

**TEKNOSA İÇ VE DIŞ TİCARET
ANONİM ŞİRKETİ**

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2024 AND
INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
AND THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Teknosa İç ve Dış Ticaret A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Teknosa İç ve Dış Ticaret A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statement 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 2024, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS"s).

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) 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.

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>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.</p> <p>Accurate revenue recognition is an important matter for our audit work and has been identified as a key audit matter in our judgement due to the possibility of errors in the recording of sales.</p> <p>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.</p> <p>Therefore, the Company's retail sales revenues and revenues from its suppliers has been one of the focus areas in our audit.</p> <p>The accounting policies and significant accounting estimates and assumptions used in revenue recognition are disclosed in Note 2 and Note 20.</p>	<p>We have performed the following audit procedures to be responsive to retail sales (store and e-commerce) revenue:</p> <ul style="list-style-type: none"> • 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 related to the IT general environment, such as programme access controls, programme change controls, programme development controls and computer operation controls, • Reconciliation of retail sales revenues recognized throughout the year with cash and credit card collections verified from relevant bank documents; • Evaluation of the journal entries that the Company has recognised during the year that involve a risk of material misstatement. <p>We have performed the following audit procedures to be responsive to dealer sales:</p> <ul style="list-style-type: none"> • 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 2024 year end in order to assess whether the sales returns are properly accounted in the correct financial period;

3) Key Audit Matters (cont'd)

	How the matter was addressed in the audit
	<ul style="list-style-type: none"> • 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. <p>We have performed the following audit procedures to be responsive to revenue from suppliers:</p> <ul style="list-style-type: none"> • Reviewing correspondence with suppliers, including significant amounts of turnover premium income, to ensure that turnover premium income received from suppliers is recognised in the correct period and in the correct amount, and performing Information Systems internal controls on the completeness and accuracy of pricing and invoicing for purchases; • Controlling the subsequent period realizations (invoices) of turnover premiums income recognized as accruals; • Testing the current account reconciliations with the suppliers from which a significant portion of the turnover premium income is obtained by external confirmation method

4) Other Matters

The financial statements of the Company for the year ended 31 December 2023 were audited by another independent audit firm. The previous auditor expressed an unqualified opinion on the financial statements as at 31 December 2023 in its audit report dated 20 March 2024.

5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company 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.

6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent 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 the SIA 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 the SIA, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

6) Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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, related safeguards.

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.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 21 February 2025.

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2024 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report Koray Öztürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Koray Öztürk
Partner

İstanbul, 21 February 2025

CONTENTS	PAGE
CONDENSED STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	4
CONDENSED STATEMENT OF CASH FLOWS.....	5
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	6-68
NOTE 1 ORGANISATION AND OPERATIONS OF THE COMPANY.....	6
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	6-30
NOTE 3 SEGMENT REPORTING.....	31
NOTE 4 RELATED PARTY DISCLOSURES	32-35
NOTE 5 CASH AND CASH EQUIVALENTS.....	35-36
NOTE 6 BORROWINGS.....	36-37
NOTE 7 TRADE RECEIVABLES AND PAYABLES	38-39
NOTE 8 OTHER RECEIVABLES AND PAYABLES	39
NOTE 9 INVENTORIES.....	40
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME	41
NOTE 11 RIGHT-OF-USE ASSETS.....	42
NOTE 12 INVESTMENT PROPERTY.....	43
NOTE 13 PROPERTY, PLANT AND EQUIPMENT.....	44-45
NOTE 14 INTANGIBLE ASSETS	46
NOTE 15 PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISIONS FOR EMPLOYEE BENEFITS	47-48
NOTE 16 PROVISIONS.....	48-49
NOTE 17 COMMITMENTS	50
NOTE 18 OTHER ASSETS AND LIABILITIES.....	51
NOTE 19 EQUITY.....	51-53
NOTE 20 REVENUE AND COST OF SALES.....	53
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES...	54
NOTE 22 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	55
NOTE 23 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	55
NOTE 24 FINANCE INCOME AND EXPENSES.....	56
NOTE 25 NET MONETARY POSITION GAINS/(LOSSES)	57
NOTE 26 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	58-59
NOTE 27 EARNINGS PER SHARE.....	59
NOTE 28 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	60-66
NOTE 29 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)	67
NOTE 30 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRM	68
NOTE 31 EVENTS AFTER THE REPORTING PERIOD.....	68

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

ASSETS	Notes	Current Period Audited 31 December 2024	Prior Period Audited 31 December 2023
Current Assets		14,603,831	17,941,677
Cash and Cash Equivalents	5	2,556,599	3,954,316
Trade Receivables	7	1,208,155	1,344,853
<i>Trade Receivables from Related Parties</i>	4,7	<i>14,384</i>	<i>22,987</i>
<i>Trade Receivables from Third Parties</i>	7	<i>1,193,771</i>	<i>1,321,866</i>
Inventories	9	10,685,051	12,073,986
Prepaid Expenses	10	55,202	68,238
Other Current Assets	18	98,824	500,284
Non-Current Assets		3,572,204	3,267,930
Other Receivables	8	1,435	1,759
Property, Plant and Equipment	13	1,313,107	1,085,947
Intangible Assets	14	527,481	355,178
Investment Properties	12	268,610	265,434
Right-of-Use Assets	11	1,205,253	1,511,072
Prepaid Expenses	10	56,921	48,540
Deferred Tax Asset	26	199,397	-
TOTAL ASSETS		18,176,035	21,209,607

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

		Current Period	Prior Period
		<i>Audited</i>	<i>Audited</i>
		31 December	31 December
LIABILITIES AND EQUITY	Notes	2024	2023
Current Liabilities			
Short-term borrowings	6	390,860	783,067
-Short-term bank borrowings from related parties	4	-	74,907
-Short-term bank borrowings from third parties		-	708,160
-Debt instruments issued	6	390,860	-
Short-term portion of long-term lease liabilities	6	379,805	421,606
-Short-term portion of long-term lease liabilities to related parties	4	2,897	3,246
-Short-term portion of long-term lease liabilities to third parties		376,908	418,360
Trade Payables	7	13,683,095	14,313,220
- Trade Payables to Related Parties	4	50,187	81,929
- Trade Payables to Third Parties	7	13,632,908	14,231,291
Payables Related to Employee Benefits	15	190,925	226,724
Other Liabilities		15,374	17,961
- Other Payables to Third Parties	8	15,374	17,961
Derivative Instruments		-	641
Deferred Income (Exclusions from Customer Contractual Obligations)	10	373,138	489,986
Current Tax Liability	26	-	44,869
Short-Term Provisions		210,187	341,085
- Short-Term Provisions for Employee Benefits	15	105,773	194,002
- Other Short-Term Provisions	16	104,414	147,083
Other Current Liabilities	18	100,542	28,691
Total current liabilities		15,343,926	16,667,850
Non-Current Liabilities			
Long-term borrowings	6	450,226	629,123
-Long-term lease liabilities to related parties	4	1,110	5,559
-Long-term lease liabilities to third parties		449,116	623,564
Long-Term Provisions		107,353	134,960
Long-Term Provisions for Employee Benefits	15	107,353	134,960
Deferred Tax Liability	26	-	71,068
Total non-current liabilities		557,579	835,151
Total liabilities		15,901,505	17,503,001
EQUITY			
	19	2,274,530	3,706,606
Paid-in capital		201,000	201,000
Capital adjustment differences		2,751,124	2,751,124
Restricted reserves appropriated from profit		80,877	56,822
Other reserves		14	14
Accumulated other comprehensive income or expenses not to be reclassified to profit or loss		(100,147)	(87,573)
-Loss on remeasurement of defined benefit plans		(133,763)	(126,549)
-Increase in revaluation of property, plant and equipment		33,616	38,976
Accumulated other comprehensive income or expenses to be reclassified to profit or loss		(387)	(756)
-Gains/(losses) on hedging		(387)	(756)
Share premiums		923,600	923,600
Prior Years' Profit or Losses		(161,680)	(1,216,861)
Net (Loss) or Profit for the Period		(1,419,871)	1,079,236
TOTAL LIABILITIES AND EQUITY		18,176,035	21,209,607

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

	Notes	<i>Current Period Audited 1 January- 31 December 2024</i>	<i>Prior Period Audited 1 January- 31 December 2023</i>
Revenue	20	69,435,947	68,322,440
Cost of Sales (-)	20	(60,522,872)	(61,039,215)
GROSS PROFIT		8,913,075	7,283,225
General Administrative Expenses (-)	21	(885,807)	(789,726)
Marketing Expenses (-)	21	(6,563,516)	(6,147,123)
Other Income from Operating Activities	22	1,184,312	1,698,179
Other Expenses from Operating Activities (-)	22	(4,451,863)	(3,101,967)
OPERATING LOSS		(1,803,799)	(1,057,412)
Income from Investing Activities	23	4,190	47,738
OPERATING LOSS BEFORE FINANCE EXPENSE		(1,799,609)	(1,009,674)
Financing Income (+)	24	242,504	266,316
Finance Expenses (-)	24	(4,447,476)	(2,627,688)
Gains/(Losses) on Net Monetary Position	25	4,319,687	4,891,320
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(1,684,894)	1,520,274
Tax (Expense)/Income from Continuing Operations		265,023	(441,038)
Current Period Tax (Expense) / Income		1,715	(380,429)
Deferred Tax Income / (Expense)		263,308	(60,609)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(1,419,871)	1,079,236
PROFIT/(LOSS) FOR THE PERIOD		(1,419,871)	1,079,236
Distribution of Profit/Loss for the Period			
Main Shareholder Shares		(1,419,871)	1,079,236
Non-controlling interests		-	-
OTHER COMPREHENSIVE (EXPENSE) / INCOME			
Items not to be reclassified to profit or loss		(12,574)	(35,018)
Loss on remeasurement of defined benefit plans		(9,619)	(43,509)
Gains on revaluation and measurement		(10,234)	(6,165)
Taxes related to other comprehensive expenses not to be reclassified to profit or loss		7,279	14,656
Items to be reclassified to profit or loss		369	3,169
Gains/(losses) on cash flow hedges		492	4,226
Taxes on other comprehensive income to be reclassified to profit or loss		(123)	(1,057)
TOTAL OTHER COMPREHENSIVE (EXPENSE)/INCOME		(12,205)	(31,849)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME		(1,432,076)	1,047,387
Loss/(earnings) per share (for 1 lot of shares)		(0.0706)	0.0537
Diluted loss/(earnings) per share [(for 1 lot of shares)]		(0.0706)	0.0537

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

(Note 19)						Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss	Retained Earnings			
	Paid-in Capital	Capital Adjustment Differences	Restricted Reserves Appropriated from Profit	Other Reserves	Share Premiums	Accumulated Remeasurement Losses of Defined Benefit Plans	Increase in Revaluation of Property, Plant and Equipment	Hedging Gain/Loss	Prior Years' Losses	Net Profit / (Loss) for the Period	Equity
Balances as of 1 January 2023 (Beginning of the Period)	201,000	2,751,124	34,015	14	923,600	(93,917)	41,362	(3,925)	(1,948,961)	754,907	2,659,219
Transfers	-	-	22,807	-	-	-	-	-	732,100	(754,907)	-
Total Comprehensive Income / (Expense)	-	-	-	-	-	(32,632)	(2,386)	3,169	-	1,079,236	1,047,387
Balances as of 31 December 2023 (End of the Period)	201,000	2,751,124	56,822	14	923,600	(126,549)	38,976	(756)	(1,216,861)	1,079,236	3,706,606
Balances as of 1 January 2024 (Beginning of the Period)	201,000	2,751,124	56,822	14	923,600	(126,549)	38,976	(756)	(1,216,861)	1,079,236	3,706,606
Transfers	-	-	24,055	-	-	-	-	-	1,055,181	(1,079,236)	-
Total Comprehensive Income / (Expense)	-	-	-	-	-	(7,214)	(5,360)	369	-	(1,419,871)	(1,432,076)
Balances as of 31 December 2024 (End of the Period)	201,000	2,751,124	80,877	14	923,600	(133,763)	33,616	(387)	(161,680)	(1,419,871)	2,274,530

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

		<i>Current Period</i>	<i>Prior Period</i>
		<i>Audited</i>	<i>Audited</i>
	Notes	1 January- 31 December 2024	1 January- 31 December 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/profit for the period		(1,419,871)	1,079,236
Adjustments Related to Reconciliation of Net Loss of the Period:			
Adjustments Related to Financial (Income) Expenses	24	4,204,972	2,361,372
Adjustments Related to Depreciation and Amortisation Expenses	21	1,387,277	1,149,989
Adjustments Related to Provision (Reversal) for Employee Benefits		30,515	5,846
Adjustments Related to Impairment (Reversal) of Receivables	7	1,114	312
Adjustments Related to Other Provisions (Reversals)		2,564	113,036
Adjustments Related to Losses (Gains) on Disposal of Non-Current Assets	23	1,014	(4)
Impairment / (Reversal) of Property, Plant and Equipment and Intangible Assets	13	2,264	222
Adjustments for Impairment (Reversal) of Inventories	9	10,966	37,605
Adjustments Related to Interest Income	22	(422,758)	(424,717)
Adjustments Related to Tax (Income) Expense		(265,023)	441,038
Adjustments Related to Monetary (Gain)/Loss		(4,466,110)	(3,307,796)
		(933,076)	1,456,139
Changes in working capital:			
Decrease in Trade Receivables from Third Parties		(277,104)	(723,707)
Decrease in Trade Receivables from Related Parties		1,537	15,314
Adjustments Related to Decrease in Inventories	9	1,377,969	(3,940,979)
Adjustments Related to Decrease / (Increase) in Other Assets Related with Operations		365,535	(203,142)
(Decrease) / Increase in Trade Payables to Third Parties		3,775,808	7,676,681
(Decrease) / Increase in Trade Payables to Related Parties		(6,357)	51,795
Increase / (Decrease) in Other Liabilities Related to Operations		646	470,496
Adjustments Related to Decreases (Increases) in Derivative Instruments		(641)	-
Payments Made within the Scope of Provisions for Employee Benefits	15	(54,855)	(63,303)
Tax paid		(31,077)	(335,560)
Payments for Other Provisions	16	(23)	(157)
Cash flows generated from operations		4,218,362	4,403,577
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows from Purchase of Property, Plant and Equipment	13	(515,785)	(670,249)
Cash Outflows from Purchase of Intangible Assets	14	(346,721)	(169,754)
Cash Inflows from Sale of Property, Plant and Equipment and Intangible		6,780	5,380
Interest received	22	422,758	424,717
Cash used in investing activities		(432,968)	(409,906)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Other finance costs paid		(3,528,050)	(2,351,208)
Operating lease repayments	6	(732,731)	(657,894)
Cash inflows from borrowings	6	14,174,765	906,781
Loan repayments	6	(14,025,069)	(507,343)
Cash used in financing activities		(4,111,085)	(2,609,664)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(325,691)	1,384,007
Inflation effect on cash and cash equivalents		(1,215,472)	(1,500,204)
Effect of changes in foreign exchange rates on cash and cash equivalents denominated in foreign currencies	24	143,446	254,211
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3,954,316	3,816,302
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	2,556,599	3,954,316

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

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

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 home appliances 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 2024, number of personnel of the Company is 2,989 (31 December 2023: 2,868). The Company is registered in Türkiye and operates under the laws and regulations of Turkish Commercial Code.

The Company operates in Türkiye in 106,052 square meters with 175 stores retail space as of 31 December 2024 (31 December 2023: 105,125 square meters with 181 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 interim condensed financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS"), which was put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA"), in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Market Boards ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS includes standards and interpretations published by POA under the names of Turkish Accounting Standards ("TMS"), Turkish Financial Reporting Standards, TMS Interpretations and TFRS Interpretations.

The condensed interim financial statements are presented in accordance with the formats specified in the "Announcement on TRFS Taxonomy" published by POA on 3 July 2024 and the Financial Statement Examples and User Guide published by CMB. In addition, the financial statements are presented in accordance with the "TFRS Taxonomy" published by POA on 4 October 2022 and the formats specified in the Financial Statement Examples and User Guide published by CMB, based on the CMB's financial statement and footnote formats. The financial statements are prepared on the historical cost basis except for the revaluation of buildings. The determination of historical cost is generally based on the fair value of the consideration paid for the assets.

Approval of interim condensed financial statements:

The interim financial statements are approved by the Company's Board of Directors on 21 February 2025. The General Assembly of the Company has the right to amend, and relevant regulatory bodies have the right to request the amendment of these interim financial statements.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

(ii) Basis of measurement

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

(iii) Functional currency and reporting 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 period

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the consolidated financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2024, inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

Date	Index	Adjustment coefficient
31 December 2024	2,684.55	1.00000
31 December 2023	1,859.38	1.44379
31 December 2022	1,128.45	2.37897

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the consolidated balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the consolidated income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- Net gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit. (Note -25)

The impact of the application of TAS 29 "Inflation Accounting" is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, and right-of-use assets.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of presentation (cont'd)

(v) *Preparation of financial statements in hyperinflationary periods (cont'd i)*

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

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

The financial statements of the Company have been prepared comparatively with the prior period in order to evaluate financial position and performance trends. Comparative information is reclassified, where necessary, to conform to the changes in the presentation of the current period financial statements.

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

2.2 Changes in Significant Accounting Policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2024.

2.3 Changes in accounting estimates and errors

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively, and prior period financial statements are restated.

The assumptions and significant accounting estimates used in the preparation of the interim condensed financial statements as of 31 December 2024 have not changed compared to those used in the preparation of the financial statements as of the year ended 31 December 2023.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies

Accounting policies have been consistently applied 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 and net realizable value. Cost of inventories includes all costs of purchase and other costs incurred in bringing inventories to the Company's main warehouses and regional warehouses. Inventories are valued using the weighted average cost method. Costs incurred in bringing inventories from the main warehouses and regional warehouses to the stores are recognized as an expense when incurred. Net realizable value is the estimated selling price less estimated costs necessary to make the inventories ready for sale (Note 9).

The turnover premium, stock protection and similar benefits received from the sellers within the scope of their main activities are deducted from the costs of the said inventories and associated with the cost of goods sold.

Turnover Premium: It is the premium received by the Company by issuing an invoice to the supplier, based on the purchase amounts made from the suppliers.

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 Premium: It is the support premium received by the Group from suppliers for related sales, limited to certain days and products, based on sales performance.

Investment properties

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

Recognition and measurement (cont'd)

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

Subsequent costs

Subsequent expenditure is capitalized only when 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 costs

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.

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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments

i) Recognition and initial measurement

The Company records its trade receivables and borrowing instruments on the date when they arise. The Company recognizes all other financial assets and liabilities only on the date of the transaction where the relevant financial instrument has become a party to the contract terms.

On the first measurement of the financial assets (other than the trade receivables having no significant financing component) and financial liabilities other than those, changes in fair value of which are reflected upon profit or loss, costs of the transactions that can be directly associated with the acquisition or issuance thereof are also measured by being included in the fair value. Trade receivables having no significant financing component are measured at the transaction cost on the initial recognition.

ii) Classification and subsequent measurement

A financial instrument is classified as specified below while being taken into financial statements for the first time; those which are measured at their amortized cost; those which are measured by reflecting their fair value difference into other comprehensive income (investments made in borrowing instruments); those which are measured by reflecting their fair value difference into other comprehensive income (investments made in shareholder's equity instruments); or those which are measured by reflecting their fair value difference into profit or loss.

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

A financial asset is measured on its amortized cost, in case both of the following conditions are satisfied and it is not classified as a financial asset which is measured by reflecting its fair value difference into profit or loss:

- Where the financial asset is retained within the scope of a business model aimed at collection of contractual cash flows and sales of financial instruments, and
- Where the contract terms in relation to the financial instrument causes such cash flows which include interest payments on certain dates arising only from principal and balance of principal.

All the other financial assets which are not measured as specified above at their amortized cost or by reflecting their fair value difference into other comprehensive income are measured by reflecting their fair value difference into profit or loss. These assets also include all the derivative financial assets. While taking the financial assets into financial statements for the first time, a financial asset can be described as a financial asset which is measured by irrevocably reflecting its fair value difference into profit or loss, provided that it will remove or substantially reduce any accounting inconsistency to arise from measuring financial assets differently and taking the earnings and losses in relation thereto into the financial statements differently.

Financial assets- Consideration of business model

In order to ensure that the business model will best reflect the method of management of assets and the information provided to the management, the Company considers the purpose of retaining a financial asset at the portfolio level. The information reviewed includes the following:

- Policies and goals determined for the portfolio, and the use in practice of these policies. These include whether the management's strategy focuses on obtaining interest income arising from contract, containing the benefit from a certain interest rate, harmonizing the maturity of financial assets with the maturity of the debts funding these assets or achieving cash flows by sales of assets;
- The purpose of the business model; it can be to manage the daily liquidity needs, to continue a certain interest yield or to harmonize the maturity of financial assets with the maturity of the debts funding these assets;
- How the business model and the performance of the financial assets retained within the scope of the business model is reported to the Company's management;
- Risks affecting the performance of the business model (of the financial assets retained within the scope of the business model), and especially the manner of management of these risks.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

Financial assets- Consideration of business model (cont'd)

- How the additional payments made to the managers of the business are determined (for example, whether the additional payments are determined according to the fair value of the assets managed or according to the contractual cash flows collected), and
- The frequency, value, timing and reason of the sales made in the previous period and the sales expectations in the future.

Transfer of financial assets to third parties in those transactions where it is not appropriate to remove them from the statement of financial position is not deemed consistent with the fact that the Company continuously recognizes its assets in its financial statements, as a sales for this purpose.

Financial assets - Consideration of whether there are any contractual cash flows which include only the payments of principal and interest on balance of principal

For the purpose of this consideration, the principal is the fair value at the time when the financial asset is taken into financial statements for the first time. The interest consists of the time value of money, the credit risk for the balance of principal in relation to a certain period of time, other basic lending risks and costs (for example, liquidity risk and management costs) and profit margin. In consideration of whether there are any contractual cash flows which include only the payments of principal and interest on balance of principal, the Company grounds upon the properties of contractual cash flows. This consideration requires the consideration of whether the financial asset includes any contract terms changing the timing or amount of cash flows in a way that this condition will not be satisfied. While making this consideration, the Company takes into consideration the following:

- any conditional event which may change the timing or amount of contractual cash flows (in other words, a triggering event);
- conditions adjusting the contractual stated interest rate, including the variable rate properties,
- properties enabling early payment and extension of time; and
- conditions restricting the Company's contractual rights enabling the earning of cash flows arising from certain assets (for example, non-recourse).

If, in cases where the contract is terminated before its expiry, the prepaid amounts involving a reasonable value reflect to a large extent the unpaid amount of principal and interests on balance of principal, early payment is consistent only with the criterion of payments of principal and interest on balance of principal.

In addition, (i) if the financial asset was purchased at its contractual nominal value with premium or at a discount, (ii) if, in cases where the contract is terminated before its expiry, the prepaid amounts involving the payment of a reasonable additional value reflect to a large extent the contractual nominal value and the accrued (but unpaid) interest, and (iii) the fair value of early payment is insignificant in the first recognition, it is deemed to be in compliance with this criterion.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets - Earnings or losses arising from subsequent measurement

Financial assets at fair value through profit or loss	These assets are measured at their fair value in the subsequent measurements. Net earnings and losses in relation thereto, including any interest or dividend income, are recognized in profit or loss. For the derivatives described as hedging instruments, see the below section.
Financial assets at amortized cost	These assets are measured in their subsequent measurements at their amortized cost by using the effective interest method. Their amortized cost is reduced at the amount of their impairment losses, if any. Interest incomes, foreign currency earnings and losses and losses in value are recognized in profit or loss. Earnings or losses arising from removing them from the statement of financial position are recognized in profit or loss.

Financial liabilities - Classification, subsequent measurement and earnings and losses

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.

Derecognition

Financial assets

When the contractual rights in respect of the cash flows in relation to financial assets expire, or when the Company has substantially transferred the property of all the risks and proceeds arising from the property of this financial asset, or in case it neither has substantially transferred nor substantially retains all the risks and benefits arising from the property of this financial asset, the Company derecognizes the financial asset if it is not continuing to have control over the relevant financial asset.

In case the Company continues to substantially retain all the risks and benefits arising from the property of this financial asset, it continues to recognize the relevant financial asset in its statement of financial position.

Financial liabilities

The Company derecognizes a financial liability only when the debt in relation to the relevant liability disappears or is cancelled. In addition, in case a significant change is made in the conditions or cash flows of an existing financial liability, the Company also derecognizes a financial liability. Instead, recognizes a new financial liability at its fair value, based upon the changed conditions.

In derecognizing the financial liability, the difference between the book value and the amount paid for this liability (including any transferred non-cash asset or any liability undertaken) is taken into the financial statements as profit or loss.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

ii) Classification and subsequent measurement (cont'd)

Offsetting 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.

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 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 risk (i.e. the risk of default occurring over the expected life of the financial instruments) 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.

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 action such as realising security (if any); or

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial instruments and contract assets (cont'd)

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.

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 due to 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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Impairment of assets (cont'd)

Non-derivative financial assets (cont'd)

Financial instruments and contract assets (cont'd)

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.

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 recognised 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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Leases

The Company considers at the beginning of the contract whether the contract is a leasing contract or contains a leasing transaction. In case the right to control the use of the asset described is transferred for a certain period in the contract in return for a price, this is a leasing contractor contains a leasing transaction. To consider whether a contract provides the right to control the use of a described asset, the Company uses the description of leasing in TFRS 16.

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

As a lessee

On the date when the leasing has actually started or on the date when an amendment was made to the contract containing a leasing component, the Company distributes into each leasing component the relative single price of the leasing price and total single price of non-leasing components.

The Company has preferred not to discriminate between non-leasing components and leasing components, but instead of this, to recognize each leasing component and the non-leasing components in relation to it as a single leasing component.

On the date when the leasing was actually started, the Company reflected a right of use asset and lease liability into its financial statements. The amount of first measurement of the liability of cost of the right of use asset consists of the amount obtained by deduction of all the leasing incentives received from all the lease payments made on or before the date when the leasing has actually started, and all the direct costs at the beginning and the estimated costs anticipated to be incurred in the future in relation to disassembling or carrying the asset, restoring its area or restoring the foundation asset to bring it in a condition as required by the terms and conditions of leasing.

In case the leasing transaction transfers the property of the foundation asset to the lessee at the end of the lease period or the cost of the right of use asset indicates that the lessee will use the option to purchase, the right of use asset is subjected to depreciation from the date when the leasing has actually started to the end of the useful life of the foundation asset. In other circumstances, the right of use asset is subjected to depreciation according to the shorter of the useful life of the aforementioned asset or the leasing period, starting from the date when the leasing has actually started. In addition, the value of the right of use asset is periodically reduced by also deducting the impairment losses if any and adjusted in accordance with the re-measurement of the leasing liability.

On the date when the leasing has actually started, the leasing liability is measured at the present value of the lease payments not paid on that date. In case the implicit interest rate in the leasing can easily be determined, lease payments are discounted by using this rate. In case this rate cannot be easily determined, the Company's alternative borrowing interest rate is used.

The Company determines its alternative interest rate, taking into consideration the interest rates that it will pay for the debts that it will use from various financing resources, and makes certain adjustments in a way to reflect the leasing conditions and the type of the leased asset.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

As a lessee (cont'd)

The lease payments which are included in the measurement of the leasing liability, consist of the following:

- Fixed payments (including the fixed payments by their essence);
- Variable lease payments depending upon an index or rate, the first measurement of which is made on the date when the leasing has actually started, by using an index or rate;
- Amounts expected to be paid by the lessee within the scope of residual value undertakings;
- In case it is reasonably made sure that the option to use will be used, the price of use of this option, and in case the leasing period indicates that the Company will use an option to terminate the leasing, penalty payments in relation to termination of the leasing

Leasing liability is measured by reducing the lease payments with a discount rate. In case, as a result of a change in an index or rate used in determination of the lease payments in the future, a change occurs in these payments and in the amounts expected to be paid within the scope of residual value undertaking, the Company considers the options of renewal, termination and purchasing.

In case the leasing liability is remeasured, it is reflected into the financial statements as an adjustment in the right of use asset in accordance with the newly determined debt. However, in case the book value of the right of use asset is reduced down to zero and the measurement of the leasing liability involves more reduction, the remaining re-measurement amount is reflected into profit or loss.

Short-term and low-value leases

The Company preferred not to reflect into its financial statements the right of use assets and leasing debts for the leasing of low-value assets, including the short-term machinery and IT equipment leases with a leasing period of 12 months or shorter. The Company reflected into the financial statements the lease payments in relation to these leases, as a direct expense during the lease period.

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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

As a lessor (cont'd)

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 recognizes 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

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of 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.

Income taxes

Income tax comprises current and deferred tax.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

Taxes are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax liability also includes tax liabilities arising from dividend distribution declarations.

Current tax assets and liabilities are offset only if certain criteria are met.

Income tax expense is the sum of current tax and deferred tax expense.

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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Income taxes (cont'd)

Deferred tax (cont'd)

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 tax assets and liabilities are offset in the event that there is a law about offsetting current tax and current tax liabilities or aforementioned assets and liabilities is related with income tax collected by the same tax authority or the Company is intended to pay to offset current tax and current tax liabilities.

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 directly in equity, in which case, the current and deferred tax are also recognized directly in equity.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Entity. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 Employee Benefits ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income (Note 15).

Earnings / (loss) 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 Türkiye, 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.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

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.

Finance income and finance expenses

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 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 (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Revenue

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 fulfilment 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.

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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

General model for accounting of revenue (cont'd)

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: Revenue recognition

An entity recognizes revenue over time when one of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by 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 fulfil 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 (cont'd)**2.4 Summary of Significant Accounting Policies (cont'd)****Revenue (cont'd)****General model for accounting of revenue (cont'd)****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.

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).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Segment reporting (cont'd)

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

A related party is a person or entity that is related to the entity that is preparing its financial statements:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (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.

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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

2.6 Use of accounting estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates are accounted for prospectively.

Information on estimates and assumptions that have a significant effect on the amounts recognized in the condensed interim financial statements is disclosed below:

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Use of accounting estimates and assumptions (cont'd)

Useful lives of property, plant and equipment and intangible assets

In accordance with the accounting policies, property, plant and equipment and intangible assets other than land and buildings are shown at their net value after deducting accumulated depreciation and impairment, if any, from their acquisition cost. Depreciation is allocated using the straight-line method based on the useful lives of tangible assets. Useful lives are based on management's best estimates and are reviewed at each balance sheet date and adjusted if necessary.

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 objective evidence for impairment, except for outlet stores. 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 recognizes allowance for impairment for the property, plant and equipment and right-of-use assets of the stores for which the Company management has expected to close down. The mentioned provision amount is applied at the rate of 100% over the net book value of right-of-use assets, 100% for leasehold improvements and 50% over the net book value of tangible fixed assets. As of 31 December 2024, the Company has recorded a net impairment of TL 2,264 for property, plant and equipment and no impairment for intangible assets (31 December 2023: TL 222 for property, plant and equipment) (Note 13).

Inventory impairment

In accordance with the accounting policy, inventories are stated at the net realizable value ("NRV"). The Company measures the products with selling prices lower than its cost at lower of cost or NRV. NRV, is the value after deducting the estimated expenditures to be made to bring the stocks at sale at the estimated selling price.

The Company makes aging analysis for its inventories based on certain date ranges from the acquisition date. Impairment is calculated for the old stock over 180 days with different rates applied for each date range based on the aging analysis as at reporting date. In this context, the Company has recognized net impairment provision amounting to TL 103,438 as of 31 December 2024 (31 December 2023: TL 92,472) (Note 9).

Deferred tax assets

The Company recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TFRS and its tax base of statutory financial statements. The Company has deferred tax assets arising from deductible temporary differences. The partially or fully recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections, losses incurred in current periods, expiration dates of unused losses and other tax assets, and tax planning strategies that can be used when necessary, were taken into consideration.

Accounting of gift checks

The Company recognizes income from the gift checks by estimating the portion which will not be used by the customers based on the historic data. As at 31 December 2024, the amount offset from the deferred revenue from the gift checks recognized in the financial statement is amounting to TL 101,646 (31 December 2023: TL 106,931) (Note 10).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Use of accounting estimates and assumptions (cont'd)

Provision for employment termination benefit

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

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of the Company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying special purpose financial statements as of 31 December 2024, 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 3% real discount rate calculated by using 23.40% annual inflation rate and 27.10% interest rate (31 December 2023: 1.73%) Voluntary turnover rates for sales and administrative personnel are considered as 34.9% and 8.41% for employees with 0-15 years of service (31 December 2023: 28.36% and 8.67% respectively) and 0% for employees with 16 or more years of service.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 3 – SEGMENT REPORTING

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

In order to take the decisions about the allocation of resources to the operating segments and evaluate the performance of these segments, the decision maker reviews the results and the operations by sales channel. The Company's sales channel are as follows: Electronics retail sales, and sales of air conditions and white goods through dealers. These sales are also reviewed as stores and e-commerce (including Marketplace sales) and dealers (İklimsa). In addition, assets and liabilities are not included in the segment reporting since they are not regularly presented to the decision maker and are not reviewed in as a part of segment reporting.

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

	1 January - 31 December 2024		
	Retailing and E-commerce	Dealer Group	Total
Total segment income	65,613,287	3,822,660	69,435,947
Adjusted EBITDA	2,727,778	183,583	2,911,361

	1 January - 31 December 2023		
	Retailing and E-commerce	Dealer Group	Total
Total segment income	64,876,200	3,446,240	68,322,440
Adjusted EBITDA	1,463,162	94,310	1,557,472

	1 January-31 December 2024	1 January-31 December 2023
EBITDA attributable to reportable segments	2,911,361	1,557,472
Depreciation and amortization	(1,387,277)	(1,149,989)
Finance income/(expense), net	(4,204,972)	(2,361,372)
Income/(expenses) from investing activities, net	4,190	47,738
Other operating income/(expense), net	(3,267,551)	(1,403,788)
Provision for employment termination benefits	(60,332)	(61,107)
Monetary Gain/Loss	4,319,687	4,891,320
Profit before tax	(1,684,894)	1,520,274

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 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.

Balances with related parties	31 December 2024	
	Receivables	Payables
	Short-term	Short-term
	Trade	Trade
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	6,547	-
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	3,969	2,539
Çimsa Çimento San.ve Tic.A.Ş.	1,570	-
Akçansa Çimento San. ve Tic. A.Ş.	966	-
Akbank T.A.Ş.	711	-
Sabancı DX A.Ş	438	42,612
Brisa Bridgestone Sabancı Lastık San.Ve Tic.A.Ş.	89	-
Kordsa Teknik Tekstil A.Ş.	56	-
Hacı Ömer Sabancı Holding A.Ş.	38	765
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	-	150
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	2
Aksigorta A.Ş.	-	4,119
	14,384	50,187
Balances with related parties	31 December 2023	
	Receivables	Payables
	Short-term	Short-term
	Trade	Trade
Çimsa Çimento San. ve Tic. A.Ş.	6,706	-
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	5,319	-
Akbank T.A.Ş.	4,180	-
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	3,737	3,799
Aksigorta A.Ş.	1,770	7,698
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	446	-
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	315	-
Akçansa Çimento San. ve Tic. A.Ş.	277	-
Sabancı DX A.Ş	232	65,860
Kordsa Teknik Tekstil Anonim Şirketi	5	-
Hacı Ömer Sabancı Holding A.Ş.	-	4,565
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	7
	22,987	81,929

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (cont'd)

	31 December 2024	31 December 2023
<u>Deposits at Akbank T.A.Ş.</u>		
Time Deposit	617,859	-
Demand deposits	79,494	406,470
	697,353	406,470
<u>Other cash and cash equivalents at Akbank T.A.Ş.</u>	31 December 2024	31 December 2023
Other cash and cash equivalents	1,523,975	1,103,923
	1,523,975	1,103,923
<u>Credit card slip receivables at Akbank T.A.Ş.</u>	31 December 2024	31 December 2023
Credit card slip receivables	51,324	78,935
	51,324	78,935
<u>Short-term bank borrowings at Akbank T.A.Ş.</u>	31 December 2024	31 December 2023
Short-term bank borrowings	-	74,907
	-	74,907

As of 31 December 2024 and 31 December 2023, the details of the short-term portion of long-term lease obligations with related parties are as follows.

	31 December 2024	31 December 2023
Short and long-term lease liabilities		
<i>Short-term portion of long-term lease liabilities to related parties</i>		
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	2,897	3,246
<i>Long-term lease obligations to related parties</i>		
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	1,110	5,559
	4,007	8,805

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January - 31 December 2024		
	Goods Sales	Rent Expenses	Other Expenses
Akbank T.A.Ş.	110,094	-	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	44,638	(21,882)	(2,696)
Aksigorta A.Ş.	12,120	-	(89,812)
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	8,314	-	(36,884)
Çimsa Çimento San. ve Tic.A.Ş.	9,351	-	-
Akçansa Çimento San. ve Tic. A.Ş.	3,081	-	-
Kordsa Teknik Tekstil A.Ş.	2,531	-	-
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	933	-	-
Hacı Ömer Sabancı Holding A.Ş.	1,452	-	(4,652)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	626	-	(34,498)
Sabancı Dijital Teknoloji Hizmetleri A.Ş. (*)	714	-	(149,184)
Ak Finansal Kiralama A.Ş.	46	-	-
Enerjisa Enerji Üretim A.Ş.	947	-	-
Temsa Global San. Tic. A.Ş.	1	-	-
	194,848	(21,882)	(317,726)

(*) Our Company receives internet security service, data security application, maintenance and repair service, server purchase, software development, hardware and license renewal, project and consultancy services from SabancıDX A.Ş.

Transactions with related parties	1 January - 31 December 2023		
	Goods Sales	Rent Expenses	Other Expenses
Akbank T.A.Ş.	189,969	-	-
Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.	107,064	(17,663)	(10,337)
Çimsa Çimento San.ve Tic.A.Ş.	11,164	-	-
Kordsa Teknik Tekstil A.Ş.	3,463	-	-
Akçansa Çimento San. ve Tic. A.Ş.	2,599	-	-
Agesa Hayat ve Emeklilik A.Ş. ve Bağlı Ortaklıkları	2,045	-	-
Aksigorta A.Ş.	19,046	-	(86,350)
Sabancı DX A.Ş.	1,260	-	(224,965)
Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş.	1,510	-	-
Enerjisa Enerji Üretim A.Ş.	1,041	-	-
Hacı Ömer Sabancı Holding A.Ş.	3,719	-	(10,726)
Enerjisa Enerji A.Ş. ve Bağlı Ortaklıkları	3,114	-	(44,037)
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	-	(96)
	345,994	(17,663)	(376,511)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 4 – RELATED PARTY DISCLOSURES (cont'd)**Benefits for the key management personnel**

The Company's key management has been identified as the general managers and assistant general managers. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the periods ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Salaries and other short-term benefits	66,650	58,310
	66,650	58,310

NOTE 5 – CASH AND CASH EQUIVALENTS

As at 31 December 2024 and 31 December 2023, the details of cash and cash equivalents are as follows:

	31 December 2024	31 December 2023
Cash	8,177	18,765
Cash at banks	740,771	2,337,869
<i>Demand deposits</i>	122,912	1,664,911
<i>Time deposits</i>	617,859	672,958
Credit card slip receivables	283,676	493,759
Other cash and cash equivalents (*)	1,523,975	1,103,923
	2,556,599	3,954,316

(*) Other cash and cash equivalents consist of short-term free liquid fund used by the Company from Akbank T.A.Ş., which is exempt from corporate tax. As at 31 December 2024, there is liquid fund amounting to TL 1,523,975 (31 December 2023 1,103,923 TL).

The Company does not have any restricted deposits as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, the details of time deposits, maturity dates and interest rates of the Company are as follows:

Currency	Maturity	Interest rate	TL Deposit Provision
USD	31 January 2025	2.63%	617,693
		Interest accrual	166
			617,859

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 5 – CASH AND CASH EQUIVALENTS (cont'd)

As of 31 December 2023, the details of the Company's time deposits, maturity dates and interest rates are as follows:

Currency	Maturity	Interest rate	TL Deposit Provision
TL	1 January 2024	26.00%	11,622
USD	2 January 2024	6.00%	212,513
USD	2 January 2024	3.75%	21,251
USD	5 January 2024	5.00%	212,513
USD	12 January 2024	4.50%	212,513
		Interest accrual	2,546
			672,958

The details of credit risk, foreign currency risk and impairment of the Company's cash and cash equivalents are disclosed in Note 28.

NOTE 6 – BORROWINGS

As of 31 December 2024 and 31 December 2023, the details of the Company's short-term bank loans are as follows.

	31 December 2024	31 December 2023
Bond issuance from third parties	390,860	-
Short-term bank borrowings from related parties	-	74,907
Short-term bank borrowings from third parties	-	708,160
	390,860	783,067

The Company has no short-term bank loans as of 31 December 2024.

On 18 September 2024, the company issued a financing bond with the amount of TL 340,000, 174-day maturity, 52.00% fixed interest, redemption date of 11 March 2025 and ISIN code TRFTKNO32515. As of 31 December 2024, TL 50,860 interest has accrued.

As of 31 December 2024 and 31 December 2023, the maturities and terms of outstanding borrowings are as follows:

Currency	Weighted average effective interest rate	31 December 2023	
		Maturity Date	Short-term
TL	45.32%	12 January 2024	74,549
TL	34.74%	23 February 2024	74,907
TL	26.89%	5 March 2024	118,485
TL	49.88%	20 June 2024	515,126
Short-Term Borrowings			783,067

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 6 – BORROWINGS (cont'd)

The reconciliation of the Company's liabilities arising from bank borrowings for the periods ended 31 December 2024 and 2023 is as follows:

Movement of net financial debt	1 January- 31 December 2024	1 January- 31 December 2023
Net financial debt as of 1 January	783,067	481,169
Cash inflows from loans and bonds issued	14,174,765	906,781
Cash outflows related to loan and bond repayments	(14,025,069)	(507,343)
Interest expense for the period (including accruals) (Note 24)	827,583	165,086
Inflation Effect	(1,369,486)	(262,626)
Net financial debt as of 31 December	390,860	783,067

As of 31 December 2024 and 31 December 2023, the details of payables from lease transactions are as follows:

	Current value of minimum lease payments	
	31 December 2024	31 December 2023
Payables from lease transactions		
Within one year	486,642	495,722
Less: deferred financial expenses	(106,837)	(74,116)
Current value of the lease liability	379,805	421,606
Two years and over	576,872	739,720
Less: deferred financial expenses	(126,646)	(110,597)
Current value of the lease liability	450,226	629,123

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:

Movement of lease liabilities	1 January- 31 December 2024	1 January- 31 December 2023
Lease liabilities as of 1 January	1,050,729	993,706
Increase in lease liability during the period	658,554	1,029,998
Interest and principal payments during the period	(732,731)	(657,894)
Interest expense for the period (including accruals) (Note 24)	233,482	230,298
Inflation Effect	(380,003)	(545,379)
Lease liabilities as of 31 December	830,031	1,050,729

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2024 and 31 December 2023, details of trade receivables and payables are as follows.

<u>Short-term trade receivables</u>	31 December 2024	31 December 2023
Trade receivables	921,738	1,019,481
Notes receivable	280,526	313,198
Trade receivables from related parties (Note 4)	14,384	22,987
Provision for doubtful trade receivables (-)	(8,493)	(10,813)
	1,208,155	1,344,853

The average maturity of the Company's trade receivables is 1-7 days for retail receivables and 54 days for dealer groups. (31 December 2023: For retail: 1-7 days, 55 days for dealer receivables). As of 31 December 2024, the Company does not apply overdue interest on trade receivables. (31 December 2023: None).

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

<u>Movement of expected loss provision</u>	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance	10,813	17,451
Charge for the period	1,732	664
Provision released	(618)	(352)
Inflation effect	(3,434)	(6,950)
Closing balance	8,493	10,813

As of 31 December 2024 and 31 December 2023, the Company obtained the collaterals listed below for the checks, notes and trade receivables:

<u>Collaterals received for trade receivables that are not due:</u>	31 December 2024	31 December 2023
Collaterals received	809,685	655,620
Mortgages	3,772	8,579
	813,457	664,199

The fair value of collateral and mortgages that the Company has the right to sell or re-guarantee or pledge before the collateral owner defaults is TL 813,457 (31 December 2023: TL 664,199).

As of the reporting date, the Company does not have any collaterals or mortgages sold or pledged.

The details of credit risk, foreign currency risk and impairment of the Company's short-term trade receivables are disclosed in Note 28.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 7 TRADE RECEIVABLES AND PAYABLES (cont'd)***Short-term trade payables:***

	31 December 2024	31 December 2023
Trade payables	13,547,592	14,185,761
Trade payables to related parties (Note 4)	50,187	81,929
Expense accruals	85,316	45,530
	13,683,095	14,313,220

As of 31 December 2024, the Company offset income accruals from its suppliers amounting to TL 1,114,444 with trade payables (31 December 2023: TL 705,576). Average payment term of trade payables is 79 days (31 December 2023: 78 days).

As of 31 December 2024, the amount of letters of guarantee received from banks and given to suppliers is TL 5,498,201 (31 December 2023: TL 6,064,350).

The foreign exchange rate risk and liquidity risk for the Company's trade payables are disclosed in Note 28.

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables and other payables as of 31 December 2024 and 31 December 2023 are as follows:

<u>Other Receivables</u>	31 December 2024	31 December 2023
Deposits and guarantees given	1,435	1,759
	1,435	1,759

<u>Other Payables</u>	31 December 2024	31 December 2023
Deposits and guarantees received	15,374	17,961
	15,374	17,961

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 9 – INVENTORIES

The details of the inventories as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Trade goods	9,924,460	11,285,198
Goods in transit	864,029	881,260
Provision for impairment on inventories (-)	(103,438)	(92,472)
	10,685,051	12,073,986

As of 31 December 2024, total cost of trade goods recognized in the statement of profit or loss is TL 60,198,072 (31 December 2023: TL 60,826,731) (Note 20). As of 31 December 2024 and 2023, provision for impairment on inventories has been recognized in cost of goods sold (Note 20).

The movements of allowance for inventories for the periods ended at 31 December 2024 and 2023 are as below:

	1 January- 31 December 2024	1 January- 31 December 2023
<u>Movement of provision for impairment on inventories</u>		
Opening balance	(92,472)	(54,867)
Charge for the period	(10,966)	(37,605)
Closing balance	(103,438)	(92,472)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses as of 31 December 2024 and 31 December 2023 are as follows:

<u>Short-Term Prepaid Expenses</u>	31 December 2024	31 December 2023
Prepaid expenses	30,156	41,570
Advances given for inventory purchases	25,046	26,668
	55,202	68,238

<u>Long-Term Prepaid Expenses</u>	31 December 2024	31 December 2023
Prepaid expenses	56,921	48,540
	56,921	48,540

The details of the deferred income as of 31 December 2024 and 31 December 2023 are as follows:

<u>Short-Term Deferred Income</u>	31 December 2024	31 December 2023
Order advances received	266,773	380,702
Income from gift card sales	101,646	106,931
Other	4,719	2,353
	373,138	489,986

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 11 – RIGHT-OF-USE ASSETS

The Company, as a lessee, has acquired the lease rights representing the lease rights representing the right to use the underlying asset and the lease payments to the financial statements.

As of 31 December 2024 and 2023, the movement table of right-of-use assets is as follows:

Right-of-use assets	Buildings	Vehicles	Total
Cost			
1 January 2024	4,643,342	218,321	4,861,663
Additions	653,633	4,921	658,554
Disposals	(96,410)	(510)	(96,920)
31 December 2024	5,200,565	222,732	5,423,297
Accumulated Depreciation			
1 January 2024	(3,274,681)	(75,910)	(3,350,591)
Charge for the period	(885,824)	(58,703)	(944,527)
Disposals	76,564	510	77,074
31 December 2024	(4,083,941)	(134,103)	(4,218,044)
Net Book Value	1,116,624	88,629	1,205,253
Right-of-use assets	Buildings	Vehicles	Total
Cost			
1 January 2023	3,818,115	69,203	3,887,318
Additions	874,416	155,582	1,029,998
Disposals	(49,189)	(6,464)	(55,653)
31 December 2023	4,643,342	218,321	4,861,663
Accumulated Depreciation			
1 January 2023	(2,537,843)	(50,916)	(2,588,759)
Charge for the period	(777,297)	(31,484)	(808,781)
Disposals	40,459	6,490	46,949
31 December 2023	(3,274,681)	(75,910)	(3,350,591)
Net Book Value	1,368,661	142,411	1,511,072

The depreciation expense for the three-month interim accounting period ending on 31 December 2024 is TL 944,527 (31 December 2023: TL 808,781). TL 939,467 (31 December 2023: TL 800,673) of the depreciation expense is included in marketing expenses and TL 5,060 (31 December 2023: TL 8,108) is included in general administrative expenses.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 12 – INVESTMENT PROPERTIES

For the accounting periods ended 31 December 2024 and 2023, movements in investment properties and accumulated depreciation are as follows:

Cost Value	Buildings	Total
Opening balance as of 1 January 2024	265,434	265,434
Fair value increase/(decrease) (*)	3,176	3,176
Closing balance as of 31 December 2024	268,610	268,610

Cost Value	Buildings	Total
Opening balance as of 1 January 2023	217,700	217,700
Fair value increase/(decrease) (*)	47,734	47,734
Closing balance as of 31 December 2023	265,434	265,434

The Company generates rental income by TL 10,857 (2023: TL 9,391) from its investment property, which is leased by an operating lease agreement. Direct operating costs arising from the investment property is amounting to TL 3,102 (2023: TL 2,925). Operating expenses which are not related to the Teknosa store are distributed to lessees.

As of 31 December 2024, the fair value of the Company's investment properties and the building included in property, plant and equipment has been determined by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company, in its valuation report dated 19 February 2025.

The aforementioned firm is authorized by the CMB and provides real estate valuation services in accordance with the capital markets legislation and has sufficient experience and qualifications in the fair value measurement of the properties in the relevant regions. The fair value of the owned building was calculated using the "Income Approach" and "Direct Capitalization Method" and the final value was reached by harmonizing the results obtained.

(*)As of 31 December 2024, a fair value increase of TL 3,176 was recognized under income from investment activities for the part of the building held for investment purposes. (31 December 2023: TL 47,734)

Fair value of the related building is level 2. As of 31 December 2024 and 31 December 2023, there is no mortgage on investment properties.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2024 are as follows:

<u>Cost Value</u>	<u>Buildings</u>	<u>Plant, machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
Opening balance as of 1 January 2024	138,891	1,392	1,642	1,442,552	1,369,845	167,867	3,122,189
Additions	-	6	-	168,933	66,988	279,858	515,785
Revaluation increase/(decrease) (**)	(10,234)	-	-	-	-	-	(10,234)
Disposals	-	-	-	(141,302)	(72,966)	-	(214,268)
Transfers	-	-	-	34,531	71,836	(106,367)	-
Closing balance as of 31 December 2024	128,657	1,398	1,642	1,504,714	1,435,703	341,358	3,413,472
Accumulated Depreciation							
Opening balance as of 1 January 2024	(29,290)	(1,392)	(1,221)	(931,241)	(1,073,098)	-	(2,036,242)
Charge for the period	(3,037)	(1)	(144)	(165,245)	(99,936)	-	(268,363)
Disposals	-	-	-	136,529	69,975	-	206,504
Net impairment / reversal (*)	-	-	-	(646)	(1,618)	-	(2,264)
Closing balance as of 31 December 2024	(32,327)	(1,393)	(1,365)	(960,603)	(1,104,677)	-	(2,100,365)
Closing balance as of 31 December 2023	109,601	-	421	511,311	296,747	167,867	1,085,947
Net book value as of 31 December 2024	96,330	5	277	544,111	331,026	341,358	1,313,107

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<u>Cost Value</u>							
Opening balance as of 1 January 2023	145,056	1,449	1,642	1,170,131	1,223,424	70,695	2,612,397
Additions	-	-	-	291,643	104,126	274,480	670,249
Revaluation increase/(decrease) (**)	(6,165)	-	-	-	-	-	(6,165)
Disposals	-	(57)	-	(99,646)	(37,626)	-	(137,329)
Transfers (*)	-	-	-	80,424	79,921	(177,308)	(16,963)
Closing balance as of 31 December 2023	138,891	1,392	1,642	1,442,552	1,369,845	167,867	3,122,189
<u>Accumulated Depreciation</u>							
Opening balance as of 1 January 2023	(25,860)	(1,449)	(1,076)	(905,227)	(1,033,011)	-	(1,966,623)
Charge for the period	(3,430)	-	(145)	(120,509)	(77,267)	-	(201,351)
Disposals	-	57	-	94,624	37,273	-	131,954
Impairment / reversal net	-	-	-	(129)	(93)	-	(222)
Closing balance as of 31 December 2023	(29,290)	(1,392)	(1,221)	(931,241)	(1,073,098)	-	(2,036,242)
Closing balance as of 31 December 2022	119,196	-	566	264,904	190,413	70,695	645,774
Net book value as of 31 December 2023	109,601	-	421	511,311	296,747	167,867	1,085,947

(*) As of 31 December 2024, net impairment loss for property, plant and equipment is TL 2,264 (31 December 2023: TL 222). TL 182,556 (31 December 2023: TL 143,214) of depreciation expense is included in marketing expenses and TL 85,807 (31 December 2023: TL 58,137) is included in general administrative expenses.

(**)The fair value of the building owned by the Company as of 19 February 2025 was determined by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company from the Company. The relevant company is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in the fair value measurement of real estate in the relevant region. The fair value of the building owned was calculated using the "Income Approach" and the "Direct Capitalization Method" and the final value was reached by harmonizing the results obtained. A decrease in value of TL 10,234 for the part of the relevant real estate used by the Company was recorded in the revaluation and measurement gains account under equity. (31 December 2023: TL 6.165) For the part of the building held for investment purposes, a capital gain of 3,176 (31 December 2023 TL 47,734) was recorded under the profit or loss statement (Note 12 and 2.4). The fair value of the building in question is level 2.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 14 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation for the period ended 31 December 2024 and 2023 are as follows:

Cost Value	Licences - Rights and Computer Software
Opening balance as of 1 January 2024	1,914,967
Additions	346,721
Disposals	(3,886)
Closing balance as of 31 December 2024	2,257,802
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2024	(1,559,789)
Charge for the period	(174,387)
Disposals	3,855
Closing balance as of 31 December 2024	(1,730,321)
Closing balance as of 31 December 2023	355,178
Net book value as of 31 December 2024	527,481

Cost Value	Licences - Rights and Computer Software
Opening balance as of 1 January 2023	1,729,397
Additions	169,754
Transfers	16,963
Disposals	(1,147)
Closing balance as of 31 December 2023	1,914,967
<u>Accumulated Amortization</u>	
Opening balance as of 1 January 2023	(1,421,076)
Charge for the period	(139,857)
Transfers	1,144
Closing balance as of 31 December 2023	(1,559,789)
Closing balance as of 31 December 2022	308,321
Net book value as of 31 December 2023	355,178

TL 108,786 (2023: TL 87,245) of amortization expense is included in marketing expenses and TL 65,601 (2023: TL 52,612) is included in general administrative expenses.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

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

Details of payables related to employee benefits as of 31 December 2024 and 31 December 2023 are as follows:

Payables related to employee benefits	31 December 2024	31 December 2023
Salaries payable to personnel	103,375	93,640
Social security premiums payable	55,503	107,307
Income tax payable	32,047	25,777
	190,925	226,724

The details of the provisions for employee benefits as of 31 December 2024 and 31 December 2023 are as follows:

Short-term provisions	31 December 2024	31 December 2023
Sales personnel premium provision	44,712	70,432
Provision for unused leave	37,313	33,245
General management premium provision	18,698	76,688
Key management bonus provision	5,050	13,637
	105,773	194,002
Long-term provisions	31 December 2024	31 December 2023
Provision for employment termination benefits	101,843	127,006
General management premium provision	5,510	7,954
	107,353	134,960

The movement of employment termination benefit provision for the year ended 31 December 2024 and 2023 are as follows:

Movement of provision for employment termination benefits:	2024	2023
Provision balance as of 1 January	127,006	155,483
Service cost	35,303	42,944
Interest cost	25,029	18,163
Payments during the period	(54,855)	(63,303)
Actuarial loss/(gain)	9,619	43,509
Inflation Adjustment	(40,259)	(69,790)
Provision balance as of 31 December	101,843	127,006

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 15 – PAYABLES RELATED TO EMPLOYEE BENEFITS AND PROVISIONS FOR EMPLOYEE BENEFITS (cont'd)

The details of the other short-term provisions as of 31 December 2024 and 31 December 2023 are as follow.

	31 December 2024	31 December 2023
Opening Balance	194,002	179,469
Charge for the Period	(28,597)	69,698
Inflation Effect	(59,632)	(55,165)
Closing Balance	105,773	194,002

NOTE 16 – PROVISIONS

The details of the other short-term provisions as of 31 December 2024 and 31 December 2023 are as follow.

Short-term provisions	31 December 2024	31 December 2023
Ministry of Commerce Penalty Provision (*)	20,988	-
Provision for litigations (**)	46,751	36,529
Provision for consultancy and centre expenses (***)	10,028	34,166
Store provisions	4,179	18,791
İklimsa warranty provision	3,519	6,506
Provision for Competition Board penalty	-	41,371
Other	18,949	9,720
	104,414	147,083

(*) As a result of the audit conducted within the framework of the provisions of the Law No. 6502 on the Protection of Consumers, the Turkish Ministry of Commerce, Istanbul Provincial Directorate of Commerce decided to impose a fine of TL 83,893 in accordance with Articles 77 and 78 of the same Law for not including the delivery time in the preliminary information form. On 27 May 2024, the penalty notice was notified to the Company. Following the notification, the Company management is considering using all legal rights, including reconciliation, in relation to the penalty notice. As a result of the Company's reconciliation application, the administrative fine was reduced to TL 41,946 by the Reconciliation Commission. The first installment of the Company's administrative fine of TL 41,946 was paid within the legal payment period. The first installment payment was made on 10 July 2024 in the amount of TL 10,479, and the second installment payment was made on 4 November 2024 in the amount of TL 10,479. It has been decided to pay 2 instalments for the remaining TL 20,988 within one year, and if the instalments are not paid on time and in full, the remaining part of the administrative fine will be collected in full.

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

(***) It consists of the provisions for the services and consultancy received by the Company during the fiscal year.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 16 – PROVISIONS (cont'd)

The movement of provisions for ongoing litigation and cancellation of rent agreements for the year ended 31 December 2024 and 31 December 2023 are as follows:

	1 January 2024	Charge for the Period	Inflation Effect	31 December 2024
Litigation provisions	36,529	21,473	(11,251)	46,751
Claim for damages	1,404	-	(455)	949
Reemployment lawsuit	29,050	15,458	(8,929)	35,579
Consumer lawsuits	3,791	703	(1,165)	3,329
Rental litigation provisions	2,284	5,312	(702)	6,894
	36,529	21,473	(11,251)	46,751

	1 January 2023	Charge for the Period	Inflation Effect	31 December 2023
Litigation provisions	29,540	18,602	(11,613)	36,529
Claim for damages	2,524	(128)	(992)	1,404
Reemployment lawsuit	23,652	14,696	(9,298)	29,050
Consumer lawsuits	3,163	1,871	(1,243)	3,791
Rental litigation provisions	201	2,163	(80)	2,284
	29,540	18,602	(11,613)	36,529

As of 31 December 2024, the amount of letters of guarantee given from banks to the related court administrations is TL 15,643. (31 December 2023: TL 15,577)

The movement of other provisions as of 31 December 2024 and 31 December 2023 are as follows:

	1 January 2024	Charge for the Period	Inflation effect	31 December 2024
Ministry of Commerce Penalty Provision	-	20,988	-	20,988
Provision for consultancy and centre expenses	34,166	(13,871)	(10,267)	10,028
Store provisions	18,791	(8,622)	(5,990)	4,179
İklimsa warranty provision	6,506	(987)	(2,000)	3,519
Provision for Competition Board penalty	41,371	(28,654)	(12,717)	-
Other	9,720	12,190	(2,961)	18,949
	110,554	(18,956)	(33,935)	57,663

	1 January 2023	Charge for the Period	Inflation effect	31 December 2023
Provision for consultancy and centre expenses	4,334	31,535	(1,703)	34,166
Store provisions	4,419	16,108	(1,736)	18,791
İklimsa warranty provision	4,759	3,618	(1,871)	6,506
Provision for Competition Board penalty	-	41,371	-	41,371
Other	13,309	1,644	(5,233)	9,720
	26,821	94,276	(10,543)	110,554

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 17 - COMMITMENTS***Collateral, pledge, mortgage, warrant position***

Collaterals, pledges, mortgages and warrant ("CPMW") given by the Company as of 31 December 2024 and 31 December 2023 are as follows:

CPMW's Given by the Company

	TL	US Dollar	Euro	Other
31 December 2024	equivalent			
A. Total Amount of CPMW Given on Behalf of the Legal Entity	6,073,297	14,735	2,468	5,463,552
-Guarantees	5,513,844	543	950	5,459,780
-Pledge	-	-	-	-
-Mortgage	3,772	-	-	3,772
-Letter of Credit	555,681	14,192	1,518	-
B. Total Amount of CPMW Given Against the Subsidiaries Included in Full Consolidation	-	-	-	-
C. Total Amount of CPMW Given to Maintain Operations and Collect Payables from Third Parties	-	-	-	-
D. Total amount of other CPMW's given	-	-	-	-
Total	6,073,297	14,735	2,468	5,463,552

CPMW's Given by the Company

	TL	US Dollar	Euro	Other
31 December 2023	equivalent			
A. Total Amount of CPMW Given on Behalf of the Legal Entity	6,495,447	11,578	2,334	4,126,021
-Guarantees	6,079,927	2,004	2,334	4,117,442
-Pledge	-	-	-	-
-Mortgage	8,579	-	-	8,579
-Letter of Credit	406,941	9,574	-	-
B. Total Amount of CPMW Given Against the Subsidiaries Included in Full Consolidation	-	-	-	-
C. Total Amount of CPMW Given to Maintain Operations and Collect Payables from Third Parties	-	-	-	-
D. Total amount of other CPMW's given	-	-	-	-
Total	6,495,447	11,578	2,334	4,126,021

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 2024 (31 December 2023: 0%).

As of 31 December 2024 and 31 December 2023, the Company is contingently liable in respect of bank letter of guarantees obtained from banks mainly given to lessors in accordance with the lease agreements, enforcement office related to ongoing lawsuits and custom related to import transactions.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 18 – OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities as of 31 December 2024 and 31 December 2023 are as follows.

<u>Other Current Assets</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Deferred VAT	-	445,548
Business advances	21,673	7,184
Personnel advances	543	455
Other miscellaneous current assets	76,608	47,097
	<u>98,824</u>	<u>500,284</u>

<u>Other Current Liabilities</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Calculated / Payable VAT	63,059	-
Other expense accruals	30,226	23,537
Other miscellaneous payables and liabilities	7,257	5,154
	<u>100,542</u>	<u>28,691</u>

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 2023: approved and the issued 20,100,000,000 shares of 1 Kr nominal value).

The details of the shareholders' equity structure as at 31 December 2024 and 2023 are as follows.

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>Share</u>		<u>Share</u>	
Hacı Ömer Sabancı Holding A.Ş.	100,500	50%	100,500	
Other	100,500	50%	100,500	
Nominal Capital	201,000	100%	201,000	
Capital adjustment	2,751,124		2,751,124	
Adjusted capital	2,952,124		2,952,124	

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 2024, share premiums in the financial statements of the Company are TL 923,600 (31 December 2023: TL 923,600).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 19 – SHAREHOLDERS' EQUITY (cont'd)

Restricted Reserves Appropriated from Profit

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 2024	31 December 2023
Legal reserves	80,877	56,822
	80,877	56,822

Other comprehensive income or expenses not to 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 2024 and 2023 are as follows:

	2024	2023
Balance at the beginning of the period	38,976	41,362
Fair value increase/(decrease)	(5,360)	(2,386)
Balance at the end of the period	33,616	38,976

Gain / (losses) on remeasurement of defined benefit plans

As of 31 December 2024, actuarial loss amounting to TL 133,763 (31 December 2023: TL 126,549) is recognized as other comprehensive expense.

Other comprehensive income or expenses to be reclassified to profit or loss

Gains/losses on hedging

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 2024, the Company's hedging losses are TL 387 (31 December 2023: TL 756).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 19 – SHAREHOLDERS' EQUITY (cont'd)**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 2024 and the restated amounts in the financial statements prepared in accordance with Law No. 6762 and other legislation are as follows:

	Amounts restated for the effects of inflation in the financial statements prepared in accordance with the Law No. 6762 and other legislation	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/IFRS	Difference recognised in retained earnings
31 December 2024			
Capital Adjustment Differences	3,789,236	2,751,124	1,038,112
Share Premiums	1,037,526	923,600	113,926
Restricted Reserves Appropriated from Profit	192,771	80,877	111,894
	5,019,533	3,755,601	1,263,932

NOTE 20 – REVENUE AND COST OF REVENUE

As of 31 December 2024 and 2023, the details of revenue and cost of sales are as follows.

	1 January-31 December 2024	1 January-31 December 2023
a) Sales income (net)		
Retail sales	59,214,312	57,643,391
E-commerce sales	6,398,975	7,232,809
Dealer group sales	3,822,660	3,446,240
	69,435,947	68,322,440
b) Cost of sales		
Cost of trade goods sold	(60,198,072)	(60,826,731)
Installation and warranty expenses	(324,800)	(212,484)
	(60,522,872)	(61,039,215)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 21 – GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

	1 January- 31 December 2024	1 January- 31 December 2023
General administrative expenses (-)	(885,807)	(789,726)
Marketing expenses (-)	(6,563,516)	(6,147,123)
	(7,449,323)	(6,936,849)

As of 31 December 2024 and 2023, the details of general administrative expenses are as follows:

a) General Administrative Expenses	1 January- 31 December 2024	1 January- 31 December 2023
Personnel expenses	(379,684)	(393,060)
IT expenses	(167,956)	(138,903)
Consultancy service expenses	(130,190)	(90,129)
Depreciation and amortization expenses	(156,468)	(118,857)
Lease expenses	(15,339)	(9,827)
Travel expenses	(6,353)	(6,307)
Maintenance, repair and cleaning expenses	(4,628)	(5,626)
Independent audit expenses (Note 30)	(2,862)	(2,238)
Energy, fuel and water expenses	(450)	(478)
Other expenses	(21,877)	(24,301)
	(885,807)	(789,726)

As of 31 December 2024 and 2023, the details of marketing, selling and distribution expenses are as follows:

b) Marketing Expenses	1 January- 31 December 2024	1 January- 31 December 2023
Personnel expenses	(2,241,030)	(2,033,249)
Depreciation and amortization expenses	(1,230,809)	(1,031,132)
Rent expense	(1,245,250)	(1,201,880)
Advertising and promotion expenses	(633,019)	(758,760)
Freight and logistics expenses	(633,443)	(494,057)
Energy, fuel and water expenses	(126,796)	(183,568)
Maintenance, repair and cleaning expenses	(76,796)	(78,994)
Consultancy service expenses	(69,389)	(65,247)
Travel, transport and accommodation expenses	(20,422)	(17,809)
Communication expenses	(6,262)	(4,479)
Other expenses	(280,300)	(277,948)
	(6,563,516)	(6,147,123)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

As of 31 December 2024 and 2023, details of other operating income are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
<u>Other Income from Operating Activities</u>		
Foreign exchange income	529,197	1,008,494
Bank interest income	422,758	424,717
Maturity difference income	173,184	224,571
Deductions from personnel	8,798	6,357
Lease termination income	4,160	1,098
Other income	46,215	32,942
	<u>1,184,312</u>	<u>1,698,179</u>

As of 31 December 2024 and 2023, details of other operating expenses are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
<u>Other Expenses from Operating Activities</u>		
Maturity difference expenses	(3,611,334)	(1,626,274)
Foreign exchange expenses	(676,882)	(1,313,443)
Court and execution expenses	(50,304)	(33,831)
Other expenses	(113,343)	(128,419)
	<u>(4,451,863)</u>	<u>(3,101,967)</u>

NOTE 23 - INCOME FROM INVESTING ACTIVITIES

As of 31 December 2024 and 2023, the details of income from investing activities are as follows.

	1 January- 31 December 2024	1 January- 31 December 2023
Income from investing activities		
Gain on fair value increase of investment property	3,176	47,734
Property, plant and equipment sales income	1,014	4
	<u>4,190</u>	<u>47,738</u>

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 24 - FINANCIAL EXPENSES AND INCOME

As of 31 December 2024 and 2023, the details of financial expenses are as follows:

<u>Finance Expenses</u>	1 January- 31 December 2024	1 January- 31 December 2023
Credit card commission and discount expenses	(3,245,017)	(2,184,097)
Interest and commission expenses	(827,583)	(165,086)
Interest expense on lease liabilities (Note 6)	(233,482)	(230,298)
Foreign exchange expense	(99,058)	(12,105)
Letter of guarantee commissions	(38,146)	(33,613)
Other financial expenses	(4,190)	(2,489)
	<u>(4,447,476)</u>	<u>(2,627,688)</u>

As of 31 December 2024 and 2023, the details of financial income are as follows:

<u>Finance Income</u>	1 January- 31 December 2024	1 January- 31 December 2023
Foreign exchange income	242,504	266,316
	<u>242,504</u>	<u>266,316</u>

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 25 - DISCLOSURES ON NET MONETARY POSITION GAINS/(LOSSES)

The details of the Company's net monetary position gains/(losses) in accordance with TAS 29 as at 31 December 2024 and 31 December 2023 are as follows:

Non-Monetary Items	1 January - 31 December 2024
Statement of financial position items	(770,909)
Inventories	3,187
Property, Plant and Equipment	195,894
Other Intangible Assets	66,921
Right-of-Use Assets	90,833
Deferred Tax Assets	(21,845)
Deferred Tax Liability	4,131
Paid-in Capital	(907,126)
Share Premiums	(283,894)
Gain/(Loss) on Remeasurement of Defined Benefit Plans	50,048
Hedging Gains/Losses	187
Value Increase Funds	5,921
Restricted Reserves Appropriated from Profit	(21,087)
Prior Years' Profit/Losses	45,921
Statement of profit or loss	5,090,596
Revenue	(8,199,564)
Cost of Sales	10,860,264
General Administrative Expenses	165,225
Marketing Expenses	1,267,169
Other Operating Income/Expenses	77,469
Income/Expenses from Investing Activities	404,310
Finance Income/Expenses	516,825
Current Period Tax Expense	(1,102)
Net monetary position gains / (losses)	4,319,687

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 26 - INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Corporate tax

The Company is subject to tax legislation and practices effective in Türkiye. 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 quarterly 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.

In Türkiye, corporate tax rate is 25% as of 31 December 2024 (31 December 2023: 25%).

Transfer pricing regulations

In Türkiye, 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/(expense) realised in profit/loss accounts for the years ended 31 December 2024 and 2023 are as follows:

<u>Tax provision</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Current corporate tax expense	1,715	(380,429)
Deferred tax income	263,308	(60,609)
	<u>265,023</u>	<u>(441,038)</u>

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except for goodwill not subject to tax deductibility and differences between initial recognition of assets and liabilities for accounting and taxation purposes.

As of 31 December 2024 and 2023, the breakdown of deferred tax assets and liabilities using enacted tax rates is as follows.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

<i>Deferred tax assets / (liabilities)</i>	31 December 2024	31 December 2023
Financial Loss to be Deducted	312,725	-
Other Current Assets	80,905	80,748
Inventories	73,681	29,082
Employment Termination Benefit	25,750	31,752
Valuation and Amortisation Differences of Property, Plant and Equipment and Intangible Assets	(125,129)	(24,231)
Right-of-Use Assets	(93,114)	(113,886)
Other Current Liabilities	(70,683)	(68,174)
Other	(4,738)	(6,359)
	199,397	(71,068)

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 26 - INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (cont'd)

As of 31 December 2024 and 31 December 2023, the movement of deferred tax assets is as follows:

	31 December 2024	31 December 2023
1 January opening balance	(71,068)	(24,058)
Current tax income / (expense)	263,308	(60,609)
Recognised under equity	7,157	13,599
	199,397	(71,068)

The reconciliation of the tax expense for the period with the loss for the period is as follows:

	31 December 2024	31 December 2023
Profit before tax from operating activities	(1,684,894)	1,520,274
Valid tax rate	25%	25%
Tax calculated	421,224	(380,070)
Reconciliation of tax provision		
-Revaluation effect of depreciable economic assets	25,322	43,174
-Discounts and exemptions	-	35,133
-Expenses not recognised by law	(56,584)	(37,609)
-Deferred tax effect of temporary differences arising from inflation accounting in accordance with TPL	17,508	192,847
-Effect of change in tax rate	-	-
-Inflation and other effects	(142,447)	(294,513)
Tax expense in the income statement	265,023	(441,038)

As of 31 December 2024 and 2023, the details of period income tax liabilities are as follows:

	31 December 2024	31 December 2023
Current corporate tax provision	1,715	380,429
Less: Prepaid taxes and funds	(1,715)	(335,560)
Period profit tax liability:	-	44,869

NOTE 27 – EARNINGS 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 2024	1 January - 31 December 2023
Average number of shares outstanding during the period (full value)	20,100,000,000	20,100,000,000
Net (loss)/profit for the period attributable to equity holders of the parent company	(1,419,871)	1,079,236
(Loss)/earnings per share from continuing operations		
-thousand shares (thousand TL)	(0.0706)	0.0537
Diluted loss per share from continuing operations		
-thousand shares (thousand TL)	(0.0706)	0.0537

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

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 to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. In line with other companies in the sector, the Company monitors capital using the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by deducting cash and cash equivalents from financial liabilities. Total capital is calculated as the sum of shareholders' equity and net debt as shown in the balance sheet.

	31 December 2024	31 December 2023
Total financial debt	1,220,891	1,833,796
Less: Cash and cash equivalents and banks	(2,556,599)	(3,954,316)
Net financial debt	(1,335,708)	(2,120,520)
Total shareholders' equity	2,274,530	3,706,606
Net financial debt / equity ratio	-59%	-57%

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 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).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management

As of 31 December 2024, the table below shows the Company's exposure to credit risks by types of financial instruments:

Details of credit risk by type of financial instruments	Receivables			Deposits at banks and credit card receivables
	Trade receivables	Other receivables		
	Related Party	Other	Other	
31 December 2024				
Maximum credit risk exposure as of reporting date (*)	14,384	1,193,771	1,435	2,548,422
- The portion at the maximum risk secured with guarantees etc. (**)	-	813,457	-	-
A. Net book value of financial assets that are neither past due nor impaired	12,809	1,015,462	1,435	2,548,422
B. Net book value of financial assets that are past due but not impaired	1,575	178,309	-	-
C. Net book value of impaired assets	-	-	-	-
-Past due (gross carrying amount)	-	8,493	-	-
-Impairment (-)	-	(8,493)	-	-
- The portion at the maximum risk secured with guarantees etc.	-	-	-	-
-Past due (gross carrying amount)	-	-	-	-
-Impairment (-)	-	-	-	-
- The portion at the maximum risk secured with guarantees etc.	-	-	-	-
D.Off-balance sheet items that include credit risk	-	-	-	-

As of 31 December 2023, the table below shows the Company's exposure to credit risks in terms of types of financial instruments:

Details of credit risk by type of financial instruments	Receivables			Deposits at banks and credit card receivables
	Trade receivables	Other receivables		
	Related Party	Other	Other	
31 December 2023				
Maximum credit risk exposure as of reporting date (*)	22,987	1,321,866	1,759	3,935,551
- The portion at the maximum risk secured with guarantees etc. (**)	-	664,199	-	-
A. Net book value of financial assets that are neither past due nor impaired	22,987	1,321,866	1,759	3,935,551
B. Net book value of financial assets that are past due but not impaired	3,306	97,804	-	-
C. Net book value of impaired assets	-	-	-	-
-Past due (gross carrying amount)	-	10,813	-	-
-Impairment (-)	-	(10,813)	-	-
- The portion at the maximum risk secured with guarantees etc.	-	-	-	-
-Past due (gross carrying amount)	-	-	-	-
-Impairment (-)	-	-	-	-
- The portion at the maximum risk secured with guarantees etc.	-	-	-	-
D.Off-balance sheet items that include 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.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Explanations on the credit quality of financial assets

As of 31 December 2024 and 2023, 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 2024	31 December 2023
1-30 days past due	91,404	72,188
1-3 months past due	75,125	22,553
3-12 months past due	13,354	6,369
Total overdue receivables	179,883	101,110
Portion secured with collateral	69,482	23,401

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 16,956,000 that the Company can utilize whenever needed as of 31 December 2024 (31 December 2023: TL 9,799,300).

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.2) Liquidity risk (cont'd)

The table below shows the liquidity risk arising from the Company's financial liabilities:

31 December 2024	Book value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	13,683,095	13,683,095	13,683,095	-	-	-
<i>Related party</i>	50,187	50,187	50,187	-	-	-
<i>Other</i>	13,632,908	13,632,908	13,632,908	-	-	-
Bank loans	340,000	390,860	390,860	-	-	-
Lease liabilities	830,031	791,102	126,317	253,488	411,297	38,929
Payables for employee benefits	190,925	190,925	190,925	-	-	-
Other payables	15,374	15,374	15,374	-	-	-
Total liabilities	15,059,425	15,071,356	14,406,571	253,488	411,297	38,929

31 December 2023	Book value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	14,313,220	14,313,220	14,313,220	-	-	-
<i>Related party</i>	81,929	81,929	81,929	-	-	-
<i>Other</i>	14,231,291	14,231,291	14,231,291	-	-	-
Bank loans	734,617	783,067	267,939	515,128	-	-
Lease liabilities	1,050,729	1,050,729	106,544	315,062	629,123	-
Payables for employee benefits	226,724	226,724	226,724	-	-	-
Other payables	17,961	17,961	17,961	-	-	-
Total liabilities	16,343,251	16,391,701	14,932,388	830,190	629,123	-

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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 2024			
	TL Equivalent	USD	EUR	Other
1. Trade Receivables	100,501	2,847	6	-
2a. Monetary Financial Assets	694,827	17,977	1,677	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	16,359	464	-	-
4. Current assets (1+2+3)	811,687	21,288	1,683	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	1,303	37	-	-
8. Non-current assets (5+6+7)	1,303	37	-	-
9. Total assets (4+8)	812,990	21,325	1,683	-
10. Trade Payables	(1,544,032)	(42,227)	(1,542)	-
11. Financial Liabilities	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	(14,997)	(431)	5	-
13. Current liabilities (10+11+12)	(1,559,029)	(42,658)	(1,537)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long-term liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(1,559,029)	(42,658)	(1,537)	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19.a Total amount of hedged assets	-	-	-	-
19b. Total amount of hedged liabilities	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	(746,039)	(21,333)	146	-
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(748,704)	(21,403)	141	-
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

**NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(cont'd)**

Foreign currency risk (cont'd)

	31 December 2023			
	TL Equivalent	USD	EUR	Other
1. Trade Receivables	14,606	487	9	-
2a. Monetary Financial Assets	1,396,834	43,285	3,764	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,791	41	18	-
4. Current assets (1+2+3)	1,413,231	43,813	3,791	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	1,573	53	-	-
8. Non-current assets (5+6+7)	1,573	53	-	-
9. Total assets (4+8)	1,414,804	43,866	3,791	-
10. Trade Payables	(2,084,766)	(70,393)	(384)	-
11. Financial Liabilities	-	-	-	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	(17,775)	(601)	(3)	-
13. Current liabilities (10+11+12)	(2,102,541)	(70,994)	(387)	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long-term liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(2,102,541)	(70,994)	(387)	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	(170,010)	(5,775)	-	-
19.a Total amount of hedged assets	-	-	-	-
19b. Total amount of hedged liabilities	170,010	5,775	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	(857,747)	(32,903)	3,404	-
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(673,326)	(26,621)	3,389	-
22. Total fair value of financial instruments used for foreign currency hedging	(641)	(22)	-	-

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

The following table details the Company's sensitivity to a 10% change in US Dollars, Euro and other foreign currencies. These amounts represent the effect of a 10% increase/decrease in the value of USD, EUR and other foreign currencies against TL on the statement of profit or loss. This analysis assumes that all variables, in particular interest rates, remain constant.

Foreign Currency Sensitivity Analysis Table

	31 December 2024			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL				
1 - Net asset/liability of USD	(75,142)	75,142	(75,142)	75,142
2- Portion hedged from USD risk (-)				
3- USD net effect (1 +2)	(75,142)	75,142	(75,142)	75,142
In case EUR appreciates 10% against TL				
4 - Net asset/liability of EUR	536	(536)	536	(536)
5 - Portion hedged from EUR risk (-)			-	
6- EUR net effect (4+5)	536	(536)	536	(536)
In case of other foreign currency appreciates 10% against TL				
7- Other foreign currency net assets / liabilities	-	-	-	-
8- Portion hedged from other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Assets net effect (7+8)	-	-	-	-
TOTAL (3 + 6 +9)	(74,606)	74,606	(74,606)	74,606

Foreign Currency Sensitivity Analysis Table

	31 December 2023			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL				
1 - Net asset/liability of USD	(79,863)	79,863	(79,863)	79,863
2- Portion hedged from USD risk (-)			(17,001)	17,001
3- USD net effect (1 +2)	(79,863)	79,863	(96,864)	96,864
In case EUR appreciates 10% against TL				
4 - Net asset/liability of EUR	11,088	(11,088)	11,088	(11,088)
5 - Portion hedged from EUR risk (-)			-	
6- EUR net effect (4+5)	11,088	(11,088)	11,088	(11,088)
In case of other foreign currency appreciates 10% against TL				
7- Other foreign currency net assets / liabilities	-	-	-	-
8- Portion hedged from other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Assets net effect (7+8)	-	-	-	-
TOTAL (3 + 6 +9)	(68,775)	68,775	(85,776)	85,776

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

As of 31 December 2024 and 31 December 2023, the carrying amounts and fair values of financial assets and liabilities are shown in the table below:

<u>31 December 2024</u>	Financial assets measured at amortised cost	Financial assets and liabilities measured at fair value through other comprehensive income	Financial liabilities measured at amortised cost	Book value	Note
<u>Financial Assets</u>					
Cash and cash equivalents	2,556,599	-	-	2,556,599	5
Trade receivables (including related party balances)	1,208,155	-	-	1,208,155	7
Other receivables (including related party balances)	1,435	-	-	1,435	8
Derivative Instruments	-	-	-	-	
<u>Financial Liabilities</u>					
Financial pay ables	-	-	390,860	390,860	6
Lease liabilities	-	-	830,031	830,031	6
Trade pay ables (including related party balances)	-	-	13,683,095	13,683,095	7
Other pay ables	-	-	15,374	15,374	8
Derivative instruments	-	-	-	-	
<u>31 December 2023</u>	Financial assets measured at amortised cost	Financial assets and liabilities measured at fair value through other comprehensive income	Financial liabilities measured at amortised cost	Book value	Note
<u>Financial Assets</u>					
Cash and cash equivalents	3,954,316	-	-	3,954,316	5
Trade receivables (including related party balances)	1,344,853	-	-	1,344,853	7
Other receivables (including related party balances)	1,759	-	-	1,759	8
Derivative Instruments	-	-	-	-	
<u>Financial Liabilities</u>					
Financial pay ables	-	-	783,067	783,067	6
Lease liabilities	-	-	1,050,729	1,050,729	6
Trade pay ables (including related party balances)	-	-	14,313,220	14,313,220	7
Other pay ables	-	-	17,961	17,961	8
Derivative instruments	-	641	-	641	

The Company management believes that the carrying values of financial instruments reflect their fair values due to the short-term nature of financial assets and liabilities.

TEKNOSA İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ('TL') in terms of the purchasing power at 31 December 2024 unless otherwise stated.)

NOTE 30- FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT

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:

	<u>2024</u>	<u>2023</u>
Independent audit services	2,862	2,238
Other assurance services	-	52
	<u>2,862</u>	<u>2,290</u>

NOTE 31 – EVENTS AFTER THE REPORTING PERIOD

On 17 February 2025, the Company issued a financing bond amounting to TL 500,000,000 with a maturity of 95 days, fixed interest rate of 42.90%, redemption date of 23 May 2025 and ISIN code TRFTKNO52513.