ensure that risks and measures are continuously reviewed. These dynamic processes enable Teknosa to continuously improve its risk management practices, identify areas for development, and quickly adapt to the dynamic business environment.

Risk Categories

Financial Risk: Teknosa comprehensively addresses currency, investment portfolio, credit, interest rate, liquidity, and insurance risks. The company carefully monitors the impact of these risks on its financials and develops proactive strategies against potential risks stemming from macroeconomic variables. Profitability analyses, continuous monitoring of cash flow, managing expenses with a focus on efficiency, and implementing balanced financing strategies play a significant role in minimizing the adverse consequences of these risks for Teknosa. Additionally, the use of hedge instruments against fluctuations in exchange rates and interest rates strengthens the company's financial resilience and provides protection against volatile market conditions.

Operational Risk: Operational risks include supply, efficiency, capacity and utilization, pricing, sales, customer satisfaction, product/service development, human resources, information security and business continuity, employee health and safety, environmental health and safety, information technology, brand management, reputation, performance management, external reporting and compliance, internal reporting, monitoring and control, authorization, and limit risks. Interdepartmental information exchange, business process monitoring, training, and information security measures are taken to minimize operational risks.

Strategic Risk: Teknosa's strategic risk management comprehensively addresses internal and external risks to our strategic objectives, such as corporate and sectoral risks, economic fluctuations, regulatory changes, reputation, and sustainability risks. In this context, our company engages in three and five years planning on an annual basis to ensure that our strategies remain consistently aligned and effective. Factors especially important, such as sustainability, are considered as a fundamental part of our strategic planning process.

Compliance Risk: Effective compliance management is critically important due to the significant impact legal regulations can have on our company's business areas, operating models, business portfolio, strategic objectives, and operational results. In this context, operating in compliance with all applicable laws, rules, and regulations, and adapting to current changes as quickly as possible, are among Teknosa's priorities. Compliance is not only essential for preventing potential damages but also a fundamental value for maintaining our company's sustainable growth and reputation in the industry.

Similarly, the Company has an Internal Control Mechanism in place. Upon the formation of the Audit Committee, this mechanism effectively carries out the duties assigned by the Board of Directors in compliance with the existing bylaws of the Audit Committee.

5. Company’s Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company’s website, www.teknosa.com, and the Company’s long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Assistant General Managers, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

6. Financial Rights

The terms and conditions of any right, fee and benefit granted to the company’s Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2023, the Company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

SECTION III - SUSTAINABILITY

1. Sustainability Approach

Teknosa places the utmost importance on sustainability and assesses the potential impact of its operations on sustainability. It carries out several activities such as combating the climate crisis, enhancing employee development and performance, ensuring equality and diversity, increasing digitalization applications, and establishing powerful communication with stakeholders by focusing on sustainability at the core of its operations, and endeavors to create a positive impact for all stakeholders.

In 2023, Teknosa shared the survey of prioritized topics including environmental, social, governance and economic topics, and ensured the inclusion of key stakeholders in the process. It determined the priorities of topics in accordance with its stakeholders' opinions and created a prioritization matrix.

It prepared its sustainability strategy in parallel to these prioritized topics and with the participation of relevant departments, identified the contributions to Sustainable Development Goals and the value created as a result of activities, and built the Teknosa Value Creation Model.

In addition, being aware of the importance of effectively managing risks and opportunities, Teknosa handled the risks and opportunities it is exposed to under environmental, social, economic, political and legal, technological and operational categories, which it determined in workshops with interactive participation of relevant departments. Moreover, it declared its expectations for sector position, trends and future, and put forward its responses to mega trends on the society, world, employees.

2. Compliance with Sustainability Principles

Teknosa aims at 100% compliance with the Sustainability Principles Compliance Framework. In parallel with this aim and protecting the benefit of all stakeholders -especially shareholders-, it continued works to improve its compliance status with these mandatory principles in 2023 and increased the number of fully complied articles. It will continue improvement works in 2024.

A world-class sustainability compliance standard has been adopted in Türkiye thanks to the Sustainability Principles Compliance Framework established by the Capital Markets Board.

The compliance status of Teknosa compliance standard in 2023 is summarized in the table below:

Type	Full Compliance	Partial Compliance	Non-compliance	Irrelevant
General	12	-	-	-
Environmental	21	2	-	3
Social	16	1	-	-
Governance	2	-	-	-
Total	51	3	-	3

The Sustainability Principles Compliance Report, which demonstrates the Company's compliance with the CMB's Sustainability Principles Compliance Framework, is available online at https://yatirimci.teknosa.com/sustainability-compliance-reports.

Dividend Distribution Table

TEKNOSA İÇ VE DIŞ TİCARET A.Ş. 2023 DIVIDEND DISTRIBUTION TABLE (TL)

1.	PAID-IN/ISSUED CAPITAL		201.000.000,00
2.	General Legal Reserves (As per Legal Records)		19.753.472,48
	IF THERE IS ANY PRIVILEGE IN DIVIDEND DISTRIBUTION UNDER THE ARTICLES OF ASSOCIATION, INFORMATION ON SUCH PRIVILEGE		None
		According to CMB	According to Legal Records
3.	Profit for the Period	1.052.974.128,17	883.835.496,78
4.	Taxes (-)	305.472.387,90	219.561.912,18
5.	Net Profit For the Period (=)	747.501.740,27	664.273.584,60
6.	Previous Year Losses (-)	-163.754.441,69	0
7.	General Legal Reserve Fund (-)	20.446.527,52	20.446.527,52
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	563.300.771,06	643.827.057,08
9.	Donations Granted During The Year (+)	3.773.491,74	3.773.491,74
10.	Net Distributable Profit for the Period Including Donations	567.074.262,80	
11.	First Category Dividends For Shareholders	0	
	- Cash	0	
	- Bonus Shares	0	
	- Total	0	
12.	Dividends Distributed to the Privileged Shareholders	0	
13.	Other Dividends Distributed	0	
	- Members of the Board of Directors	0	
	- Employees	0	
	- Non-Shareholders	0	
14.	Dividends Distributed to the Holders of Usufruct Right Certificates	0	
15.	Second Category Dividends For Shareholders	0	
16.	General Legal Reserve	0	
17.	Statutory Reserves	0	
18.	Special Reserves	0	
19.	EXTRAORDINARY RESERVES	563.300.771,06	643.827.057,08
20.	Other Resources Planned to be Distributed - Retained Earnings - Extraordinary Reserves - Other Distributable Reserves As Per The Legislation and the Articles Of Association	0	0

DIVIDEND RATIOS TABLE

	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDENDS PER SHARE WITH A NOMINAL VALUE OF TL 1	
	CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS	0,00	-	0,00	0,00	0,00
NET	0,00	-	0,00	0,00	0,00

Subsequent Events

As a result of the allegation that the procedural investigation made difficult during the on-site examination carried out within the scope of the investigation opened in accordance with the Competition Board's decisions dated 18 May 2022 and numbered 22-23/370-M and 22-23/371-M, the Competition Authority's decision on 2 May 2023 As a result of the decision numbered E-70922894- 110.01.04-63722 dated 2021, it was decided to impose an administrative fine of TL 38.206 on the Company, at the rate of 0.5% of the annual gross revenues of the Company at the end of the 2021 fiscal year and determined by the Competition Board. Based on the reasoned decision dated 17 January 2024, the Company made a payment of TL 28.654 on 16 February 2024, with a 25% discount within the discounted payment date (1 month following the notification date), and an objection will be filed against the decision in the administrative court.

Audit Report on the Early Risk Detection System and the Early Risk Detection Committee

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Fax +90 212 316 6060
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To the Board of Directors of Teknosa İç ve Dış Ticaret Anonim Şirketi,

We have audited the Early Detection of Risk system and the committee established by Teknosa İç ve Dış Ticaret Anonim Şirketi ("the Company").

Responsibility of the Board of Directors

Under subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; the Board of Directors is required to form an expert committee, and to run and develop the necessary system for early identification of causes that jeopardize the existence, development, and continuity of the Company; applying the necessary measures and remedies in this regard; and managing the related risks.

Auditor's Responsibility

Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority. Those principles require us to identify whether the Company established the early detection of the risk system and committee or not and if established, require us to assess whether the system and committee are operating or not within the framework of Article 378 of TCC. The scope of our audit does not include the determination of the appropriateness of the measures taken by the Early Detection of Risk Committee against risks, and the practices undertaken by the management in the face of risks.

KPMG

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Information on the Early Risk Identification System and Committee

The Early Detection and Management of Risk Committee ("Committee") is intended to conduct activities aimed at detecting the risks likely to jeopardize the Company's existence, development, and continuity, implementing the measures necessary for the risks identified, and managing the aforementioned risks. The Committee is composed of 2 members, one being the Chairman. The Committee convened 6 times in 2023, on 10 March 2023, 10 April 2023, 19 June 2023, 21 July 2023, 18 September 2023 and 20 November 2023 and presented the reports it issued to the Board of Directors.

Conclusion

As a result of the audit we conducted, it was concluded that the early risk detection system and the committee of Teknosa İç ve Dış Ticaret Anonim Şirketi are sufficient in all material aspects as per Article 378 of the Turkish Commercial Code.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erman Durmaz, SMMM
Sorumlu Denetçi
20 March 2024
İstanbul, Türkiye

Independent Auditor's Report on the Annual Report

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Teknosa İç ve Dış Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Teknosa İç ve Dış Ticaret Anonim Şirketi (the "Company") for the period between 1 January 2023 and 31 December 2023, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2023 and 31 December 2023 on 20 March 2024.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting in Capital Markets numbered II – 14.1 (the "Communiqué"), the Company's management is responsible for the following regarding the annual report:

a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
c) The annual report also includes the matters below:
- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

T.C.

Erman Durmaz, SMMM
Partner
20 March 2024
İstanbul, Türkiye

Financial Information

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 WITH INDEPENDENT AUDITOR'S REPORT

(Originally issued in Turkish)

20 March 2024

This report includes 5 pages of independent auditor's report and 75 pages of financial statements and notes to the financial statements.

INDEX

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

To the Shareholders of Teknosa İç ve Dış Ticaret Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of Teknosa İç ve Dış Ticaret Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.4 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
The Company's main revenue items include sales of technology products through stores and its website, sales of air conditioners and refrigerators through its dealer network, and turnover premiums and similar revenues from its suppliers. There exist inherent control risk related to the accuracy of retail sales revenue recognized in the financial due to the processing of large volumes of data in invoice process. The Company's income generated from its suppliers are based on the trade agreements with suppliers and the conditions of these agreements consist of commitments to purchase amounts, promotions and marketing activities, and various types of discounts. These commitments can vary depending on the turnover and for the sum of purchases made during that period or for certain products within those purchases as of periods. Turnover premiums are recognized in proportion to the realization of the transactions agreed with the Company's suppliers. Therefore, the Company's retail sales revenues and revenues from its suppliers has been an one of the focus area in our audit.	*We have performed the following audit procedures to be responsive to retail sales (store and e-commerce) revenue:* -Assessing the compliance of the Company's accounting policy with respect to accounting for revenue in accordance with TFRS 15 and the adequacy of disclosures related to the Company's revenue -Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of the below controls; -key internal controls over the general IT environment in which the business systems operate, including access to program controls, program change controls, program development controls and computer operation controls; and -Reconciliation of retail sales revenues recognized throughout the year with cash and credit card collections verified from relevant bank documents; - Performing substantive tests by selecting a sample for non-systematic adjustments that fall outside the ordinary billing process which includes of high level of management judgment.;

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	How the matter was addressed in our audit
	-Evaluation of high-risk journal entries that the Company has accounted for during the year. *We have performed the following audit procedures to be responsive to dealer sales:* - Testing the sales transactions selected by sampling method against the relevant order form, invoice and delivery note documents in order to test the sales revenues of the dealer group recorded in the financial statements during the reporting period. - Testing, on a sample basis, sales returns accepted through to the 2023 year end in order to assess whether the sales returns are properly accounted in the correct financial period; - Testing, on a sample basis, sales returns accepted subsequent to the year end in order to assess whether the sales returns are properly accounted in the correct financial period; *We have performed the following audit procedures to be responsive to revenue from suppliers:* -Testing the fulfillment of contract conditions, turnover premium rates and relevant conditions for significant turnover premiums income to ensure that turnover premiums income received from suppliers are accounted for in accordance with the terms of the relevant contracts in the correct period and in the correct amount and performing IT internal controls regarding the completeness and accuracy of pricing and billing for purchases; -Controlling the subsequent period realizations (invoices) of turnover premiums income recognized as accruals -Verification of current accounts related to the suppliers, which a significant portion of turnover premiums income are generated, through external confirmations;

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Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 20 March 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erman Durmaz, SMMM
Partner
20 March 2024
İstanbul, Türkiye

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

		Current period	Prior period
		Audited	*Audited*
ASSETS	**Notes**	**31 December 2023**	**31 December 2022**
Current assets			
Cash and cash equivalents	5	2.738.844	2.643.253
Trade receivables	7	931.474	726.718
-Trade receivables from related parties	*4,7*	*15.921*	*43.711*
-Trade receivables from third parties	*7*	*915.553*	*683.007*
Inventories	9	8.362.702	5.659.141
Prepaid expenses	10	47.263	133.129
Other current assets	18	346.507	77.520
Total current assets		**12.426.790**	**9.239.761**
Non-current assets			
Other receivables	8	1.218	1.342
Investment property	12	183.845	150.784
Right of use assets	11	1.046.601	899.410
Property, plant and equipment	13	752.150	447.278
Intangible assets	14	246.004	213.550
Prepaid expenses	10	33.620	28.745
Total non-current assets		**2.263.438**	**1.741.109**
TOTAL ASSETS		**14.690.228**	**10.980.870**

The accompanying notes form an integral part of these financial statements.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

		Current period	Prior period
		Audited	*Audited*
LIABILITIES	**Notes**	**31 December 2023**	**31 December 2022**
Current liabilities			
Short-term loans and borrowings	6	542.369	333.268
-Short-term bank loans from related parties	*4*	*51.882*	*178.490*
-Short-term bank loans from third parties		*490.487*	*154.778*
Short portion of long-term lease liabilities	6	292.013	253.976
-Short portion of long-term lease liabilities to related parties	*4*	*2.248*	*1.772*
-Short portion of long-term lease liabilities to third parties		*289.765*	*252.204*
Trade payables	7	9.913.644	7.514.860
-Trade payables to related parties	*4*	*56.746*	*34.392*
-Trade payables to third parties	*7*	*9.856.898*	*7.480.468*
Payables related to employee benefits	15	157.034	103.068
Other payables	8	12.440	12.375
-Other payables to third parties		*12.440*	*12.375*
Deferred revenue	10	339.375	128.527
Current income tax liabilities	26	31.077	54.156
Short-term provisions		236.243	163.340
-Short-term provisions for employee benefits	15	*134.370*	*124.304*
-Other short-term provisions	*16*	*101.873*	*39.036*
Derivatives	25	444	4.302
Other current liabilities	18	19.872	7.014
Total current liabilities		**11.544.511**	**8.574.886**
Non-current liabilities			
Long-term lease liabilities	6	435.744	434.287
-Long-term lease liabilities to related parties	*4*	*3.850*	--
-Long-term lease liabilities to third parties		*431.894*	*434.287*
Long-term provisions for employee benefits	15	93.476	113.203
Deferred tax liabilities	26	49.223	16.664
Total non-current liabilities		**578.443**	**564.154**
Total liabilities		**12.122.954**	**9.139.040**

The accompanying notes form an integral part of these financial statements.

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

		Current period	Prior period
		Audited	*Audited*
EQUITY	**Notes**	**31 December 2023**	**31 December 2022**
Share capital	19	201.000	201.000
Adjustments to share capital	19	1.843.704	1.843.704
Restricted reserves	19	39.356	23.559
Other reserves		10	10
Share premiums	19	639.705	639.705
Other comprehensive income or expense items that will not be reclassified to profit or loss		(60.654)	(36.401)
-Losses on remeasurement of defined benefit plans		(87.650)	(65.049)
-Gains on revaluation of property, plant and equipment		26.996	28.648
Other comprehensive income that are or may be reclassified to profit or loss		(524)	(2.719)
- Gains/(losses) on hedging reserves	19	*(524)*	*(2.719)*
Accumulated losses		(842.825)	(1.349.893)
Net profit for the period		747.502	522.865
Total Equity		**2.567.274**	**1.841.830**
TOTAL LIABILITIES AND EQUITY		**14.690.228**	**10.980.870**

The accompanying notes form an integral part of these financial statements.

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

		Current period	Prior period
		Audited	*Audited*
	Dipnot	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Revenue	20	47.321.591	32.712.046
Cost of revenue (-)	20	(42.277.073)	(29.863.787)
GROSS PROFIT		**5.044.518**	**2.848.259**
Marketing expenses (-)	21	(4.257.630)	(3.044.728)
General administrative expenses (-)	21	(546.981)	(415.239)
Other income from operating activities	22	882.027	302.465
Other expenses from operating activities (-)	22	(2.148.273)	(822.369)
OPERATING LOSS		**(1.026.339)**	**(1.131.612)**
Income from investing activities	23	327.232	157.268
Expenses from investing activities (-)	23	--	(2.296)
Impairment profit / (loss) and reversals of impairment losses in accordance with TFRS 9		(216)	(126)
OPERATING LOSS BEFORE FINANCE COSTS		**(699.323)**	**(976.766)**
Finance income	24	184.456	133.307
Finance costs (-)	24	(1.819.993)	(997.586)
Net monetary position gains/(losses)		3.387.834	2.499.994
OPERATING PROFIT BEFORE INCOME TAX		**1.052.974**	**658.949**
Tax expense		**(305.472)**	**(136.084)**
- Current tax expense	26	(263.493)	(191.622)
- Deferred tax income/(expense)	26	(41.979)	55.538
PROFIT FOR THE PERIOD		**747.502**	**522.865**
Attributable to:			
Owners of the Company		747.502	522.865
Non-controlling interests		--	--
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Items that are or will not be reclassified to profit or loss		**(24.253)**	**(36.401)**
Losses on remeasurement of defined benefit plans	*15*	*(30.135)*	*(81.312)*
Gains/(losses) on revaluation of property, plant and equipment	*13*	*(4.270)*	*24.873*
Income tax related to items that are or will not be reclassified to profit or loss		*10.152*	*20.038*
Items that are or may be reclassified to profit or loss		**2.195**	**(4.156)**
Gains/(losses) on cash flow hedges		*2.927*	*(5.207)*
Tax income/(expense) related to items that are or may be reclassified to profit or loss		*(732)*	*1.051*
TOTAL OTHER COMPREHENSIVE INCOME / (EXPENSE)		**(22.058)**	**(40.557)**
TOTAL COMPREHENSIVE INCOME		**725.444**	**482.308**
Earnings/(Loss) per share [(For 1 lot share)]	27	0,0372	0,0260
Diluted earnings/(loss) per share [(For 1 lot share)]	27	0,0372	0,0260

The accompanying notes form an integral part of these financial statements.

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

(NOTE 19)	Paid-in share capital	Adjustments to share capital	Restricted reserves	Other reserves	Share premiums
<u>Prior period</u>					
Balance at 1 January 2022	201.000	1.843.704	23.559	10	639.705
Transfers	--	--	--	--	--
Total comprehensive income/(expense)	--	--	--	--	--
Balance at 31 December 2022	**201.000**	**1.843.704**	**23.559**	**10**	**639.705**
<u>Current period</u>					
Balance at 1 January 2023	201.000	1.843.704	23.559	10	639.705
Transfers	--	--	15.797	--	--
Total comprehensive income/(expense)	--	--	--	--	--
Balance at 31 December 2023	**201.000**	**1.843.704**	**39.356**	**10**	**639.705**

	Other comprehensive income that will not be reclassified to profit or loss		Other comprehensive income that are or may be reclassified to profit or loss	Retained earnings/ (Accumulated losses)		
(NOTE 19)	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 2022	--	--	1.437	(1.705.728)	355.835	1.359.522
Transfers	--	--	--	355.835	(355.835)	--
Total comprehensive income/(expense)	(65.049)	28.648	(4.156)	--	522.865	482.308
Balance at 31 December 2022	**(65.049)**	**28.648**	**(2.719)**	**(1.349.893)**	**522.865**	**1.841.830**
<u>Current period</u>						
Balance at 1 January 2023	(65.049)	28.648	(2.719)	(1.349.893)	522.865	1.841.830
Transfers	--	--	--	507.068	(522.865)	--
Total comprehensive income/(expense)	(22.601)	(1.652)	2.195	--	747.502	725.444
Balance at 31 December 2023	**(87.650)**	**26.996**	**(524)**	**(842.825)**	**747.502**	**2.567.274**

The accompanying notes form an integral part of these financial statements.

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

	Notes	Current period *Audited* 1 January – 31 December 2023	Prior period *Audited* 1 January – 31 December 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		747.502	522.865
<u>Adjustments:</u>			
Adjustments for financial costs	24	1.635.537	864.279
Adjustments for depreciation and amortisation expenses	21	796.507	673.001
Adjustments for (reversal of)/impairment of receivables	7	216	126
Adjustments for (reversal of)/for other provisions		62.946	20.450
Adjustments for (reversal of)/impairment of property, plant and equipment and intangible assets	13	154	(2.624)
Adjustments for (reversal of)/impairment of inventory	9	26.046	106
Adjustments for (reversal of)/provision for employee benefits		4.049	127.158
Adjustments for interest income	23	(294.168)	(100.226)
Adjustments for tax expense/(income)	26	305.472	136.084
Adjustment for the (gains)/losses on sale of fixed assets	23	(3)	871
Adjustments to net monetary gain		802.080	423.788
Changes in working capital:		**4.086.338**	**2.665.878**
Increase in trade receivables from third parties		(232.762)	(456.883)
(Increase)/decrease in trade receivables from related parties	4	27.790	(13.048)
Increase in inventories	9	(2.729.607)	(2.562.864)
Increase in other assets related to operations		(592.633)	(265.169)
Increase in trade payables to third parties	7	2.376.429	3.500.491
Increase in trade payables to related parties	4,7	22.355	13.226
Increase in other liabilities related to operations		277.737	136.840
Payments related to provisions for employee benefits	15	(43.845)	(20.658)
Taxes paid	26	(232.416)	(137.466)
Payments related to other provisions	16	(109)	(4.879)
Cash provided by operating activities		**2.959.277**	**2.855.468**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(464.227)	(318.663)
Acquisition of intangible assets	14	(117.576)	(25.494)
Proceeds from sale of property, plant and equipment and intangible assets		3.722	8.453
Interest received	23	294.168	100.226
Cash used in investing activities		**(283.913)**	**(235.478)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other financing cost paid		(1.537.758)	(795.549)
Payments for lease liabilities	6	(455.672)	(234.462)
Proceeds from bank borrowings	6	628.056	363.930
Repayments of bank borrowings	6	(351.397)	(138.819)
Cash used in from financing activities		**(1.716.771)**	**(804.900)**
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**958.593**	**1.815.090**
Inflation impact on cash and cash equivalents		*(1.039.074)*	*(1.210.761)*
The effect of changes in foreign exchange rates on cash and cash equivalents in foreign currency	24	176.072	118.756
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**2.643.253**	**1.920.168**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	**5**	**2.738.844**	**2.643.253**

The accompanying notes form an integral part of these financial statements.

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 December 2023, number of personnel of the Company is 2.868 (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 181 stores with 105.125 square meters retail space as at 31 December 2023 (31 December 2022: 100.432 square meters, 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 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 consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The financial statements are presented in accordance with the formats determined in the "Announcement on the TRFS Taxonomy" published by the POA on 15 April 2019 and Financial Statement Examples and User Guide published by the CMB.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation (Continued)

Approval of financial statements:

The financial statements are approved by the Company's Board of Directors on 20 March 2024. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these financial statements.

(ii) Basis of measurement

These financial statements have been prepared in accordance with the "TAS 29 Financial Reporting in Hyperinflationary Economies" standard, with monetary assets and liabilities, and on the historical cost basis adjusted for the effects of inflation on the Turkish Lira at the reporting date.

(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

With the announcement made by POA on 23 November 2023, "Announcement on Application of TAS 29 Financial Reporting in Hyperinflationary Economies and BOBİ FRS Chapter 25 Financial Reporting in Hyperinflationary Economies", it has been accounced that entities applying TFRS should present their financial statements for the periods ending on or after 31 December 2023 by adjusting for the inflation effect in accordance with the accounting principles in "TAS 29 Financial Reporting in Hyperinflationary Economies" standard. Pursuant to the decision of CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023. As a result, the financial statements of entities whose functional currency is Turkish Lira are restated for the changes in the general purchasing power of the Turkish Lira based on TAS 29 as at 31 December 2023. The restatement is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the Turkish Statistical Institute ("TSI"). The indices and conversion factors used to restate the accompanying financial statements for the last three years are as follows:

Date	Index	Conversion factor
31 December 2023	1.859,38	1,00000
31 December 2022	1.128,45	1,64773
31 December 2021	686,95	2,70672

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of presentation (Continued)

(iv) Preparation of financial statements in hyperinflationary periods (Continued)

Inflation accounting was first applied in the opening balance sheet as of 1 January 2022 for the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as of and ending on 31 December 2023. For this reason, while preparing the accompanying financial statements, inflation adjustments within the scope of TAS 29 have been applied starting from the opening balance sheet dated 1 January 2022. As of 1 January 2022, the amount of prior year losses without inflation adjustment is TL 315.758 and the amount of prior year losses as of the same date after inflation adjustment within the scope of TAS 29 is TL 1.705.729 with the purchasing power of 31 December 2023.

TFRS require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with TAS 29 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as if the currency had always been hyperinflationary. The basic principle in TAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are restated into the same current measuring unit.

The main procedures applied for the restatements mentioned above are as follows:
• Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
• Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
• Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
• All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
• The effects of inflation on the net monetary position of the Company, is included in the profit or loss statement as "Net monetary position gains/(losses)".

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)
2.1 Basis of presentation (Continued)
(iv) Preparation of financial statements in hyperinflationary periods (Continued)

• All items in the cash flow statement are expressed in the terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of TAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

The Company applied TAS 29 in its opening statement of financial position dated 1 January 2022 and restated the relevant amounts to reflect the effect of inflation from the date when assets were acquired and liabilities were assumed until the end of the reporting period.

(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

Accounting policies are applied consistently in all periods presented in the financial statements. Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

While preparing the financial statements of 31 December 2023, there is no change in the Company's accounting policies.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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.

The Company has no significant changes in the accounting estimates as at and for year ended 31 December 2023 compared to those used in previous year.

2.4 Summary of Significant Accounting Policies

The accounting policies described below have been applied consistently by the company in all periods presented in the financial statements.

Inventories and cost of goods sold

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventory are purchase costs and other transportation costs necessary to prepare the asset for its intended use. Cost is determined by the weighted average method. Costs related to the shipment of the inventories from main warehouse and the region warehouses to the stores are booked as expense.Net realizable value is the estimated selling price in the ordinary course of business, less the selling expenses (Note 9).

Benefits obtained from suppliers in the normal course of business, such as rebates, stock protection and similar benefits are deducted from the cost of the related inventory item and are associated with cost of goods sold.

Volume Rebates: Represent the premiums received from suppliers based on the purchases made by the Company.

Stock Protection: Stock protection is charged to suppliers in order to increase the sales performance of the older versions of certain products when newer versions are introduced.

Sales Support Premiums: The Company receives sales support premiums depending on the sales performance on certain days for certain products.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.(Note 12)

Rental income from investment property is recognised as other income from operating activities on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Property, plant and equipment and depreciation

Recognition and measurement

Property, plant and equipment except for lands and building are measured at cost less accumulated depreciation and impairment losses.

The Company has opted for the option of measuring the land and buildings in the tangible fixed assets by revaluation method. The Company has recognized the increase in the book value of the plants and buildings, which it chose to measure with the revaluation model, as a result of the revaluation in the other comprehensive income in the "Fixed Asset Revaluation Increases" account group. The revalued amount is the fair value at the revaluation date, less accumulated depreciation and subsequent accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in net income / loss and defined as the difference between the sales price and the carrying amount. If the recognized value of an asset is more than its estimated recoverable value, the recognized value of the asset is reduced to its recoverable value.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.(Note 12)

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(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)
NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)
2.4 Summary of Significant Accounting Policies (Continued)

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Property, plant and equipment measured by revaluation model are depreciated as of the day they are currently available. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Property, plant and equipment except for land are depreciated on a straight-line basis.

The useful lives for property, plant and equipment are as follows:

- Buildings 50 years
- Vehicles 5 years
- Machinery and equipments 4-15 years
- Furniture and fixtures 5-10 years
- Leasehold improvements 5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Recognition and measurement

Intangible assets acquired by the company that have a certain useful life include licenses and rights and computer software. Intangible assets are measured by deducting accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
Amortisation (Continued)

The estimated useful lives are as follows:
• Licences, rights and computer software 3-15 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Financial Instruments
i) Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through the Statement of Profit or Loss (FVTPL) , transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through the statement of Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in this case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
ii) Classification and subsequent measurement (Continued)

Financial assets- Assessment of the business model
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- The purpose of the business model; manage daily liquidity needs, maintain a certain interest rate, or align the maturity of financial assets with the maturity of the debts that fund these assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When making this assessment, the Company considers:
– Contingent events that would change the amount or timing of contractual cash flows (i.e. trigger event);
– Terms that may adjust the contractual coupon rate, including variable-rate features;
– Prepayment and the opportunity to extend the maturity features; and
– Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
ii) Classification and subsequent measurement (Continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, (i) for a financial asset acquired at a discount or premium to its contractual par amount, (ii) a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest and (iii) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. For derivatives defined as hedging instruments, see "Derivative financial instruments and hedge accounting" below.
Financial Assets at Amortisized Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offseting the financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency risk. Derivatives are initially measured at fair value. The Company defines derivative instruments as hedging instruments to protect the variability in cash flows related to highly probable forecast transactions arising from changes in exchange rates.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
ii) Classification and subsequent measurement (Continued)
Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Impairment of assets
Non-derivative financial assets
Financial instruments and contract assets
The Company recognises loss allowances for expected credit losses (ECL) on:
• Financial assets measured at amortized cost;
• Debt investments measured at FVOCI; and
• Contract assets

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
• Debt securities that are determined to have low credit risk at the reporting date; and
• Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has chosen lifetime ECL's to measure the impairment of trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
ii) Classification and subsequent measurement (Continued)
Impairment of assets (Continued)
Non-derivative financial assets (Continued)
Financial instruments and contract assets (Continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when;
• The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
• The financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Cash deficit is the difference between the cash flows that must be made to the business according to the contract and the cash flows that the business expects to receive. Since the amount and timing of the payments are taken into consideration in the expected credit losses, a credit loss occurs even if the company expects to receive the entire payment late than the term specified in the contract.

ECL's are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
ii) Classification and subsequent measurement (Continued)

Impairment of assets (Continued)

Non-derivative financial assets (Continued)

Financial instruments and contract assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:
• Significant financial difficulty of the debtor or issuer;
• A breach of contract such as a default or being more than 90 days past due;
• The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
• It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
• The disappearance of an active market for a security because of financial difficulties.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Impairment losses for trade and other receivables are shown as a separate item in the statement of profit or loss.

Write-off
In the absence of reasonable expectations regarding the partial or complete recovery of the value of a financial asset, the entity directly deducting the gross book value of the financial asset. Write-off is a reason for derecognition.

Non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Financial Instruments (Continued)
Impairment of assets (Continued)

Non-financial assets (continued)

The Company reviews the book value of its tangible and intangible assets to determine whether there are impairments in each reporting period and subordinates its stores to impairment tests for certain periods during the year and records the portion of cash generating unit exceeding the recoverable value of the recognited value as impairment loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

On the other hand, the Company management recognises impairment provisions for the tangible assets of the stores that are expected to be closed as of the end of the reporting period.

Leases
At the beginning of the contract, the company determines whether the contract is a lease contract or not. If the contract delegates the right to control the use of the asset defined for a price for a specified period, this contract is a lease contract or includes a lease. The Company uses the lease definition in TFRS 16 to assess whether a contract provides the right to control the use of a defined asset.

This policy applies to contracts made on or after 1 January 2019.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Companys's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

As a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:
– Fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Companys's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value leases

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including information technology ("IT") equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Leases (Continued)
As a lessor
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies TFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Provisions, contingent assets and liabilities
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)
NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)
2.4 Summary of Significant Accounting Policies (Continued)
Leases (Continued)

Taxes on corporate income
Tax expense comprises current and deferred tax.

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax rates that are in effect or about to enter into force as of the end of the reporting period are taken into account. The current tax liability also includes tax liabilities arising from dividend distribution notifications.

The deduction of current tax assets and liabilities can only be made when certain conditions are met.

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

Current and deferred tax for the period
Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employee benefits
Retirement pay provision
Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 "Employee Benefits" ("TAS 19").

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 15).

Earnings / (losses) per share
Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27). In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Foreign currency transactions
Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statement of profit or loss.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

Finance income and finance costs
Finance income consists of exchange rate gains from foreign currency deposits, which is part of the cycle used for financing purposes.

Finance costs include interest expenses on bank loans, credit cards and guarantee letter commission fees, exchange rate loss on financial assets and liabilities (except trade receivables and payables). Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are recognized for in profit or loss using the effective interest rate.

Interest income is recognised for using the effective interest method. Interest income is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except below:

Foreign exchange income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported net in finance income or finance expenses according to the net position of the foreign exchange movements.

Other income and expenses from operating activities
Other operating income consists of interest income, concessions on lease payments, income from from personnel, reversal of provisions for cancellation of rent agreements and foreign exchange income from monetary financial assets and liabilities other than debt instruments, and income from other activities.

Other operating expenses consist of maturity difference expenses, litigation expenses, foreign exchange expenses arising from monetary financial assets and liabilities other than debt instruments, and expenses related to other activities.

Income and expenses from investment activities
Income from investment activities consists of interest income from deposits, profit from sales of fixed assets and fair value increase of investment properties.

Expenses from investment activities consist of losses from sales of fixed assets.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED

2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition

General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability).

Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations in the contract

The Company defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:
(a) good or service (or a bundle of goods or services) that is distinct; or
(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. The Company does not have sales transactions which includes significant financing component. The Company considers that the period between the fulfillment of the obligation and the payment never exceed 12 months, in cases where the obligations fulfilled during the period and the advances received and the payment schedule are broadly compatible.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED

2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

An entity recognizes revenue over time when one of the following criterias are met:
- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date for each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the cost to be incurred by the Company exceeding the expected economic benefits to be incurred to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Revenue recognition (Continued)
General model for accounting of revenue (Continued)

i) Retail sales revenues

The Company's retail sales revenue is recognized when a customer obtains control of the goods. Determining the timing of the transfer of control – at a point in time or over time – requires judgment. Since the Company generally carries out retail sales with cash or credit cards and customers obtain control of the goods as sales are realized, revenue is recognized at the time of sale. The company accounts for commission income arising from sales made by third parties through its marketplace as revenue in the corresponding period in which they are earned.

The revenues generated by the Company through the dealer network (İklimsa) are recognized as revenue when the dealers gain control of the related good. In cases where the control transfer does not occur at the same time, income is recognized as revenue in the following period. The company performs dealer sales generally in exchange for cash, credit sales, secured check, and transfer of control transfer to the dealers.

ii) Turnover premiums and supplier discounts

The Company turnover premiums income from supplier contracts and supplier discounts are accounted for an accrual basis in the period of the Company benefits from premiums and deductions with the cost of goods sold.

iii) Customer gift checks

Gift vouchers sold by the Company to its customers are classified under other current liabilities section as deferred revenue. Moreover, gift vouchers are recorded as income as they are used by the customers.

Related gift vouchers are used by the customer, related amount which is classified as deferred income, is recorded as sales revenue. 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. Gift vouchers that are not expected to be used by the customers are classified under deferred revenue in the financial statements.

Warranty expenses and provisions

Provision for warranty expenses for the air-conditioners for which the warranty liability belongs to the Company is calculated based on statistical information for possible future warranty services. The warranty liability for the consumer electronics retail sales of the Company belongs to the manufacturer or to the importer companies. On the other hand, there is no significant liability of the Company for the extended warranty period.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)
Revenue recognition (Continued)

Segment reporting

The management has determined the operating segments based on the reports used in taking strategic decisions by the Board of Directors and the executive committee (includes general manager and the assistant general managers).The executive committee evaluates the business in terms of business unit on the basis of retail and dealer (İklimsa) group.

The Board of Directors and the executive committee monitor the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Employment Termination Benefits, Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9, Other Expenses From Operating Activities, Depreciation and Amortization ("Adjusted EBITDA")

This measurement of the operating segments does not consider the effects of nonrecurring income and expenses. Interest income and expenses are not allocated to operating segments since they are monitored by the central treasury department of the Company. Adjusted EBITDA is not a measure of operating income, operating performance or liquidity under CMB Financial Reporting Standards. The Company presented Adjusted EBITDA in the notes to the financial statements besides the requirements of segment reporting since it is used by certain readers in their analyses (Note 3).

Share capital
Ordinary Shares

Transaction costs arising from equity transactions are deducted from the relevant equity item. Income taxes on distributions to owners of equity instruments and transaction costs from equity transactions are accounted for in accordance with TAS 12.

Related parties

Parties are considered related to the Company if:
(a) directly, or indirectly through one or more intermediaries, the party:
(i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
(ii) has an interest in the Company that gives it significant influence over the Company; or
(iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venturer;
(d) the party is member of the key management personnel of the Company and its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Significant Accounting Policies (Continued)

Events after the reporting period

It refers to the events occurring in favor of or against the Company between the reporting date and the date of authorization for the publication of the financial statements.
• There is new evidence that events exist at the reporting date; and
• There is evidence to show that the relevant events occurred after the reporting date(events after the reporting period which is not require to adjust)

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Company adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

2.5 Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023

Standards issued but not yet effective and not early adopted
New standards, comments and amendments that have been published as of the reporting date but have not yet come into effect and are allowed to be implemented early but are not implemented early by the company are as follows.

Classification of Liabilities as Current or Non-current (Amendments to IAS 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.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023 (Continued)

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

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

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

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

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. 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 recognises no gain or loss relating to the right of use it retains.

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

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

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

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023 (Continued)

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

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

The IASB's amendments apply to supplier finance arrangements1 that have all of the following characteristics.
• A finance provider pays amounts a company (the buyer) owes its suppliers.
• A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
• The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

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

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

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

The Company does not expect that application of these amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have significant impact on its-financial statements.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. Related standards were published by POA as "TSRS 1 and TSRS 2" on 29 December 2023.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023 (Continued)

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures (Continued)

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

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

The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. But it will be for individual jurisdictions to decide whether and when to adopt. Accordingly, POA announced in the Board Decision published in the Official Gazette dated 29 December 2023 that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024 .

The Company is within the scope of the application as it meets the criteria specified in the Board Decision.

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

Lack of Exchangeability – Amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended TAS 21 to clarify:
• When a currency is exchangeable into another currency; and
• How a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023 (Continued)
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (continued)

Therefore, when estimating a spot rate a company can use:
• An observable exchange rate without adjustment; or
• Another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:
• The nature and financial impacts of the currency not being exchangeable;
• The spot exchange rate used;
• The estimation process; and
• Risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Company does not expect that application of these Amendments to IAS 21 will have significant impact on its financial statements.

New Accounting Policies and 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
4. International Tax Reform – Pillar Two Model Rules – Amendments to TAS 12
5. Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.6 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 and equipment and intangible assets
Items of property and equipment and intangible assets except for land and buildings are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of property, plant and equipment and intangible assets
The Company assesses at each reporting date to determine whether there is any indication of impairment. If the stores which are operating more than 1 year generates operating profit/ (loss) before income tax lower than the planned performance result, this situation is assessed as an objective evidence for impairment. If any such indication exists, then the asset's recoverable amount is compared with the carrying amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the carrying amount of an asset or any cash generating unit that the asset belongs to is higher than its net realizable value, the value of the asset has impaired. Additionally, the Company recognises allowance for impairment for the tangible assets of the stores for which the Company management has expected to close down. The 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. The Company recognised net impairment on property, plant and equipment amounting to TL 154 as at 31 December 2023 (31 December 2022: TL 2.624 reversal of impairment) (Note 13).

Allowance on inventories
In accordance with the accounting policy, inventories are stated at the net realisable value ("NRV"). The Company measures the products with selling prices lower than its cost at lower of cost or NRV. NRV, is the value after deducting the estimated expenditures to be made to bring the stocks at sale at the estimated selling price.

The Company makes aging analysis for its inventories based on certain date ranges from the acquisition date. Impairment is calculated for the old stock over 180 days with different rates applied for each date range based on the aging analysis as at reporting date. The Company recognised allowance on inventories amounting to TL 64.048 as at 31 December 2023 (31 December 2022: TL 38.002) (Note 9).

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.6 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 December 2023, the amount offset from the deferred revenue from the gift checks recognised in the financial statement is amounting to TL 74.063 (31 December 2022: TL 42.762) (Note 10).

NOTE 3 – SEGMENT REPORTING

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

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by sales channel. The Company's sales channel are as follows: Electronics retail sales, and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and e-commerce (including Marketplace sales) and dealers (İklimsa). In addition, assets and liabilities are not included in the segment reporting, since they are not regularly presented to the decision maker and are not reviewed in as a part of segment reporting.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 3 – SEGMENT REPORTING (CONTINUED)

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

	1 January – 31 December 2023		
	Stores and e-commerce	**Dealer Group**	**Total**
Total segment income	**44.934.759**	**2.386.832**	**47.321.591**
Adjusted EBITDA	**390.008**	**688.730**	**1.078.738**

	1 January – 31 December 2022		
	Stores and e-commerce	**Dealer Group**	**Total**
Total segment income	**30.746.555**	**1.965.491**	**32.712.046**
Adjusted EBITDA	**(245.898)**	**336.790**	**90.892**

	1 January – 31 December 2023	**1 January – 31 December 2022**
Reconciliation of Adjusted EBITDA with profit before taxes:	**1.078.738**	**90.892**
Depreciation and amortisation expenses	(796.507)	(673.001)
Finance income /(costs), net	(1.635.537)	(864.279)
Income/(expenses) from investing activities	327.232	154.972
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	(216)	(126)
Other expenses from operating activities, net	(1.266.246)	(519.904)
Provision for employee termination benefits (Note 15)	(42.324)	(29.599)
Net monetary position gains/(losses)	3.387.834	2.499.994
Profit before tax	**1.052.974**	**658.949**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

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 December 2023	
	Receivables	Payables
	Current	Current
Balances with related parties	**Trading**	**Trading**
Çimsa Çimento San. ve Tic. A.Ş.	4.645	--
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	3.684	--
Akbank T.A.Ş.	2.895	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	2.588	2.631
Aksigorta A.Ş.	1.226	5.332
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	309	--
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	218	--
Akçansa Çimento San. ve Tic. A.Ş.	192	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	161	45.616
Kordsa Teknik Tekstil Anonim Şirketi	3	--
Hacı Ömer Sabancı Holding A.Ş.	--	3.162
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	5
	15.921	**56.746**

	31 December 2022	
	Receivables	Payables
	Current	Current
Balances with related parties	**Trading**	**Trading**
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	38.514	--
Akbank T.A.Ş.	3.088	--
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	852	--
Akçansa Çimento San. ve Tic. A.Ş.	501	--
Çimsa Çimento San. ve Tic. A.Ş.	488	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	120	26.278
Aksigorta A.Ş.	75	3.312
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	71	--
Kordsa Teknik Tekstil Anonim Şirketi	2	--
Hacı Ömer Sabancı Holding A.Ş.	--	1.878
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	18
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	--	2
Enerjisa Enerji Üretim A.Ş.	--	2
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	--	2.902
	43.711	**34.392**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (CONTINUED)

Deposit accounts in Akbank T.A.Ş.	31 December 2023	31 December 2022
Demand deposit	281.530	269.353
	281.530	**269.353**

Other liquid assets in Akbank T.A.Ş.	31 December 2023	31 December 2022
Other liquid assets	764.600	1.954.914
	764.600	**1.954.914**

Credit cart receivables in Akbank T.A.Ş.	31 December 2023	31 December 2022
Credit card receivables	54.672	37.357
	54.672	**37.357**

Bank loans in Akbank T.A.Ş.	31 December 2023	31 December 2022
Short-term bank loans	51.882	178.490
	51.882	**178.490**

Short and long-term lease liabilities	31 December 2023	31 December 2022
Short portion of long-term lease liabilities to related parties		
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	2.248	1.772
Long-term lease liabilities to related parties		
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	3.850	--
	6.098	**1.772**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (CONTINUED)

	1 January – 31 December 2023		
Transaction with related parties	**Sale of goods**	**Rent expense**	**Other expenses**
Akbank T.A.Ş.	131.577	--	--
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	74.155	(12.234)	(7.160)
Aksigorta A.Ş.	13.192	--	(59.808)
Çimsa Çimento San.ve Tic.A.Ş.	7.733	--	--
H.Ö. Sabancı Holding A.Ş.	2.576	--	(7.429)
Kordsa Teknik Tekstil A.Ş.	2.398	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	2.157	--	(30.501)
Akçansa Çimento San. ve Tic. A.Ş.	1.800	--	--
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	1.416	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	1.046	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	872	--	(155.816)
Enerjisa Enerji Üretim A.Ş.	721	--	--
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(66)
	239.643	**(12.234)**	**(260.780)**

	1 January – 31 December 2022		
Transaction with related parties	**Sale of goods**	**Rent expense**	**Other expenses**
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	122.534	(4.994)	(16.843)
Akbank T.A.Ş.	62.032	--	--
Akçansa Çimento San. ve Tic. A.Ş.	6.721	--	--
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	2.730	--	--
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	2.651	--	--
H.Ö. Sabancı Holding A.Ş.	1.620	--	(3.976)
Çimsa Çimento San.ve Tic.A.Ş.	1.336	--	--
Aksigorta A.Ş.	610	--	(37.344)
Kordsa Teknik Tekstil A.Ş.	540	--	--
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	218	--	(103.544)
Enerjisa Enerji Üretim A.Ş.	48	--	(824)
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	28	--	--
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	5	--	(16.522)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	--	--	(36)
	201.073	**(4.994)**	**(179.089)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (CONTINUED)

Benefits for the key management personnel

The Company's key management has been identified as the general manager 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 years ended 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Salaries and other benefits	40.387	30.527
	40.387	**30.527**

NOTE 5 – CASH AND CASH EQUIVALENTS

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

	31 December 2023	31 December 2022
Cash	12.997	13.249
Time deposit	466.106	--
Demand deposit	1.153.153	475.104
Credit card slip receivables	341.988	199.986
Other liquid assets (*)	764.600	1.954.914
	2.738.844	**2.643.253**

The Company does not have any blocked deposits as at 31 December 2023 and 31 December 2022.
The details of time deposits, maturity dates and interest rates of the company as at 31 December 2023 are as follows:

Currency	Maturity	Interest Rate	31 December 2023
TL	1 January 2024	36,00%	8.050
USD	2 January 2024	6,00%	147.191
USD	2 January 2024	3,75%	14.719
USD	5 January 2024	5,00%	147.191
USD	12 January 2024	4,50%	147.191
		Accrual of interest	1.764
			466.106

As of 31 December 2022, the Company does not have time deposits.
(*) Other liquid assets consist of short-term liquied funds which is exempt of corporate tax used by the Company from Akbank T.A.Ş. The maturity of the relevant fund is 2 January 2024, and the interest rate is 41,51%. As of 31 December 2023, TL 2.600 interest accrual has been accounted.

Other liquid assets consist of short-term liquied funds which is exempt of corporate tax used by the Company from Akbank T.A.Ş. The maturity of the relevant fund is 2 January 2023, and the interest rate is 21,11%. As of 31 December 2022, TL 2.355 interest accrual has been accounted.

The Company's exposure to foreign currency risk for cash and cash equivalents are disclosed in Note 28.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 6 – SHORT-TERM LOANS AND BORROWINGS

As of 31 December 2023 and 2022, short-term bank loans are as follows:

	31 December 2023	31 December 2022
Short-term bank loans from related parties	51.882	178.490
Short-term bank loans from third parties	490.487	154.778
	542.369	**333.268**

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

	31 December 2023			
	Currency	Interest Rate	Amount	Maturity
Unsecured bank loans	TL	45,32%	51.634	12 January 2024
Unsecured bank loans	TL	34,74%	51.882	23 February 2024
Unsecured bank loans	TL	26,89%	82.065	5 March 2024
Unsecured bank loans	TL	49,88%	356.788	20 June 2024
Short-term financial liabilities			**542.369**	

	31 December 2022			
	Currency	Interest Rate	Amount	Maturity
Unsecured bank loans	TL	21,40%	154.778	14 March 2023
Unsecured bank loans	TL	44,09%	178.490	25 October 2023
Short-term financial liabilities			**333.268**	

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

	2023	2022
	333.268	--
Credit principal entries during the period	628.056	363.930
Interest and principal repayments during the period	(351.397)	(138.819)
Interest expense during the period (including accruals) (Note 24)	114.342	64.181
Inflation impact	(181.900)	43.976
Bank borrowings as of 31 December	**542.369**	**333.268**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 6 – SHORT-TERM LOANS AND BORROWINGS (CONTINUED)

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

	Present value of minimum lease payments	
	31 December 2023	31 December 2022
Within one year	343.348	299.476
Less: future finance charges	(51.335)	(45.500)
Present value of lease liabilities	**292.013**	**253.976**
Within two years and after	512.347	512.091
Less: future finance charges	(76.603)	(77.804)
Present value of lease liabilities	**435.744**	**434.287**

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	688.263	566.065
Increase in lease liabilities during the period	691.223	396.022
Lease payments during the period	(455.672)	(234.462)
Interest expense during the period (Note 24)	159.509	123.305
Inflation impact	(355.566)	(162.667)
Lease liabilities at 31 December	**727.757**	**688.263**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables

	31 December 2023	31 December 2022
Trade receivables	706.114	480.001
Notes receivables	216.928	215.093
Due from related parties (Note 4)	15.921	43.711
Allowance for doubtful receivables (-)	(7.489)	(12.087)
	931.474	**726.718**

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 55 days for dealer groups. (31 December 2022: For retail: 1-7 days, 49 days for dealer receivables). As of 31 December 2023, the Company does not apply overdue interest on trade receivables (31 December 2022: None).

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

The movement of the allowance for doubtful receivables for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
As at 1 January	12.087	19.627
Charge for the period	460	516
Reversals	(244)	(390)
Inflation impact	(4.814)	(7.666)
As at 31 December	**7.489**	**12.087**

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

	31 December 2023	31 December 2022
Letters of guarantees received	609.231	466.736
Mortgages	5.942	12.246
	615.173	**478.982**

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 615.173 (31 December 2022: TL 478.982).

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 28.

Short term trade payables:

	31 December 2023	31 December 2022
Trade payables	9.825.363	7.446.581
Due to related parties (Note 4)	56.746	34.392
Expense accruals	31.535	33.887
	9.913.644	**7.514.860**

As at 31 December 2023, the Company offset income accruals from its suppliers amounting to TL 488.698 with trade payables (31 December 2022: TL 382.573). Average payment terms of trade payables is 78 days (31 December 2022: 80 days). The Company does not have payments on a monthly basis for late interest as of 31 December 2023. (31 December 2022: None).

As of 31 December 2023, the Company has received letters of guarantee from banks and given to its suppliers amounting to TL 4.106.653 (31 December 2022: TL 3.302.739).

The foreign exchange rate risk and liquidity risk for the Company's trade payables are disclosed in Note 28.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

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

Other receivables:

	31 December 2023	31 December 2022
Deposits and guarantees given	1.218	1.342
	1.218	**1.342**

Other payables:

	31 December 2023	31 December 2022
Deposits and guarantees received	12.440	12.375
	12.440	**12.375**

NOTE 9 - INVENTORIES

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

	31 December 2023	31 December 2022
Trading goods	7.816.371	5.355.404
Goods in transit	610.379	341.739
Allowance for impairment on inventories (-)	(64.048)	(38.002)
	8.362.702	**5.659.141**

As at 31 December 2023 cost of goods solds reflected to the statement of profit and loss amounting to TL 42.129.902 (31 December 2022: TL 29.748.712) (Note 20). As at 31 December 2023 and 2022 the provisions for impairment on inventories are expensed as cost of goods sold (Note 20).

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

Allowance for impairment on inventories:	31 December 2023	31 December 2022
As at 1 January	(38.002)	(37.896)
Current year reversal	(54.588)	(16.082)
Inflation impact	28.542	15.976
As at 31 December	**(64.048)**	**(38.002)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 10 – PREPAID EXPENSES AND DEFERRED REVENUE

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

Short-term prepaid expenses	31 December 2023	31 December 2022
Short-term prepaid expenses	28.792	19.876
Advances given for inventories	18.471	113.253
	47.263	**133.129**

Long-term prepaid expenses	31 December 2023	31 December 2022
Long-term prepaid expenses	33.620	28.745
	33.620	**28.745**

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

Short-term deferred revenue	31 December 2023	31 December 2022
Income from gift checks	74.063	42.762
Advances received	263.683	81.559
Other	1.629	4.206
	339.375	**128.527**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 11 – RIGHT OF USE ASSETS

The Company, as a lessee, has included the right of use assets which represents the right to use the underlying assets and lease liabilities which represent the lease payments that it is liable to pay, in its financial statements.

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

Cost value	Buildings	Vehicles	Total
1 January 2023 opening balance	2.644.495	47.932	2.692.427
Additions	605.640	107.759	713.399
Disposals	(34.055)	(4.477)	(38.532)
31 December 2023 closing balance	**3.216.080**	**151.214**	**3.367.294**
Accumulated depreciation			
1 January 2023 opening balance	(1.757.756)	(35.261)	(1.793.017)
Additions	(538.373)	(21.806)	(560.179)
Disposals	28.023	4.480	32.503
31 December 2023 closing balance	**(2.268.106)**	**(52.587)**	**(2.320.693)**
Net carrying amount as of 1 January 2023	**886.739**	**12.671**	**899.410**
Net carrying amount as of 31 December 2023	**947.974**	**98.627**	**1.046.601**

Cost value	Buildings	Vehicles	Total
1 January 2022 opening balance	2.023.862	45.746	2.069.608
Additions	694.598	2.557	697.155
Disposals	(73.965)	(371)	(74.336)
31 December 2022 closing balance	**2.644.495**	**47.932**	**2.692.427**
Accumulated depreciation			
1 January 2022 opening balance	(1.328.010)	(21.928)	(1.349.938)
Additions	(467.910)	(13.582)	(481.492)
Disposals	38.164	249	38.413
31 December 2022 closing balance	**(1.757.756)**	**(35.261)**	**(1.793.017)**
Net carrying amount as of 1 January 2022	**695.852**	**23.818**	**719.670**
Net carrying amount as of 31 December 2022	**886.739**	**12.671**	**899.410**

As of 31 December 2023 the depreciation expense is TL 560.179 (2022: TL 481.492), thereof TL 554.563 of depreciation charges included in marketing expenses (31 December 2022: TL 476.677) and TL 5.616 included in general administrative expenses (31 December 2022: TL 4.815)

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 12 – INVESTMENT PROPERTY

The movement of investment properties and related accumulated depreciation for the year ended 31 December 2023 and 2022 are as follows:

Cost	Buildings	Total
Balance at 1 January 2023	153.826	153.826
Transfer	--	--
Revaluation gain (*)	33.061	33.061
Balance at 31 December 2023	**186.887**	**186.887**
Accumulated depreciation		
Balance at 1 January 2023	(3.042)	(3.042)
Charge for the period	--	--
Disposals	--	--
Balance at 31 December 2023	**(3.042)**	**(3.042)**
Net carrying amount as at 1 January 2023	**150.784**	**150.784**
Net carrying amount as at 31 December 2023	**183.845**	**183.845**

Cost	Buildings	Total
Balance at 1 January 2022	98.209	98.209
Transfers	--	--
Revaluation gain (*)	55.617	55.617
Balance at 31 December 2022	**153.826**	**153.826**
Accumulated depreciation		
Balance at 1 January 2022	(3.042)	(3.042)
Charge for the period	--	--
Disposals	--	--
Balance at 31 December 2022	**(3.042)**	**(3.042)**
Net carrying amount as at 1 January 2022	**95.166**	**95.166**
Net carrying amount as at 31 December 2022	**150.784**	**150.784**

The Company generates rental income by TL 6.504 (2022: TL 6.010) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 3.135 (2022: TL 1.671). Operating expenses which are not related to the Teknosa store are distributed to lessees.

As of 31 December 2023, buildings which are recognised as property, plant and equipment and investment property were revalued by an independent appraisal firm named Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 18 March 2024.

As of 31 December 2022, buildings which are recognised 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 "Benchmark Analysis Method", "Cost Analysis Method" and "Direct Capitalization Analysis Method", and the results obtained were harmonized and the final value was reached.

(*)As of 31 December 2023, for the part of the building held for investment purposes, fair value gain of TL 33.061 (31 December 2022: TL 55.617) were recorded under the expenses from investment activities. Fair value of related building is level 2.
As at 31 December 2023, total insurance amount over investment properties is TL 209.779 (31 December 2022: TL 93.459).
31 December 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

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

Cost	Buildings	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2023	100.469	1.004	1.137	810.458	847.370	48.965	1.809.403
Additions	--	--	--	201.996	72.120	190.111	464.227
Revaluation loss (**)	(4.270)	--	--	--	--	--	(4.270)
Disposals	--	(40)	--	(69.017)	(26.061)	--	(95.118)
Allowance of impairments(*)	--	--	--	--	(2.786)	--	(2.786)
Reversal of impairments(*)	--	--	--	411	--	--	411
Transfers	--	--	--	55.704	55.355	(122.808)	(11.749)
Balance at 31 December 2023	**96.199**	**964**	**1.137**	**999.552**	**945.998**	**116.268**	**2.160.118**
Accumulated depreciation and impairment losses							
Balance at 1 January 2023	(17.911)	(1.004)	(746)	(626.980)	(715.484)	--	(1.362.125)
Change for the period	(2.376)	--	(100)	(83.467)	(53.517)	--	(139.460)
Disposals	--	40	--	65.539	25.817	--	91.396
(Allowance for) / reversal of impairment, net (*)	--	--	--	(500)	2.721	--	2.221
Balance at 31 December 2023	**(20.287)**	**(964)**	**(846)**	**(645.408)**	**(740.463)**	**--**	**(1.407.968)**
Net carrying amount at 1 January 2023	**82.558**	**--**	**391**	**183.478**	**131.886**	**48.965**	**447.278**
Net carrying amount at 31 December 2023	**75.912**	**--**	**291**	**354.144**	**205.535**	**116.268**	**752.150**

(*) As of 31 December 2023, the net impairment loss calculated for property, plant and equipment is TL 154 (31 December 2022: TL 2.624 reversal of impairment).
(**) The fair value measurements of the Company's freehold building was performed by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not related to the Company. Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. has been authorized by and a member of CMB, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The fair value of the freehold building was determined based on the capitalization analysis approach. The fair value increase of TL 4.270 for the building used by the Company in real estate is recorded in the revaluation and measurement gains account under equity. For the related part of the building held for investment purposes, a gain of TL 33.061 (31 December 2022: TL 55.617) was recorded under the profit or loss statement (Note 12 and 2.5). Fair value of related building is level 2.
Thereof TL 99.193 of amortization charges are included in marketing expenses (31 December 2022: TL 60.654) and TL 40.267 are included in general administrative expenses (31 December 2022: TL 33.147).
As at 31 December 2023, total insurance amount over property, plant and equipment is TL 940.854 (31 December 2022: TL 447.348).
As at 31 December 2023 and 31 December 2022 there is no mortgage on property, plant and equipment.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movement of property, plant and equipment and related accumulated depreciation for the year ended 31 December 2022 are as follows:

Cost	Buildingst	Machinery and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Balance at 1 January 2022	75.596	3.974	1.137	768.828	809.327	22.451	1.681.313
Additions	--	--	--	126.935	80.539	111.189	318.663
Revaluation gain (**)	24.873	--	--	--	--	--	24.873
Disposals	--	(2.970)	--	(133.307)	(39.600)	--	(175.877)
Allowance of impairments(*)	--	--	--	--	(2.896)	--	(2.896)
Reversal of impairments(*)	--	--	--	48.002	--	--	48.002
Transfers	--	--	--	--	--	(84.675)	(84.675)
Balance at 31 December 2022	**100.469**	**1.004**	**1.137**	**810.458**	**847.370**	**48.965**	**1.809.403**
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	(16.051)	(3.974)	(646)	(654.497)	(718.098)	--	(1.393.266)
Change for the period	(1.860)	--	(100)	(53.543)	(38.298)	--	(93.801)
Disposals	--	2.970	--	126.751	37.703	--	167.424
(Allowance for) / reversal of impairment, net (*)	--	--	--	(45.691)	3.209	--	(42.482)
Balance at 31 December 2022	**(17.911)**	**(1.004)**	**(746)**	**(626.980)**	**(715.484)**	**--**	**(1.362.125)**
Net carrying amount at 1 January 2022	**59.545**	**--**	**491**	**114.331**	**91.229**	**22.451**	**288.047**
Net carrying amount at 31 December 2022	**82.558**	**--**	**391**	**183.478**	**131.886**	**48.965**	**447.278**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 14 – INTANGIBLE ASSETS

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

Cost	Licences-rights and computer softwares	Total
Balance at 1 January 2023	1.197.818	1.197.818
Additions	117.576	117.576
Disposals	(796)	(796)
Transfers	11.749	11.749
Balance at 31 December 2023	**1.326.347**	**1.326.347**
Accumulated amortisation and impairment losses		
Balance at 1 January 2023	(984.268)	(984.268)
Charge for the period	(96.868)	(96.868)
Disposals	793	793
Balance at 31 December 2023	**(1.080.343)**	**(1.080.343)**
Net book value as at 1 January 2023	**213.550**	**213.550**
Net book value as at 31 December 2023	**246.004**	**246.004**

Cost	Licences-rights and computer softwares	Total
Balance at 1 January 2022	1.087.661	1.087.661
Additions	25.494	25.494
Transfers	(12)	(12)
Disposals	84.675	84.675
Balance at 31 December 2022	**1.197.818**	**1.197.818**
Accumulated amortisation and impairment losses		
Balance at 1 January 2022	(886.581)	(886.581)
Charge for the period	(97.708)	(97.708)
Disposals	21	21
Balance at 31 December 2022	**(984.268)**	**(984.268)**
Net book value as at 1 January 2022	**201.080**	**201.080**
Net book value as at 31 December 2022	**213.550**	**213.550**

Amortisation expenses amounting to TL 60.428 (2022: TL 61.069) are included in marketing expenses and TL 36.440 (2022: TL 36.639) 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

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

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

	31 December 2023	31 December 2022
Social security premiums payable	74.323	48.357
Accrued salaries	64.857	43.044
Income taxes payable	17.854	11.667
	157.034	**103.068**

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

Short-term provisions	31 December 2023	31 December 2022
Provision for head office personnel premium	62.561	69.669
Provision for sales personnel premium	48.783	37.790
Provision for unused vacation	23.026	16.845
	134.370	**124.304**

Long-term provisions	31 December 2023	31 December 2022
Provision for employee termination benefit	87.967	107.691
Provision for head office personnel premium	5.509	5.512
	93.476	**113.203**

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:

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 15– PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISINS FOR EMPLOYEE BENEFITS (CONTINUED)

Long-term provisions (continued)
Provisions for employment benefits (continued)
The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Due to the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 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 1,73% real discount rate (31 December 2022: 0,50%) calculated by using 26,90% annual inflation rate and 29,10% interest rate. Estimated rates of voluntary leaves for sales personnel and administrative personnel for 0-15 years are taken into consideration as 28,36% and 8,67%, respectively (31 December 2022: 17,21% and 11,15%), and 0% for employees working for 16 years and over. Probability has been determined as 100% for employees whose insurance register began before December 1999 (84 personnel) and the provision has been calculated accordingly.

Ceiling amount of TL 35.058,58 which is revised semi-annually and effective since 1 January 2024 is used in the calculation of Company's provision for retirement pay liability (1 January 2023: TL 19.982,83).

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

	31 December 2023	31 December 2022
Opening balance, 1 January	107.691	47.676
Service cost	12.580	23.731
Interest cost	29.744	5.868
Actuarial (gain) / loss	30.135	81.312
Paid compensation during the year	(43.845)	(20.658)
Inflation adjustment	(48.338)	(30.238)
	87.967	**107.691**

NOTE 16 – PROVISIONS

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

	31 December 2023	31 December 2022
Provisions for competition authority penalty(**)	28.654	--
Provisions for ongoing litigation (*)	25.301	20.460
Provisions for consultancy and administrative cost (***)	23.664	6.291
Provisions for stores	13.015	8.415
Iklimsa warranty provision	4.506	3.295
Other	6.733	575
	101.873	**39.036**

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 16 – PROVISIONS (CONTINUED)

(**) As a result of the allegation that the procedural investigation made difficult during the on-site examination carried out within the scope of the investigation opened in accordance with the Competition Authority's decisions dated 18 May 2022 and numbered 22-23/370-M and 22-23/371-M, the Competition Authority's decision on 2 May 2023 As a result of the decision numbered E-70922894- 110.01.04-63722 dated 2021, it was decided to impose an administrative fine of TL 38.206 on the Company, at the rate of 0.5% of the annual gross revenues of the Company at the end of the 2021 fiscal year and determined by the Competition Board. has been given. A 25% discount will be applied if the penalty is paid in cash to the tax office to which the Company is affiliated within 1 month following the notification of the reasoned decision. (The amount to be paid is TL 28.654). The company has accounted the reduced penalty amount in the "other short-term provisions" account. Following the notification of the reasoned decision, the company management considers taking legal action to annul the decision and penalty by exercising its legal rights within the period.

(***) It consists of the provisions set aside for the services and consultancy services received by the Company during the fiscal year.

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

	1 January 2023	1 January-31 December 2023 additional provisions	1 January-31 December 2023 paid/reversal provisions	Inflation Adjustments	31 December 2023
Litigation provisions	20.460	12.993	(109)	(8.043)	25.301
Claim for damages	1.748	--	(89)	(687)	972
Reemployment lawsuit	16.382	10.179	--	(6.440)	20.121
Consumer lawsuits	2.191	1.296	--	(861)	2.626
Rental litigation provisions	139	1.518	(20)	(55)	1.582
	20.460	**12.993**	**(109)**	**(8.043)**	**25.301**

	1 January 2022	1 January-31 December 2022 additional provisions	1 January-31 December 2022 paid/reversal provisions	Inflation Adjustments	31 December 2022
Litigation provisions	28.954	7.713	(4.879)	(11.328)	20.460
Claim for damages	4.182	--	(798)	(1.636)	1.748
Reemployment lawsuit	15.160	7.153	--	(5.931)	16.382
Consumer lawsuits	2.680	560	--	(1.049)	2.191
Rental litigation provisions	6.932	--	(4.081)	(2.712)	139
	28.954	**7.713**	**(4.879)**	**(11.328)**	**20.460**

As of 31 December 2023, the amounts of the guarantee letters that the Company has obtained from banks and submitted to the relevant court administrations amount to TL 10.789 (31 December 2022: TL 10.711).

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 17 – COMMITMENTS

Collateral, pledge, mortgage and warranty position

Collaterals, pledges, mortgages and warranties ("CPMW") given by the Company as at 31 December 2023 and 2022 are as follows:

CPMWs given by the Company	31 December 2023			
	TL equivalent	**USD**	**Euro**	**TL**
A. Total amount of CPMW given on behalf of own legal personality	**287.798**	**9.574**	**--**	**5.942**
- Collaterals	--	--	--	--
- Pledges	--	--	--	--
- Mortgages	5.942	--	--	5.942
- Letter of credit	281.856	9.574	--	--
- 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	**287.798**	**9.574**	**--**	**5.942**

CPMWs given by the Company	31 December 2022			
	TL equivalent	**USD**	**Euro**	**TL**
A. Total amount of CPMW given on behalf of own legal personality	**351.798**	**12.183**	**5.606**	**12.246**
- Collaterals	--	--	--	--
- Pledges	--	--	--	--
- Mortgages	12.246	--	--	12.246
- Letter of credit	339.552	12.183	5.606	--
- 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	**351.798**	**12.183**	**5.606**	**12.246**

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 December 2023 (31 December 2022: 0%).

NOTE 18 – OTHER CURRENT ASSETS AND LIABILITIES

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

Other current assets	31 December 2023	31 December 2022
Deferred VAT	308.596	56.663
Advances given	4.976	11.001
Personnel advances	315	690
Insurance and other receivables	32.620	9.166
	346.507	**77.520**

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

Other current liabilities	31 December 2023	31 December 2022
Other expense accruals	3.569	2.065
Other liabilities and obligations	16.303	4.949
	19.872	**7.014**

NOTE 19 – SHAREHOLDERS' EQUITY

The registered capital ceiling of the Company is 300.000.000 full TL and it consists of 30.000.000.000 shares with a nominal value of 1 Kr each.

The Company's approved and the issued share capital consists of 20.100.000.000 shares of 1 Kr nominal value (31 December 2022: approved and the issued 20.100.000.000 shares of 1 Kr nominal value).

The details of the shareholder's equity structure as at 31 December 2023 and 2022 are as follows:

	31 December 2023		31 December 2022	
	Hisse	%	Hisse	%
Hacı Ömer Sabancı Holding A.Ş.	100.500	50%	100.500	50%
Other	100.500	50%	100.500	50%
Nominal share capital	**201.000**	**100%**	**201.000**	**100%**
Adjustment for capital	1.843.704		1.843.704	
Adjusted capital	**2.044.704**		**2.044.704**	

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 19 – SHAREHOLDERS' EQUITY (CONTINUED)

Share premiums

It is the item where the amounts that arise due to capital movements such as share issue premiums, canceled partnership shares, share sales profits of companies whose controlling power continues and which are considered a part of the capital are followed. As of 31 December 2023, shares premiums in the financial statements of the Company are TL 639.705 (31 December 2022: TL 639.705)

Restricted reserves

Under the Turkish Commercial Code, the legal reserve is set aside at 5% of the annual profits until it reaches 20% of the Company's paid-in capital. Other legal reserves are allocated at a rate of 10% of the total amount to be distributed to those entitled to a share of the profits, after a dividend of 5% is paid to shareholders. According to the Turkish Commercial Code, as long as the general legal reserve does not exceed half of the capital or issued capital, it can only be used to cover losses, sustain the business during tough times, or take appropriate measures to prevent unemployment and mitigate its consequences.

	31 December 2023	31 December 2022
Legal reserves	39.356	23.559
	39.356	**23.559**

Other comprehensive income that will not be reclassified to profit or loss

Gains/(loss) on revaluation of property, plant and equipment

It consists of other comprehensive income of gains on revaluation of property, plant and equipment reserves that is not associated with profit and loss.

The movements of revaluation of property, plant and equipment for the year ended 31 December 2023 and 2022 are as follows:

	2023	2022
Opening balance	28.648	--
Fair value increase/(decrease)	(1.652)	28.648
Closing Balance	**26.996**	**28.648**

Gain / (losses) on remeasurement of defined benefit plans

As of 31 December 2023, actuarial loss amounting to TL 87.650 (31 December 2022: TL 65.049) is recognized as other comprehensive expense.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 19 – SHAREHOLDERS' EQUITY (CONTINUED)

Items that are or may be reclassified to profit or loss

Hedging reserves

Hedging reserves consist of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the hedged transaction that unrealized. As of 31 December 2023 The Company's hedging losses are TL 524 (31 December 2022: TL 2.719 losses).

Prior Year Profits and Losses

As of 31 December 2023, the Company's previous year losses are TL 842.825. As of 31 December 2023, the unadjusted amount of previous year losses in the financial statements prepared in accordance with IAS/IFRS is TL 329.583.

As of 31 December 2022, the Company's previous year losses are TL 1.349.893. As of 31 December 2022, the unadjusted amount of previous year losses in the financial statements prepared in accordance with IAS/IFRS is TL 184.294.

Additional Information Capital , Legal Reserves and Other Equity Items

A comparison of the Company's equity items restated for inflation in the financial statements as of 31 December 2023 and the restated amounts in the financial statements prepared in accordance with Law No. 6762 and other legislation are as follows:

31 December 2023	Inflation adjusted amounts in the financial statements prepared in accordance with Law no. 6762 and other legislation	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/TFRS	Differences recognized in retained loses
Inflation Adjustment to Share Capital	(2.903.653)	(1.843.704)	(1.059.949)
Share Issue Premium	(807.259)	(639.705)	(167.554)
Restricted Reserves	(129.541)	(39.356)	(90.185)
	(3.840.453)	**(2.522.765)**	**(1.317.688)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 20 – REVENUE AND COST OF REVENUE

The details of revenue and cost of revenue for the year ended 31 December 2023 and 2022 are as follows:

Revenue (net)	1 January – 31 December 2023	1 January – 31 December 2022
Retail sales	39.925.152	27.153.392
E-commerce sales	5.009.607	3.593.163
Dealer sales	2.386.832	1.965.491
	47.321.591	**32.712.046**

Cost of revenue	1 January – 31 December 2023	1 January – 31 December 2022
Cost of trading goods sold	(42.129.902)	(29.748.712)
Installation and warranty expenses	(147.171)	(115.075)
	(42.277.073)	**(29.863.787)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 21 – MARKETING AND ADMINISTRATIVE EXPENSES

The details of marketing expenses for the year ended 31 December 2023 and 2022 are as follows:

Marketing expenses	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses	(1.408.272)	(952.245)
Rent expenses	(832.448)	(535.504)
Depreciation and amortisation expenses	(714.184)	(598.400)
Advertising and promotion expenses	(525.533)	(366.605)
Transportation expenses	(342.195)	(168.353)
Energy, fuel and water expenses	(127.143)	(128.652)
Maintenance expenses	(54.713)	(41.379)
Consultancy expenses	(45.191)	(103.179)
Travel and accommodation expenses	(12.335)	(7.113)
Communication expenses	(3.102)	(2.992)
Other expenses	(192.514)	(140.306)
	(4.257.630)	**(3.044.728)**

The details of administrative expenses for the year ended 31 December 2023 and 2022 are as follows:

General administrative expenses	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses	(272.242)	(193.645)
IT expenses	(96.207)	(80.685)
Depreciation and amortisation expenses	(82.323)	(74.601)
Consultancy expenses	(62.425)	(35.116)
Rent expenses	(6.806)	(6.354)
Travel expenses	(4.368)	(4.085)
Maintenance expenses	(3.897)	(2.190)
Independent audit expenses	(1.550)	(1.392)
Energy, fuel, water expenses	(331)	(302)
Other expenses	(16.832)	(16.869)
	(546.981)	**(415.239)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 22 – OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

The details of other income from operating activities for the year ended 31 December 2023 and 2022 are as follows:

Other income from main operating activities	1 January – 31 December 2023	1 January – 31 December 2022
Foreign exchange gains	698.505	175.750
Interest income	155.543	98.360
Income from personnel	4.403	3.859
Gift checks	4.166	3.653
Other income and profits	19.410	20.843
	882.027	**302.465**

The details of other expense from operating activities for the year ended 31 December 2023 and 2022 are as follows:

Other expense from operating activities (-)	1 January – 31 December 2023	1 January – 31 December 2022
Interest expenses	(1.126.393)	(555.346)
Foreign exchange losses	(909.719)	(211.446)
Litigation expenses	(23.432)	(14.698)
Other expenses and losses	(88.729)	(40.879)
	(2.148.273)	**(822.369)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of investment income for the year ended 31 December 2023 and 2022 are as follows:

Income from investing activities	**1 January – 31 December 2023**	**1 January – 31 December 2022**
Interest income on time deposit	294.168	100.226
Investment property revaluation gain (Note 12)	33.061	55.617
Gain from sale of fixed asset	3	1.425
	327.232	**157.268**

Expense from investing activities (-)
The details of other expenses from operating activities for the year ended 31 December 2023 and 2022 are as follows:

	1 January – 31 December 2023	**1 January – 31 December 2022**
Loss from sale of fixed assets	--	(2.296)
	--	**(2.296)**

NOTE 24 – FINANCE COSTS AND INCOME

The details of finance costs for the year ended 31 December 2023 and 2022 are as follows:

	1 January – 31 December 2023	**1 January – 31 December 2022**
Credit card commission expenses	(1.512.753)	(777.451)
Interest expense due lease liabilities (Note 6)	(159.509)	(123.305)
Interest and commission expenses	(114.342)	(64.181)
Guarantee letters commission expenses	(23.281)	(15.258)
Foreign exchange expenses	(8.384)	(14.551)
Other finance costs	(1.724)	(2.840)
	(1.819.993)	**(997.586)**

The details of finance income for the year ended 31 December 2023 and 2022 are as follows:

	1 January – 31 December 2023	**1 January – 31 December 2022**
Foreign exchange income	184.456	133.307
	184.456	**133.307**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 25 – DERIVATIVES

	31 December 2023 Assets	**31 December 2023 Liabilities**	**31 December 2022 Assets**	**31 December 2022 Liabilities**
Foreign currency forward contracts				
Short-term	--	*(444)*	--	*(4.302)*
	--	**(444)**	**--**	**(4.302)**

As of 31 December 2023, the Company signed foreign currency forward contracts with the maturities in three months in order to hedge the foreign exchange exposures arising from the purchases denominated in foreign currency of the dealers. As at 31 December 2023 the total nominal amount of foreign exchange forward contracts that the Company is obliged to realize and which are not due is TL 124.575 (USD 4.000) (31 December 2022: TL 165.219) (EUR 1.419 and USD 3.650). As at 31 December 2023, fair value of the Company's foreign currency forward contracts is estimated to be approximately TL 444 as liabilities (31 December 2022: TL 4.302 as liabilities). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

As of 31 December 2023, the amount after tax of cash flow hedge gains that the Company has accounted for in other comprehensive income is TL 524. (31 December 2022: TL 2.719 losses).

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Corporate income tax:
The Company is subject to tax legislation and practices effective in Turkey. Corporate tax is declared by the evening of the last day of the fourth month following the end of the relevant accounting period and is paid in a single installment until the end of the relevant month. Entities are required to calculate temporary tax at the current rate based on their quartery profits, declare it by the 17th day of the second month following the period, and pay it by the evening of the 17th day. Temporary taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If temporary tax amount remains despite the offset, this amount can be refunded in cash or offset against other financial debts owed to the State.

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

In Turkey, the corporate tax rate was applied as 20% to the legal tax base, which was calculated by adding non-deductible expenses to and by deducting the exemptions from the the commercial income in accordance with the tax laws as of 31 December 2022. However, Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375", which includes the regulation on increase in corporate tax rate to %25, starting from the declerations that must be submitted as of 1 October 2023, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. Therefore, the Company used 25% taxation rate for the calculation of current period's taxation. Within the scope of this amendment, tax rate used in deferred tax calculation as of 31 December 2023 is %25 (31 December 2022: 20%).

Within the scope of Article 298 of the Tax Procedure Law, the necessary conditions for inflation adjustment on financial statements have been met as of 31 December 31 2021. However, in accordance with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, which was published in the Official Gazette numbered 31734 dated 29 January 2022, and the provisional Article 33 of the Tax Procedure Law numbered 213:

- Regardless of whether the conditions for inflation adjustment within the scope of Article 298, including temporary tax periods, are met or not, duplicate financial statements will not be subject to inflation adjustment in 2021 and 2022 accounting periods and the 2023 temporary tax periods,
- The financial statements as of 31 December 2023 will be subject to inflation adjustment in a way that will not affect the corporate tax base, has been ruled.

In accordance with the Tax Procedure Law General Communiqué No. 555 published in the 2nd bis Official Gazette dated 30 December 2023 and numbered 32415 and the 298th bis article of the Tax Procedural Law No. 213, the financial statements of entities operating in Turkey, for the 2023 accounting period, are subject to inflation adjustment. These inflation-adjusted financial statements will be opening balance sheet in the tax returns to be prepared as of 1 January 2024, and inflation effects will not be taken into account in the period tax calculation for 2023.

According to temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 31 December 2023 are included in the deferred tax calculation as of 31 December 2023.

In accordance with the Corporate Tax Law, declared financial losses can be carried forward for a maximum period of five years to offset against future taxable income. Declarations and relevant accounting records can be examined by the tax authorities within five years and tax amounts can be revised.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

Dividend payments made to resident joint-stock companies in Turkey, except to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 10% income tax.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

Dividend earnings of corporations from participation in another fully liable corporation are exempt from corporate tax. In addition, 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are recognized in assets at least for two years is exempt from corporate tax. However, according to the amendments with Law numbered 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared starting from 2018. Additionally, with the amendment, as of 15 July 2023, 50% tax exemption for immovable sales profits mentioned in Law No. 5520 has been abolished. However, this exception will be applied as 25% for the sale of immovables before 15 July 2023.

In order to benefit from the exemption, the relevant income should be kept under a fund account in liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not counted as dividend distribution, so it is not subject to withholding tax.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

Transfer pricing regulations
In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

Deferred tax is calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax base, excluding goodwill not deductible for tax purposes and differences relating to assets and liabilities that are not recognized for accounting and tax purposes on initial recognition.

Tax income / (expenses) for the year ended 31 December 2023 and 31 December 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Tax expense:		
Corporate tax expense of the current period	(263.493)	(191.622)
Deferred tax expenses:		
Deferred tax (expenses) / income from temporary differences	(41.979)	55.538
	(305.472)	**(136.084)**

Deferred tax assets and liabilities
The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TAS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TAS and tax legislation.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

The details of the deferred tax assets and liabilities calculation by using effective tax rates for the year ended 31 December 2023 and 2022 is as follows:

Deferred tax assets / (liabilities)	31 December 2023	31 December 2022
Expense accruals	55.928	40.563
Inventories	20.143	(25.270)
Provision for employment termination benefits	21.992	21.538
Right of use asset	(78.880)	(41.945)
Revaluation and depreciation / amortization differences of property, plant and equipment and other intangible assets	(16.783)	(23.522)
Provision for litigations	5.939	4.181
Provision for unused vacations	5.757	3.369
Rediscount income	(58.915)	(12.516)
Other	(4.404)	16.938
	(49.223)	**(16.664)**

The movements of deferred tax asset as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Opening balance at 1 January	(16.664)	(93.291)
Current tax income/(expense)	(41.979)	55.538
Recognized in the equity	9.420	21.089
	(49.223)	**(16.664)**

The reconciliation of the period tax expense with the profit for the period is as follows:

	31 December 2023	31 December 2022
Profit from operations before tax	1.052.974	658.949
Income tax rate	%25	%23
Calculated tax	(263.244)	(151.558)
Reconciliation of effective tax rate		
- Effect of revaluation on tangible items subject to depreciation	29.903	93.017
-Deductions and exemptions	24.334	19.774
- Non-deductible expenses	(26.049)	(14.012)
- Deferred tax impact calculated for temporary differences arising from inflation adjustments in accordance with Law no. 6762	133.570	--
- Tax rate change effect	--	(20.204)
- Inflation and other impact	(203.986)	(63.101)
Tax provision expense in the income statement	**(305.472)**	**(136.084)**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

As of 31 December 2023 and 31 December 2022, the details of current tax liability are as follows:

	31 December 2023	31 December 2022
Corporate tax payable	263.493	191.622
Less: Prepaid taxes	(232.416)	(137.466)
Current tax liability	**31.077**	**54.156**

NOTE 27 – EARNINGS / (LOSS) PER SHARE

Earnings per share stated in the statement of comprehensive income is determined by dividing the net profit for the period by the weighted average number of shares issued during the relevant period.

	1 January – 31 December 2023	1 January – 31 December 2022
Weighted average number of ordinary shares outstanding during the period (in full)	20.100.000.000	20.100.000.000
Profit/(loss) for the year attributable to owners of the company	747.502	522.865
Profit earnings per share from continuing operations -thousands of ordinary shares (thousands TL)	0,0372	0.0260
Profit diluted earnings per share from continuing operations -thousands of ordinary shares (thousands TL)	0,0372	0.0260

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total payables (including borrowings, trade payables, due to related parties and advances received, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

	31 December 2023	31 December 2022
Total financial liabilities	1.270.126	1.021.531
Minus: Cash and cash equivalents and banks	(2.738.844)	(2.643.253)
Financial liabilities, net	(1.468.718)	(1.621.722)
Total equity	**2.567.274**	**1.841.830**
Financial liabilities, net / equity	(57%)	(88%)

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 26 – INCOME TAXES (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (CONTINUED)

b) Financial risk factors

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Significant part of trade receivables comprise credit card receivables and the Company has is not exposed to credit risk concerning credit card receivables. The Company collects the instalments of its credit card sales according to the mutually agreed discount rates with the banks and financial institutions on the next day when the sale made within the scope of the credit card sales contracts made under the various banks and financial institutions. Other trade receivables, cheques and notes are due from dealer sales of air-conditioning, cash register and white goods. The Company has set up an effective control system on the dealers that are followed by credit risk management and each debtors have their own credit limit. The Company consider the past experience and collateral from dealers (Note 7).

b.1) Credit risk management

The credit risk as a financial risk factors as at 31 December 2023 is as follows:

	Receivables			
Credit risk of financial instruments		**Trade Receivables**	**Other Receivables**	**Deposits at bank and credit card**
31 December 2023	**Related Parties**	**Third Parties**	**Third Parties**	**receivables**
Maximum credit risk as of balance sheet date (*)	15.921	915.553	1.218	2.725.847
-The part of maximum risk under guarantee with collateral etc. (**)	--	615.173	--	--
A.Net book value of financial assets that are neither past due nor impaired.	15.921	847.812	1.218	2.725.847
B.Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	2.290	67.741	--	--
C.Net book value of impaired assets	--	--	--	--
- Past due (gross carrying amount)	--	7.489	--	--
'- Impairment (-)	--	(7.489)	--	--
'- The part of net value under guarantee with collateral etc.	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
'- Impairment (-)	--	--	--	--
'- The part of net value under guarantee with collateral etc.	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--

(*) Guarantees received and other factors increasing loan reliability are not considered in determining this amount.
(**) Guarantees consist of letters of guarantee, notes receivable and cheques obtained from customers.

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)

b.1) Credit risk management (continued)

The credit risk as a financial risk factors as at 31 December 2022 is as follows:

Credit risk of financial instruments	Receivables			
		Trade Receivables	Other Receivables	Deposits at bank and credit card
31 December 2022	**Related Parties**	**Third Parties**	**Third Parties**	**receivables**
Maximum credit risk as of balance sheet date (*)	43.711	683.007	1.342	2.630.004
-The part of maximum risk under guarantee with collateral etc. (**)	--	478.982	--	--
A.Net book value of financial assets that are neither past due nor impaired.	14.983	672.367	1.342	2.630.004
B.Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	28.728	10.640	--	--
C.Net book value of impaired assets	--	--	--	--
- Past due (gross carrying amount)	--	12.087	--	--
'- Impairment (-)	--	(12.087)	--	--
'- The part of net value under guarantee with collateral etc.	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--
'- Impairment (-)	--	--	--	--
'- The part of net value under guarantee with collateral etc.	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--

(*) Guarantees received and other factors increasing loan reliability are not considered in determining this amount.
(**) Guarantees consist of letters of guarantee, notes receivable and cheques obtained from customers.

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)

Explanations on the credit quality of financial assets

As of 31 December 2023 and 2022, banks which contain cash and cash equivalents that are included in the neither overdue nor impaired financial assets have mostly high credit ratings, whereas the counterparties included in trade receivables in the same category are customers / related parties with whom the Company has been in relation for a long time and did not have any significant collection problems.

Aging of receivables that are past due but not impaired are as follows:

	31 December 2023	31 December 2022
Past due 1-30 days	49.999	24.801
Past due 1-3 months	15.621	14.567
Past due 3-12 months	4.411	--
Total past due receivables	**70.031**	**39.368**
The part of risk that is secured by collateral	41.622	15.208

b.2) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management monitors the Company's liquidity reserve movements according to their projected cash flows.

The Company management holds adequate cash, credit commitment and credit card receivables that will meet the need for cash for recent future in order to manage its liquidity risk.

In this context, the Company has credit commitment agreements (monetary and non-monetary) from banks amounting to TL 9.799.300 that the Company can utilize whenever needed as of 31 December 2023 (2022: TL 7.138.825).

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)

b.2) Liquidity Risk (continued)

The table below shows the Company's liquidity risk arising from financial liabilities:

31 December 2023 Non derivative financial liabilities	Carrying amount	Total contractual cash flow (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	9.913.644	9.913.644	9.913.644	--	--
Related parties	*56.746*	*56.746*	*56.746*	--	--
Other	*9.856.898*	*9.856.898*	*9.856.898*	--	--
Bank loans	542.369	542.369	185.580	356.789	--
Lease liabilities	727.757	727.757	73.794	218.219	435.744
Other payables	12.440	12.440	12.440	--	--
Total liabilities	**11.196.210**	**11.196.210**	**10.185.458**	**575.008**	**435.744**
Derivative financial liabilities					
For hedging purposes					
forward currency contracts					
-Cash outflow	444	(124.575)	(124.575)		
-Cash inflow	--	125.019	125.019		

31 December 2022 Non derivative financial liabilities	Carrying amount	Total contractual cash flow (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Trade payables	7.514.860	7.514.860	7.514.860	--	--
Related parties	*34.392*	*34.392*	*34.392*	--	--
Other	*7.480.469*	*7.480.469*	*7.480.469*	--	--
Bank loans	333.268	333.268	154.775	178.493	--
Lease liabilities	688.263	688.263	74.647	219.179	394.437
Other payables	12.375	12.375	12.375	--	--
Total liabilities	**8.548.766**	**8.548.766**	**7.756.657**	**397.672**	**394.437**
Derivative financial liabilities					
For hedging purposes					
forward currency contracts					
-Cash outflow	4.302	(160.917)	(160.917)		
-Cash inflow	--	165.219	165.219		

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)

Foreign currency risk

As the Company primarily purchases from domestic vendors in TL, the Company is exposed to limited foreign exchange risk.

The risk is monitored by the Board of Directors in regular meetings. The idle cash is invested in foreign currency in order to minimise the foreign exchange risk resulted from balance sheet items. The Company also manages the foreign currency risk by limited use of forward contracts, which is one of derivative instruments, if necessary.

	31 December 2023			
	TL equivalent	USD	EUR	Other
1. Trade receivable	10.153	337	6	1
2a.Monetary financial assets (including cash on hand and bank accounts)	967.477	29.980	2.607	--
2b.Non monetary financial assets	--	--	--	--
3. Other	1.247	28	13	--
4. Current assets (1+2+3)	**978.877**	**30.345**	**2.626**	**1**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non monetary financial assets	--	--	--	--
7. Other	1.089	37	--	--
8. Non current assets (5+6+7)	**1.089**	**37**	--	--
9. Total assets (4+8)	**979.966**	**30.382**	**2.626**	**1**
10. Trade payables	(1.443.954)	(48.756)	(266)	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non monetary other liabilities	(12.311)	(416)	(2)	--
13. Current liabilities (10+11+12)	**(1.456.265)**	**(49.172)**	**(268)**	--
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)	**(1.456.265)**	**(49.172)**	**(268)**	--
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	**(117.753)**	**(4.000)**	--	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b.Off-balance sheet derivative liabilities	**117.753**	**4.000**	--	--
20. Net position of foreign currency asset / (liability) (9+18+19)	**(594.069)**	**(22.790)**	**2.358**	**1**
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	**(466.324)**	**(18.439)**	**2.347**	**1**
22. Total fair value of foreign currency hedge	**(444)**	**(15)**	--	--

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)
Foreign currency risk (continued)

	31 December 2022			
	TL equivalent	**USD**	**EUR**	**Other**
1. Trade receivable	3.368	88	20	1
2a.Monetary financial assets (including cash on hand and bank accounts)	215.428	5.505	1.395	--
2b.Non monetary financial assets	--	--	--	--
3. Other	1.076	30	4	--
4. Current assets (1+2+3)	**219.873**	**5.623**	**1.419**	**1**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non monetary financial assets	--	--	--	--
7. Other	**1.140**	**37**	--	--
8. Non current assets (5+6+7)	**1.140**	**37**	--	--
9. Total assets (4+8)	**221.013**	**5.660**	**1.419**	**1**
10. Trade payables	**(453.409)**	**(13.276)**	**(1.350)**	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Non monetary other liabilities	(12.144)	(392)	(2)	--
13. Current liabilities (10+11+12)	**(465.553)**	**(13.668)**	**(1.352)**	--
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)	**(465.553)**	**(13.668)**	**(1.352)**	--
19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)	**(159.049)**	**(3.650)**	**(1.419)**	--
19a. Off-balance sheet derivative assets	--	--	--	--
19b.Off-balance sheet derivative liabilities	**159.049**	**3.650**	**1.419**	--
20. Net position of foreign currency asset / (liability) (9+18+19)	**(403.589)**	**(11.658)**	**(1.352)**	**1**
21. Net position of monetary foreign currency asset / (liability) (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	**(234.612)**	**(7.683)**	**65**	**1**
22. Total fair value of foreign currency hedge	**(4.302)**	**(120)**	**(10)**	--

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (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.

	31 December 2023		31 December 2023	
Foreign Currency Sensitivity Table	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	(55.315)	55.315	(55.315)	55.315
2- Amount hedged for USD risk (-)	--	--	(11.775)	11.775
3- USD net effect (1 +2)	**(55.315)**	**55.315**	**(67.090)**	**67.090**
In case 10% appreciation of EUR against TL				
4 - EUR net assets/liabilities	7.681	(7.681)	7.681	(7.681)
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	**7.681**	**(7.681)**	**7.681**	**(7.681)**
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)	**(47.634)**	**47.634**	**(59.409)**	**59.409**

NOTE 28 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk factors (continued)
Foreign currency risk (continued)

Foreign Currency Sensitivity Table	31 December 2022		31 December 2022	
	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 (-)	--	--	(6.826)	6.826
3- USD net effect (1 +2)	**(14.974)**	**14.974**	**(21.798)**	**21.798**
In case 10% appreciation of EUR against TL				
4 - EUR net assets/liabilities	136	(136)	136	(136)
5 - Amount hedged for EUR risk (-)	--	--	(2.831)	2.831
6- EUR net effect (4+5)	**136**	**(136)**	**(2.695)**	**2.695**
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)	**(14.838)**	**14.838**	**(24.494)**	**24.494**

(CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

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

31 December 2023 Financial Assets	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
Cash and cash equivalents	2.738.844	--	--	2.738.844	5
Trade receivables(including due from related parties)	931.474	--	--	931.474	7
Other receivables(including due from related parties)	1.218	--	--	1.218	8
Financial Liabilities					
Short-term bank loans	--	--	542.369	542.369	6
Lease liabilities(including due from related parties)	--	--	727.757	727.757	6
Trade payables(including due from related parties)	--	--	9.913.644	9.913.644	7
Other payables	--	--	12.440	12.440	8
Derivatives	--	444	--	444	25

31 December 2022 Financial Assets	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
Cash and cash equivalents	2.643.253	--	--	2.643.253	5
Trade receivables(including due from related parties)	726.718	--	--	726.718	7
Other receivables(including due from related parties)	1.342	--	--	1.342	8
Financial Liabilities					
Short-term bank loans	--	--	333.268	333.268	6
Lease liabilities(including due from related parties)	--	--	688.263	688.263	6
Trade payables(including due from related parties)	--	--	7.514.860	7.514.860	7
Other payables	--	--	12.375	12.375	8
Derivatives	--	4.302	--	4.302	25

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2023 purchasing power, unless otherwise stated.)

NOTE 30 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT COMPANY

The Company's explanation regarding the fees for the services rendered by the independent audit firm, which is prepared based on the POA's Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of POA dated 19 August 2021 are as follows:

	2023	2022
Independent audit fee for reporting period	1.550	1.392
Fees for tax consultancy services	--	--
Fee for other assurance services	36	14
Fee for services other than independent audit	--	--
	1.586	**1.406**

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

As a result of the allegation that the procedural investigation made difficult during the on-site examination carried out within the scope of the investigation opened in accordance with the Competition Board's decisions dated 18 May 2022 and numbered 22-23/370-M and 22-23/371-M, the Competition Authority's decision on 2 May 2023 As a result of the decision numbered E-70922894- 110.01.04-63722 dated 2021, it was decided to impose an administrative fine of TL 38.206 on the Company, at the rate of 0.5% of the annual gross revenues of the Company at the end of the 2021 fiscal year and determined by the Competition Board. has been given. Based on the reasoned decision dated 17 January 2024, the Company made a payment of TL 28.654 on 16 February 2024, with a 25% discount within the discounted payment date (1 month following the notification date), and an objection will be filed against the decision in the administrative court.

Contact

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REPORTING PERIOD: 01 December - 31 December 2023

TRADE REGISTRY NUMBER: 434426

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