

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2023
AND INDEPENDENT AUDITOR'S REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Şok Marketler Ticaret A.Ş

A . Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Şok Marketler Ticaret A.Ş (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies (Notes 1 to 31).

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

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Other information

The Group Management is responsible for the other information. The other information comprises the Appendix I and II "Other information" and does not constitute a part of the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement within this other information, we are required to report that fact. We have nothing to report in this regard.

4. Key audit matters

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue recognition (Notes 2.8 and 21 to the accompanying consolidated financial statements)</p> <p>The Group operates in hard discount retail market in Turkey. In addition to being the most important financial statement line item for the retail industry, revenue is one of the most important criteria for evaluating the performance including those of stores and the results of strategies applied by management.</p> <p>The audit of revenue is a key audit matter since revenue amounting to TRY 132,976 million for the year ending 31 December 2023 as stated in the accompanying consolidated financial statements is material to the financial statements, and the completeness and accuracy of revenue transactions are difficult to audit due to the high volume of transactions resulting from the large number of stores and sales points.</p>	<p>The audit procedures performed include a combination of validation of key controls in the revenue recognition process, substantive tests and analytical procedures.</p> <p>The revenue recognition process was understood by way of inquiries with the process owners, and design effectiveness, implementation and the operating effectiveness of key controls were evaluated with the support of our experts in Information Technology ("IT").</p> <p>Access to programs, program changes and program development controls were tested by our IT experts.</p> <p>To make sure that pricing and invoicing of revenue are complete and accurate, we tested the controls of accounting entry of sales data to ensure entry can only be performed with the approval of the accounting department, automatic transfer of sales data to the accounting system and automatic transfer of sales prices to cashboxes.</p> <p>Testing on a sample basis was performed for the recognition of daily transfers to the cash boxes.</p> <p>Substantive analytical procedures were performed to assess revenue variance. Product and category based sales and gross margins were compared to prior periods and their consistency was evaluated.</p> <p>In addition to these, measurement of revenue and adequacy and compliance of related disclosures included in the accompanying consolidated financial statements were evaluated from TFRS standpoint.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="100 534 817 597">Application of TAS 29-Financial Reporting in Hyperinflationary Economies</p> <p data-bbox="100 608 817 672">As described in Note 2.1, TAS 29 “Financial reporting in hyperinflationary economies” is effective for the Company.</p> <p data-bbox="100 704 817 1119">TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect the price index at 31 December 2023. The implementation of TAS 29 leads to a significant change in certain financial statement line items pervasively. The impact of TAS 29 is reliant upon complex calculations and several judgements in the restatement of relevant balance sheet items and transactions during the year. The preparation of consolidated financial statements using a current purchasing power approach requires a complex series of procedures and reconciliations.</p> <p data-bbox="100 1151 817 1310">We considered the application of TAS 29 to be a matter of most significance to the audit due to judgement applied, high degree of complexity in calculation and the risk of the data used being incomplete or inaccurate in the restatement process.</p>	<p data-bbox="817 608 1523 704">The audit procedures we have applied for application of TAS 29 – Financial Reporting in Hyperinflationary Economies are summarized below:</p> <p data-bbox="817 736 1523 800">We obtained an updated understanding of the Company’s processes and accounting policies,</p> <p data-bbox="817 832 1523 927">We obtained an understanding and evaluated the relevant controls designed and implemented by management resulting from implementation of TAS 29,</p> <p data-bbox="817 959 1523 1055">We obtained detailed listings of non-monetary items and agreed the original cost and dates of acquisition to supporting documentation,</p> <p data-bbox="817 1087 1523 1247">We evaluated the reasonableness of judgements used by management by comparing them with recognised practices and applying our industry knowledge and experience. We also checked if the judgements have been used consistently in all periods,</p> <p data-bbox="817 1278 1523 1374">We determined whether the segregation of monetary and non-monetary items made by the management is in accordance with TFRS,</p> <p data-bbox="817 1406 1523 1544">We tested the restatement of non-monetary items, the income statement and preparation of the cash flows with the inflationary effects by checking the methodology and general price index rates used.</p>



5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated 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.
- Assess the 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 Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 April 2024.

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



Mert Tüten, SMMM
Independent Auditor

Istanbul, 16 April 2024

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ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Consolidated Statements of Financial Position as at December 31, 2023 and December 31, 2022

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, unless otherwise stated.)

ASSETS

		Audited 31 December 2023	Audited 31 December 2022
Current Assets	Note		
Cash and cash equivalents	5	4.203.641.041	1.415.532.224
Trade receivables	7	157.832.658	199.508.932
<i>Due from related parties</i>	27	<i>140.359.107</i>	<i>189.843.007</i>
<i>Other trade receivables</i>		<i>17.473.551</i>	<i>9.665.925</i>
Other receivables	8	151.418.829	301.163.829
Inventories	9	18.360.989.064	15.715.394.092
Prepaid expenses	10	2.270.313.235	1.747.498.731
<i>Due from related parties</i>	27	<i>221.925.231</i>	<i>85.207</i>
<i>Other prepaid expenses</i>		<i>2.048.388.004</i>	<i>1.747.413.524</i>
Other current assets	19	260.595.728	672.725.723
Total Current Assets		25.404.790.555	20.051.823.531
Non Current Assets			
Other receivables	8	73.143.581	97.030.879
Property and equipment	12	9.572.999.349	9.353.261.729
Right of use assets	11	11.870.402.250	11.236.671.564
Intangible assets		6.142.649.540	6.048.823.254
Goodwill	14	5.204.094.033	5.204.094.033
Other intangible assets	13	938.555.507	844.729.221
Total Non-Current Assets		27.659.194.720	26.735.787.426
TOTAL ASSETS		53.063.985.275	46.787.610.957

Accompanying notes form an integral part of these consolidated financial statements.

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Consolidated Statements of Financial Position as at December 31, 2023 and December 31, 2022

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, unless otherwise stated.)

LIABILITIES AND EQUITY

		Audited 31 December 2023	Audited 31 December 2022
Current Liabilities	Note		
Short-term lease liabilities	6	2.201.586.887	2.412.994.301
Trade payables	7	19.513.194.719	18.504.430.690
<i>Trade payables to related parties</i>	27	1.471.502.577	1.319.229.095
<i>Trade payables to third parties</i>		18.041.692.142	17.185.201.595
Payables related to employee benefits	17	1.248.243.866	888.135.866
Other payables	8	76.226.023	1.005.629
Current tax liabilities	26	54.304.288	10.943.835
Deferred income	10	59.398.559	118.948.987
<i>Deferred income to related parties</i>	27	54.008	17.784
<i>Deferred income to third parties</i>		59.344.551	118.931.203
Other short-term provisions		836.008.872	547.897.914
<i>Provision for short-term employee benefits</i>	17	309.609.098	216.871.834
<i>Other provisions</i>	15	526.399.774	331.026.080
Other current liabilities	19	298.184.274	226.554.980
Total Current Liabilities		24.287.147.488	22.710.912.202
Non current liabilities			
Long-term lease liabilities	6	4.100.463.703	4.632.415.982
Provision for long-term employee benefits	17	481.799.275	497.374.817
Other payables	8	586.330	531.587
Deferred income	10	747.685.185	--
Deferred tax liability	26	1.846.966.083	1.095.595.186
Total Non-Current Liabilities		7.177.500.576	6.225.917.572
EQUITY			
Share capital	20	593.290.008	593.290.008
Share capital adjustment differences		3.898.386.752	3.898.386.752
Accumulated other comprehensive income or expense that will not be reclassified to profit or loss:			
Defined benefit plans reameasurement losses	20	(287.476.970)	(16.911.525)
Restricted reserves	20	83.136.481	38.048.570
Retained earnings		12.865.755.189	6.383.927.843
Net profit / (loss) for the year		4.446.245.751	6.954.039.535
Shareholder's equity		21.599.337.211	17.850.781.183
Total Equity		21.599.337.211	17.850.781.183
TOTAL LIABILITIES AND EQUITY		53.063.985.275	46.787.610.957

Accompanying notes form an integral part of these consolidated financial statements.

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Consolidated Statements of Profit or Loss and Other Comprehensive Income as at Periods Ended December 31, 2023 and 2022

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, unless otherwise stated.)

	Note	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Revenue	21	132.975.792.655	112.384.820.331
Cost of sales (-)	21	(106.807.105.721)	(89.633.316.182)
Gross profit		26.168.686.934	22.751.504.149
Marketing and sales expenses (-)	22	(25.974.579.698)	(20.742.529.118)
General administrative expenses (-)	22	(930.710.442)	(953.971.278)
Other income from operating activities	23	777.218.109	87.893.602
Other expenses from operating activities (-)	23	(1.308.433.618)	(1.106.662.708)
Operating profit		(1.267.818.715)	36.234.647
Income from investing activities	24	334.135.611	149.957.584
Expenses from investing activities	24	(716.944)	(14.733.854)
		(934.400.048)	171.458.377
Loss before finance expenses			
Finance expenses (-)	25	(2.685.121.666)	(2.316.094.671)
Monetary gain		9.517.293.249	9.391.711.797
		5.897.771.535	7.247.075.503
Loss from continuing operations before taxation			
Income tax expense / (income)	26	(609.966.405)	(383.954.709)
Deferred tax income / (expense)	26	(841.559.379)	90.918.741
		4.446.245.751	6.954.039.535
PROFIT FOR THE PERIOD			
Attributable to:			
Equity holders of the parent		4.446.245.751	6.954.039.535
Non-controlling interests		--	--
Profit / (Loss) per share	30	7,49	11,72
Earnings per share from continuing operations		7,49	11,72
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that will not be reclassified to profit or loss		(270.565.445)	(5.665.000)
Define benefit plans remeasurement (losses) / gains		(360.753.927)	(7.357.143)
Deferred tax income / (expense)	26	90.188.482	1.692.143
		(270.565.445)	(5.665.000)
OTHER COMPREHENSIVE (LOSS) / INCOME			
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		4.175.680.306	6.948.374.535
Allocation of Total comprehensive Income / (Loss)			
Equity holders of the parent		4.175.680.306	6.937.128.010
Non-controlling interests		--	11.246.525
TOTAL COMPREHENSIVE INCOME / (LOSS)		4.175.680.306	6.948.374.535

Accompanying notes form an integral part of these consolidated financial statements.

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Consolidated Statement of Changes in Equity as at Periods Ended December 31, 2023 and 2022

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, unless otherwise stated.)

	Share capital	Share capital adjustment differences	Treasury shares	Defined benefit plans reamasurement losses	Restricted reserves	Retained earnings / accumulated losses		Shareholder's equity	Non-controlling interest (**)	Equity
						Retained earnings / accumulated losses	Profit / (loss) for the period			
Reported as of 1 January 2022	611.938.571	3.979.237.687	(964.677.084)	--	17.958.515	7.212.609.274	--	10.857.056.963	(11.246.525)	10.845.810.438
Transfer to retained earnings	--	--	--	--	20.090.055	(20.090.055)	--	--	--	--
Capital increase and share issue (*)	(18.638.563)	(80.850.935)	964.677.084	--	--	(808.591.376)	--	56.596.210	--	56.596.210
Total comprehensive income/(loss)	--	--	--	(16.911.525)	--	--	6.954.039.535	6.937.128.010	11.246.525	6.948.374.535
Balance as of 31 December 2022	593.290.008	3.898.386.752	--	(16.911.525)	38.048.570	6.383.927.843	6.954.039.535	17.850.781.183	--	17.850.781.183
Reported as of 1 January 2023	593.290.008	3.898.386.752	--	(16.911.525)	38.048.570	6.383.927.843	6.954.039.535	17.850.781.183	--	17.850.781.183
Transfer to retained earnings	--	--	--	--	45.087.911	6.908.951.624	(6.954.039.535)	--	--	--
Total comprehensive income/(loss)	--	--	--	(270.565.445)	--	--	4.446.245.751	4.175.680.306	--	4.175.680.306
Dividend paid (***)	--	--	--	--	--	(427.124.278)	--	(427.124.278)	--	(427.124.278)
Balance as of 31 December 2023	593.290.008	3.898.386.752	--	(287.476.970)	83.136.481	12.865.755.189	4.446.245.751	21.599.337.211	--	21.599.337.211

(*) The explanation regarding the capital decrease is disclosed in Note 1.

(**) Şok Marketler Ticaret A.Ş. As of 30 June 2022, with the purchase of the 20% minority share in the consolidated Mevsim Taze Sebze Meyve San.Tic.A.Ş., on 30 June 2022, there is no non-controlling interest.

(***) Pursuant to the authority given to our Board of Directors at the Ordinary General Assembly meeting held on 06.06.2023, it has been decided to distribute a total of TL 427,124,278 gross cash dividend based on purchasing power as of December 31, 2023 at the Board of Directors Meeting dated 16.08.2023. Dividend distribution started on August 22, 2023 and completed on August 24, 2023.

Accompanying notes form an integral part of these consolidated financial statements.

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

(Convenience translation of the consolidated financial statements originally issued in Turkish)

Consolidated Statement of Cash Flows as at Periods Ended December 31, 2023 and 2022

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, unless otherwise stated.)

	Note	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
A. OPERATING ACTIVITIES			
Profit for the period		4.446.245.751	6.954.039.535
Adjustments related to reconciliation of net profit / (loss) for the period			
-Depreciation and amortisation expenses	11-12-13	4.596.106.956	3.980.276.891
-Provision for employee benefits		(108.668.056)	463.774.368
-Provision for doubtful receivables	7	384.393	72.216
-Provision for litigation	15	18.314.400	(1.082.142.897)
-Discount (income) / expenses		(30.556.006)	(57.344.321)
-Allowance for / reversal of impairment on inventories, net		(108.525.658)	81.826.101
-Loss / (gain) on sale of property and equipment, net	24	350.981	13.844.182
-Tax income / (expenses)		1.451.525.784	293.035.968
-Interest income	24	(333.769.648)	(149.067.912)
-Interest expenses	25	2.685.121.666	2.316.094.671
-Adjustment for monetary loss/gain		12.126.110.726	6.564.999.741
Cash generated by / (used in) operations before changes in working capital:		24.742.641.289	19.379.408.543
Change in working capital:			
Changes in trade receivables		119.434.839	163.056.305
Changes in inventories		(2.537.069.314)	(9.443.329.505)
Changes in other receivables and current assets		(1.762.834.479)	(1.070.252.507)
Changes in trade payables		(6.234.848.518)	1.784.522.030
Changes in other payables and expense accruals		57.240.439	(208.060.984)
Changes in employee benefits		10.978.103	344.498.631
Changes in prepaid expenses and deferred income		165.320.253	(1.469.957.415)
Cash used in operations		14.560.862.612	9.479.885.098
Income taxes paid		(1.001.591.037)	(687.247.817)
Other cash inflow	7	284.832	439.146
Other provision paid	15	(38.321.651)	(4.253.792)
Employee benefits paid	17	(370.444.254)	(194.959.473)
Net cash generated by operating activities:		13.150.790.502	8.593.863.162
B. INVESTING ACTIVITIES			
Interest received	24	333.769.648	149.067.912
Purchases of property, plant and equipment	12	(2.248.724.220)	(3.189.826.573)
Purchases of intangible assets	13	(158.714.778)	(60.006.769)
Cash inflows from the sale of property, plant and equipment	12-13-24	312.759.628	12.837.333
Net cash used in investing activities		(1.760.909.722)	(3.087.928.097)
C. FINANCING ACTIVITIES			
Cash outflows from finance leases	6	--	(1.926.999)
Interest paid		(1.007.737.923)	(618.257.867)
Cash outflows from interest payments of lease liabilities	25	(1.677.383.743)	(1.697.836.804)
Cash outflows lease payments related to debt payments	6	(4.192.432.853)	(4.316.251.990)
Dividend paid (*)		(427.124.278)	--
Net cash (used in) / generated from financing activities		(7.304.678.797)	(6.634.273.660)
Monetary loss on cash and cash equivalents		(1.297.093.166)	(1.093.357.477)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		2.788.108.817	(2.221.696.072)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.415.532.224	3.637.228.296
E. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	4.203.641.041	1.415.532.224

(*) Pursuant to the authority given to our Board of Directors at the Ordinary General Assembly meeting held on 06.06.2023, it has been decided to distribute a total of TL 427,124,278 gross cash dividend based on purchasing power as of December 31, 2023 at the Board of Directors Meeting dated 16.08.2023. Dividend distribution started on August 22, 2023 and completed on August 24, 2023.

Accompanying notes form an integral part of these consolidated financial statements.

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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1. GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Şok Marketler Ticaret Anonim Şirketi ("Şok" or the "Company") was established in 1995 to operate in the retail sector, selling fast moving consuming products in Turkey. The registered address of the Company is Kısıklı Mah. Hanımseti Sok No:35 B/1 İstanbul/Üsküdar and continues its activities in 81 provinces of Turkey. The number of personnel is 46.958 as of 31 December 2023 (31 December 2022: 45.293).

Şok and its subsidiaries (together the "Group"), are comprised of the parent, Şok and two subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company.

On 25 August 2011, Şok 's shares were transferred from Migros Ticaret A.Ş.

The Group acquired 18 stores of Dim Devamlı İndirim Mağazacılık A.Ş between February 21, 2013 and March 28, 2013. The purchase was not made through the purchase of shares but through the purchase of the assets in stores.

On 19 April 2013, the Group signed share transfer agreement for the purpose of purchasing 100% of the DiaSA Dia Sabancı Süpermarketleri Tic. A.Ş ("DiaSA"). All of DiaSA's shares were transferred to Şok Marketler A.Ş. on 1 July 2013.

On 8 July 2013, 100% of the shares of Onur Ekspres Marketçilik A.Ş. was purchased by Şok. DiaSA and OnurEx merged with Şok on 1 November 2013 and 19 December 2013, respectively.

On 29 May 2015, the Group acquired 80% share of Mevsim Taze Sebze Meyve San. ve Tic. A.Ş. ("Mevsim"). On June 23, 2022, she acquired the remaining 20% of the shares, and had 100% of the shares.

On 26 December 2017, the Group acquired 55% shares of Teközel Gıda Temizlik Sağlık Marka Hizmetleri Sanayi ve Ticaret A.Ş. ("Teközel") and 45% shares on 2 July 2018, respectively. The Company merged with Teközel on 10 May 2019 with CMB approval dated 28 March 2019 and Trade Registry approval dated 10 May 2019. After the merger Şok acquired 100% shares of Teközel's subsidiary UCZ Mağazacılık Tic. A.Ş ("UCZ").

The Group's public shares are traded on Borsa İstanbul (BIST) as of 18 May 2018.

Within the framework of the registered capital system, with the completion of the public offering by restricting the rights of the existing shareholders to purchase new shares simultaneously, total capital of the Company increased by TL 33.428.571 to TL 611.928.571. As a result of the cancellation of the repurchased shares corresponding to TL 18.638.563, the Company's capital of TL 611.928.571 is decreased by TL 18.638.563 and became TL 593.290.008 as of June 1, 2022.

The Group's shareholding structure is presented in Note 20.

As of 31 December 2023 the Group has a total of 10.725 stores (31 December 2022: 10.281).

The Group's internet address is www.sokmarket.com.tr.

Approval of consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 16 April 2024.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the presentation

Statement of Compliance

The consolidated financial statements are prepared on the historical cost basis, except for accounts specifically stated to be carried at fair value expressed in purchasing power.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of the presentation (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Statement of Compliance

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

Interim consolidated financial statements has presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by POA on October 4, 2022, and the "Financial Statement Examples and User Guide".

Restatement of financial statements in hyperinflationary periods

The Company prepared its financial statements as of and for the year ended 31 December 2023 by applying TAS 29 "Turkish Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Implementation Guide on Financial Reporting in Hyperinflationary Economies". In accordance with the standard, that financial statements prepared in the currency of a hyperinflationary economy should be stated in terms of the purchasing power of that currency at the balance sheet date and for the purpose of comparison with prior period financial statements, comparative information is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Company has also presented its financial statements as of 31 December 2022 on a purchasing power basis as of 31 December 2023.

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 IAS 29 to their annual financial statements for the accounting periods ending on December 31, 2023. Restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute. As at 31 December 2023, the indices and adjustment factors used in the restatement of the financial statements are as follows:

	<u>Index</u>	<u>Correction Coefficient</u>	<u>Three-year Correcting Inflation Rates</u>
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

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2.1 Basis of the presentation (Continued)

Restatement of financial statements in hyperinflationary periods (Continued)

The main components of the Company's restatement for financial reporting purposes in hyperinflationary economies are as follows:

- The financial statements for the current period presented in TL are expressed in terms of the purchasing power of TL at the balance sheet date and the amounts for the previous reporting periods are restated in accordance with the purchasing power of TL at the end of the reporting period.
- Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 have been applied, respectively.
- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.
- All items in the statement of comprehensive income, except for "the effects of non-monetary items in the balance sheet on the statement of comprehensive income", have been restated by applying the multipliers calculated over the periods in which the income and expense accounts were initially recognized in the financial statements.
- The effect of inflation on the Company's net monetary asset position in the current period is recognized in the statement of income in the net monetary position loss account.

2.2 Functional and Reporting Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The operating results and financial position of the Company are expressed in TRY, which is the functional currency of the Company.

2.3 Going Concern

The consolidated financial statements of the Group have been prepared on the basis of the going concern.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Basis of Consolidation

The details of the Group's subsidiaries at 31 December 2023 and 31 December 2022 are as follows:

Subsidiaries	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Direct Ownership Rate %		Group Efficiency Rate %	
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	100%	100%	100%	100%
UCZ Mağazacılık Tic. A.Ş.	100%	100%	100%	100%

Consolidated financial statements include financial statements of entities controlled by the Group and its subsidiaries.

Control is obtained by the Group, when the following terms are met;

- Having power over the invested company/assets
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and other comprehensive income are attributable to the equity holders of both the parent company and non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries in relation to accounting policies so that they conform to the accounting policies followed by the Group. All cash flows from in-group assets and liabilities, equity, income and expenses, and transactions between Group companies are eliminated in consolidation.

2.5 Changes in Accounting Policies

Significant changes in the accounting policies are accounted retrospectively and prior period's financial statements are restated. The Group has not made any changes in accounting policies in the reporting period.

2.6 Changes in Accounting Estimates and Errors

Following changes in key estimates:

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current period but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current period.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Application of new and revised TFRSs

a) *Standards, amendments, and interpretations applicable as of 31 December 2023:*

- **Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. These amendments have no material impact on the Group's consolidated financial statements.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These amendments have no material impact on the Group's consolidated financial statements.
- **Amendment to TAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. These amendments have no material impact on the Group's consolidated financial statements.

b) *Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:*

- **Amendment to TAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. These amendments have no material impact on the Group's consolidated financial statements.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. These amendments have no material impact on the Group's consolidated financial statements.
- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. These amendments have no material impact on the Group's consolidated financial statements.
- **Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. These amendments have no material impact on the Group's consolidated financial statements.
- **TFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. These amendments have no material impact on the Group's consolidated financial statements.
- **TFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. These amendments have no material impact on the Group's consolidated financial statements.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies

Revenue

Revenue is recognized in the consolidated financial statements at the transaction price. The transaction fee is the amount that the entity expects to receive in return for transferring the goods or services that it has committed to the customer, except for the amounts collected on behalf of third parties (Şok İşlem, Money Transfer). When the control of the goods or services is transferred to the customers, the related amount is reflected to the consolidated financial statements as revenue. Net sales are presented by deducting returns and discounts from sales of goods.

The Group recognizes revenue from the following main sources:

i) Retail revenues

The Group sells food and non-food fast-moving consumer goods through cash, credit card, "Cepte Şok" or customer cards (Istanbul Metropolitan Municipality (IBB) Social Card, Şok Card, Paye Card) and sells it to retail customers in retail stores and revenue is recognised when the ownership of the goods is transferred to the customer.

ii) Turnover premiums and discounts from sellers

The Group recognizes turnover premiums and discounts received from sellers on an accrual basis over the period in which the sellers benefit from the services.

iii) Wholesale revenues

The Group sells its food and non-food fast-moving consumer goods directly to its commercial customers directly from its own warehouse or to the customer. When the shipment is completed and the goods are delivered to the customer they are recognised as revenue.

Financing component of revenue

Approximately 50% - 60% of total revenue was made in cash and 40% - 50% in credit card in the financial reporting period ending on 31 December 2023 (2022: 50% - 60% in cash and 40% - 50% in credit card).

The Group management has concluded that there is no significant financing component for transactions identified as credit card and sales contracts. There is no difference between the promised consideration and the cash sale price of the goods or services promised and as a result it is concluded that discounted credit sales pursuant to TAS 18 will not be discounted by the application of TFRS 15.

Revenue recognition

Revenue Recognition Group recognises revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers" standard:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

According to this model, goods or services promised in each contract with customers are evaluated. Each commitment made to transfer goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or services transfer commitments are recognized when control of the goods or services is taken over by customers.

The Group evaluates the following when evaluating the transfer of control of the goods or services sold to the customer:

- Ownership of the Group's right to collect on goods or services,
- Customer's legal ownership of the goods or services,
- Transfer of possession of goods or services,
- Customer's possession of significant risks and rewards arising from owning the property or service,
- Customer's acceptance of the goods or services.

Other income gained by the Group is reflected by the basis mentioned below:

- Interest income – accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Inventories

Inventories are stated at the lower of cost and net realizable value expressed in purchasing power as of balance sheet date. Cost expressed in purchasing power is calculated as the average cost over the month. Net realizable value represents the estimated selling price less all estimated costs incurred in marketing and selling.

Property and Equipment

Property and equipment are carried at cost expressed in purchasing power less accumulated depreciation and any accumulated impairment losses. Cost expressed in purchasing power includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Other expenses are accounted under expense items in consolidated income statement in the period in which they are incurred.

Depreciation is charged on a straight-line basis over the assets' estimated useful lives. Based on the average useful lives of property and equipment, the following depreciation rates are determined as stated below:

Vehicles	5 years
Fixtures and Furniture	4-15 years
Leasehold improvements	5-20 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated profit or loss.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost expressed in purchasing power less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Shares in Other Entities

For each subsidiary that the Group has a non-controlling interest in accordance with TFRS 12 the Group discloses (a) for each subsidiary that has a non-controlling interest, (a) the name of the subsidiary, (b) the place where the subsidiary operates mainly (and the country where the company is located, c) the share of ownership held by non-controlling interests, and (d) the share of the voting rights held by non-controlling interests in the event of a change from the ownership interest rate; (f) Disclose non-controlling interest in the subsidiary as of the end of the reporting period; and (g) financial information related to the subsidiary.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost expressed in purchasing power as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Leasing

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Leasing (Continued)

The Group – as a lessee (Continued)

Right of use asset

The right of use asset is initially recognized at cost expressed in purchasing power comprising of:

- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

- After netting-off depreciation and reducing impairment losses from right of use asset,
- Adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the annual interest rate implicit in the lease if readily determined or with the Group's annual borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- Increasing the carrying amount to reflect interest on lease liability
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

The Group – as a lessee (Continued)

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

The Group management used the alternative borrowing rate as the discount rate during the acquisition of the lease obligation. The alternative borrowing rate consists of the estimated interest rate that the Group management will incur for a loan in the amount of its gross lease liabilities.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax annual discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (Note 24).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (ii) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. In particular, foreign exchange differences are recognized in profit or loss for financial assets that are shown at amortized cost and are not part of a defined hedge.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

A financial liability is measured at fair value during its initial recognition. During the initial recognition of financial liabilities whose fair value difference is not reflected in profit or loss, transaction costs that can be directly associated with the undertaking of the relevant financial liability are added to the fair value in question. Financial liabilities are accounted over the amortized cost value by using the effective interest method together with the interest expense calculated over the effective interest rate in the following periods.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

Foreign Currency Transactions

Transactions in foreign currencies (currencies other than Turkish Lira) in the legal books of the Group are translated into Turkish Lira at the rates of exchange prevailing at the transaction dates. Assets and liabilities in balance sheet denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statements of profit or loss.

Events After the Reporting Period

Events after the reporting period cover the events which arise between the balance sheet date and the date when the consolidated financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or disclosure of other selected financial information.

The Group restates its consolidated financial statements if such subsequent events arise which require to adjust consolidated financial statements.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Provisions, Contingent Assets and Liabilities

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where 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, receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this standard referred to as the 'reporting entity')

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

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) Transactions with the related parties: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them.

The transactions of resources, services or obligations between reporting entity and related party are transfers whether there is consideration of price or not.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Business combinations under common control

The Group recognizes business combinations under common control by using pooling of interest method in the consolidated financial statements. Accordingly:

- No goodwill is recognized in the financial statements
- Goodwill recognized from the acquisition of an acquiree has not been reflected in the consolidated financial statements.
- While application of the pooling of interest method financial statements are restated as if the business combination was effected and presented comparatively as of the beginning of the reporting period when the common control existed;
- As it would be appropriate for parent company to consider the inclusion of business combinations under common control to consolidated financial statements, for consolidation purposes, financial statements including combination accounting are restated in accordance with TAS as if the consolidated financial statements are prepared in accordance with TAS prior and subsequent to the date that Group's controlling party has common control over entities.
- In order to eliminate potential assets-liabilities difference arising from business combinations within the scope of under common control transactions, "Effect of transactions under common control" account has been used as an offset account.

Current tax

Taxable profit/loss differs from 'profit/loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Turkish tax legislation does not allow the parent company to file its subsidiaries and affiliates tax returns based on its condensed consolidated financial statements. Therefore, provisions for taxes reflected in these condensed consolidated financial statements have been calculated separately for all companies included in the full consolidation.

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the individual financial statements of the businesses within the scope of consolidation and the amounts taken into account in the legal tax base calculation according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying value of the deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the benefits to be obtained.

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized or the liabilities will be fulfilled and that have been enacted or substantially enacted as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfill its liabilities as of the balance sheet date are taken into account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in consolidated other comprehensive income.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The critical decisions, evaluations, estimates and assumptions made by the Group while applying its accounting policies are as follows:

Allowance of inventory

The Group has recognized an allowance for net realizable value of non-food inventory that is not expected to be used and/or slow moving over 90 days. The Group has identified inventories for which the net realizable value is less than carrying value. Based on the management analysis, an allowance amounting to TL). 149.342.600 is recognized for net realizable value of inventories (31 December 2022: TL 257.868.258).

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

The critical decisions, evaluations, estimates and assumptions made by the Group while applying its accounting policies are as follows: (Continued)

Provisions

In accordance with the accounting policy in Note 2.8, provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Accordingly as of 31 December 2023 and 31 December 2022 the Group evaluated the current risks and booked the required provisions (Note 15).

Useful life of property and equipment and intangible assets

The Group calculates depreciation for its tangible and intangible fixed assets over their expected useful lives.

Şok brand value is determined by independent valuation specialists during the purchase of Şok which is mentioned in Note 1. Because the useful life of brand value is not limited by any special agreement or regulation and it keeps generating cash flows; it is assumed that the brand value has an indefinite useful life. The brand which is considered as indefinite useful life is annually reviewed by the Group for impairment.

The brand value is determined by the calculation amount generated from the operations. These calculations are based on estimates of cash flows after tax based on the financial budget covering five-year period. Estimates of EBITDA (earnings before interest, tax, depreciation and amortization) are an important part of these calculations. As a result of estimations and calculations made by the Group management, Group management concluded that there is no impairment on brand value as of 31 December 2023.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

3. TRANSACTIONS UNDER COMMON CONTROL

The balance of the Business Acquisitions Under Common Control account arising from the merger with Teközel on 10 May 2019 was classified under "Retained earnings".

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4. SEGMENT REPORTING

The Group's operating segments are identified based on the information provided to and analyzed by the CEO, which represents the chief operating decision maker (CODM), making decisions regarding the allocation of resources and assessing performance.

For the purposes of TFRS 8, the activities performed by the Group are identified as belonging to a single operating segment, given that the Group's business consists of retail stores selling fast moving consumer products in Turkey and that the CODM reviews the Group's stores as a whole.

5. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 December 2023	31 December 2022
Cash on hand	731.953.339	744.848.312
Cash at banks	3.113.668.250	282.766.939
Credit card deposits	358.019.452	387.916.973
Cash and cash equivalents	4.203.641.041	1.415.532.224

There are no restrictions on bank deposits of the Group as at 31 December 2023 (31 December 2022: None).

The maturity of credit card receivables is less than 30 days.

6. BORROWINGS

Financial Borrowings	31 December 2023	31 December 2022
Other Financial Debts	6.302.050.590	7.045.410.283
	6.302.050.590	7.045.410.283

Group management believes that the fair value of the Group's debts approximate to the carrying value of such debts due to their short term nature.

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6. BORROWINGS (Continued)

Lease Liabilities

Lease liabilities	31 December 2023	31 December 2022
Short-term lease liabilities	2.201.586.887	2.412.994.301
Long-term lease liabilities	4.100.463.703	4.632.415.982
	6.302.050.590	7.045.410.283

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2023	Financial cash flow	Non-cash changes	
			Other	31 December 2023
Lease liabilities	7.045.410.283	(4.192.432.853)	3.449.073.159	6.302.050.590
	7.045.410.283	(4.192.432.853)	3.449.073.159	6.302.050.590
			Non-cash changes	
	1 January 2022	Financial cash flow	Other	31 December 2022
Financial leasing payables	1.926.999	(1.926.999)	--	--
Lease liabilities	8.145.624.780	(4.316.251.990)	3.216.037.492	7.045.410.283
	8.147.551.779	(4.318.178.989)	3.216.037.492	7.045.410.283

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7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2023	31 December 2022
Trade receivables from related parties (Note 27)	140.359.107	189.843.007
Trade receivables	26.315.870	24.041.135
Allowance for doubtful receivables (-) (Note 28)	(8.842.319)	(14.375.210)
	157.832.658	199.508.932

The Group's average period for collection of receivables is 1 days when wholesale revenue is taken into consideration (31 December 2022: 1 days).

As of 31 December 2023 the Group provided allowance for doubtful receivables amounting to TL 8.842.319 based on reference to past default experience (31 December 2022: TL 14.375.210).

As of 31 December 2023 and 2022 the movements of allowance for doubtful receivables are as follows:

Movement of Allowance for Doubtful Receivables	1 January- 31 December 2023	1 January- 31 December 2022
Balance at beginning of the period	(14.375.210)	(24.110.920)
Charge for the period (Not 23)	(384.393)	(72.216)
Collections	284.832	439.146
Monetary gain / loss	5.632.452	9.368.780
Closing balance	(8.842.319)	(14.375.210)

A simplified approach is applied for the impairment of trade receivables that are accounted at amortized cost in the consolidated financial statements and do not include a significant financing component (less than 1 year). In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses related to trade receivables are measured by an amount equal to life long expected credit losses.

Allowance matrix is used to measure expected credit losses for trade receivables. Provision rates are calculated based on the number of days that maturities of trade receivables are exceeded and in each reporting period such rates are reviewed and revised whenever necessary. The change in expected credit losses provisions is accounted under other operating income/ expenses.

The Group collects almost all of its sales by cash or credit cards in store registers. The Group has concluded that, there is no need to make an additional provision in accordance with TFRS 9 due to fact nearly all of the group sales are collected by cash or credit card in store cash registers.

Short-term trade payables	31 December 2023	31 December 2022
Trade payables	18.041.692.142	17.185.201.595
Trade payables to related parties (Note 27)	1.471.502.577	1.319.229.095
	19.513.194.719	18.504.430.690

The average maturity of the Group's trade payables is 67 days (31 December 2022: 75 days).

As of 31 December 2023 and 31 December 2022, the Group does not have any long term trade payables.

Explanations about the nature and level of risks related to trade receivables are provided in Note 28.

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8. OTHER RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Other short-term receivables		
Insurance receivables	62.092.487	19.407.994
Tax receivables	8.555.555	237.494.224
Other receivables	80.770.787	44.261.611
	151.418.829	301.163.829

	31 December 2023	31 December 2022
Other long-term receivables		
Guarantee and deposits given	73.143.581	97.030.879
	73.143.581	97.030.879

	31 December 2023	31 December 2022
Other long-term payables		
Deposits and guarantees	586.330	531.587
	586.330	531.587

9. INVENTORIES

	31 December 2023	31 December 2022
Trade goods	18.161.202.111	15.573.215.699
Other inventory	349.129.553	400.046.651
Allowance for impairment on inventory (-)	(149.342.600)	(257.868.258)
	18.360.989.064	15.715.394.092

Allowance for net realizable value of inventories is allocated for inventories and recognized in the cost of goods sold.

The Group has identified inventories that net realizable value lower than cost as of the balance sheet date. Accordingly allowance for net realizable value of inventories amounting to TL 149.342.600 has been booked as of 31 December 2023 (31 December 2022: TL 257.868.258).

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10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short-term prepaid expenses		
Prepaid expenses from third parties	1.820.665.479	1.673.995.702
Prepaid expenses from related parties (Note 27)	221.925.231	85.207
Prepaid expenses	227.722.525	73.417.822
	2.270.313.235	1.747.498.731
Short-term deferred income		
Advances received from third parties	59.342.553	58.968.014
Advances received from related parties (Note 27)	54.008	17.784
Deferred income	1.998	59.963.189
	59.398.559	118.948.987
Long-term deferred income		
Deferred income	747.685.185	--
	747.685.185	--

11. RIGHT OF USE ASSETS

<u>Cost</u>	<u>Stores</u>	<u>Warehouses and other</u>	<u>Total</u>
Opening balance as of 1 January 2023	18.826.359.926	463.395.916	19.289.755.842
Additions	3.195.916.190	328.623.987	3.524.540.177
Disposals	(562.752.130)	--	(562.752.130)
Closing balance as of 31 December 2023	21.459.523.986	792.019.903	22.251.543.889
Accumulated Amortization			
Opening balance as of 1 January 2023	7.699.009.667	354.074.611	8.053.084.278
Charge for the period	2.711.519.317	103.823.156	2.815.342.473
Disposals	(487.285.112)	--	(487.285.112)
Closing balance as of 31 December 2023	9.923.243.872	457.897.767	10.381.141.639
Carrying value as of 31 December 2023	11.536.280.114	334.122.136	11.870.402.250
<u>Cost</u>	<u>Stores</u>	<u>Warehouses and other</u>	<u>Total</u>
Opening balance as of 1 January 2022	15.661.811.937	386.322.325	16.048.134.262
Additions	4.306.053.225	89.134.046	4.395.187.271
Disposals	(1.141.505.236)	(12.060.455)	(1.153.565.691)
Closing balance as of 31 December 2022	18.826.359.926	463.395.916	19.289.755.842
Accumulated Amortization			
Opening balance as of 1 January 2022	5.519.767.524	294.410.990	5.814.178.514
Charge for the period	2.219.749.971	106.456.034	2.326.206.005
Disposals	(40.507.828)	(46.792.413)	(87.300.241)
Closing balance as of 31 December 2022	7.699.009.667	354.074.611	8.053.084.278
Carrying value as of 31 December 2022	11.127.350.259	109.321.305	11.236.671.564

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12. PROPERTY, PLANT AND EQUIPMENT

	<u>Vehicles</u>	<u>Furniture and Fixture</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>				
Opening balance as of 1 January 2023	151.565.895	15.999.478.753	5.003.513.595	21.154.558.243
Additions	29.456.034	1.653.837.373	565.430.813	2.248.724.220
Disposals	(135.172)	(386.665.721)	(146.174.733)	(532.975.626)
Closing balance as of 31 December 2023	<u>180.886.757</u>	<u>17.266.650.405</u>	<u>5.422.769.675</u>	<u>22.870.306.837</u>
<u>Accumulated Depreciation</u>				
Opening balance as of 1 January 2023	29.788.984	9.155.907.557	2.615.599.973	11.801.296.514
Charge for the period	42.018.620	1.237.423.173	441.046.687	1.720.488.480
Disposals	(24.769)	(149.734.249)	(74.718.488)	(224.477.506)
Closing balance as of 31 December 2023	<u>71.782.835</u>	<u>10.243.596.481</u>	<u>2.981.928.172</u>	<u>13.297.307.488</u>
Carrying value as of 31 December 2023	<u>109.103.922</u>	<u>7.023.053.924</u>	<u>2.440.841.503</u>	<u>9.572.999.349</u>
	<u>Vehicles</u>	<u>Furniture and Fixture</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>				
Opening balance as of 1 January 2022	14.022.281	13.794.970.829	4.227.083.786	18.036.076.896
Additions	137.623.487	2.242.206.738	809.996.348	3.189.826.573
Disposals	(79.873)	(37.698.814)	(33.566.539)	(71.345.226)
Closing balance as of 31 December 2022	<u>151.565.895</u>	<u>15.999.478.753</u>	<u>5.003.513.595</u>	<u>21.154.558.243</u>
<u>Accumulated Depreciation</u>				
Opening balance as of 1 January 2022	1.338.326	7.990.505.908	2.239.783.602	10.231.627.836
Charge for the period	28.463.764	1.191.056.404	395.444.923	1.614.965.091
Disposals	(13.106)	(25.654.755)	(19.628.552)	(45.296.413)
Closing balance as of 31 December 2022	<u>29.788.984</u>	<u>9.155.907.557</u>	<u>2.615.599.973</u>	<u>11.801.296.514</u>
Carrying value as of 31 December 2022	<u>121.776.911</u>	<u>6.843.571.196</u>	<u>2.387.913.622</u>	<u>9.353.261.729</u>

There is insurance coverage amounting to TL 21.141.629.559 on the furniture and fixtures and machinery. (31 December 2022: TL 9.017.296.424).

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13. OTHER INTANGIBLE ASSETS

<u>Cost</u>	<u>Trademarks</u>	<u>Rights</u>	<u>Total</u>
Opening balance as of 1 January 2023	674.283.898	467.676.578	1.141.960.476
Additions	--	158.714.778	158.714.778
Disposals	--	(9.732.855)	(9.732.855)
Closing balance as of 31 December 2023	674.283.898	616.658.501	1.290.942.399
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2023	--	297.231.255	297.231.255
Charge for the period	--	60.276.003	60.276.003
Disposals	--	(5.120.366)	(5.120.366)
Closing balance as of 31 December 2023	--	352.386.892	352.386.892
Carrying value as of 31 December 2023	674.283.898	264.271.609	938.555.507
<u>Cost</u>	<u>Trademarks</u>	<u>Rights</u>	<u>Total</u>
Opening balance as of 1 January 2022	674.283.898	408.670.280	1.082.954.178
Additions	--	60.006.769	60.006.769
Disposals	--	(1.000.471)	(1.000.471)
Closing balance as of 31 December 2022	674.283.898	467.676.578	1.141.960.476
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2022	--	258.493.229	258.493.229
Charge for the period	--	39.105.795	39.105.795
Disposals	--	(367.769)	(367.769)
Closing balance as of 31 December 2022	--	297.231.255	297.231.255
Carrying value as of 31 December 2022	674.283.898	170.445.323	844.729.221

Assumptions used for brand impairment are explained in Note 2.9.

14. GOODWILL

Detail of goodwill for the periods ended 31 December 2023 and 2022 is as follows:

<u>Company</u>	<u>Acquisition Date</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Şok Marketler Ticaret A.Ş.	August 2011	2.419.304.500	2.419.304.500
Dia Sabancı Süpermarketleri Tic. A.Ş.	July 2013	2.524.211.542	2.524.211.542
Onur Ekspres Marketçilik A.Ş.	July 2013	230.073.616	230.073.616
Other	-	30.504.375	30.504.375
		5.204.094.033	5.204.094.033
		1 January- 31 December 2023	1 January- 31 December 2022
Goodwill		5.204.094.033	5.204.094.033
		5.204.094.033	5.204.094.033

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14. GOODWILL (Continued)

As a result of internal management purposes, goodwill is allocated to groups of cash-generating units that have similar neighborhoods and similar customer basis. Group of cash generating units are that allocated to districts by post codes.

Recoverable amount of each cash generating unit is determined based on fair value ("FV") less cost to sell of each cash generating unit that is determined according to relative valuation techniques by applying combination of multiples FV/EBITDA and FV/Sales by 40% and 60% respectively. Group management has applied 14.0X multiple for FV/EBITDA and 0.75X multiple for FV/Sales in the impairment model which is consistent with benchmarks and market conditions. Based on calculations above there is no impairment of goodwill associated with cash-generating units.

No impairment of goodwill associated with cash-generating units would have been determined, even if the estimated multiples for FV/EBITDA and FV/Sales used in the calculation of the recoverable amount of the cash-generating units had been decreased or increased by 5% as part of the sensitivity analysis.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

Provisions for short term liabilities as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Lawsuits	526.399.774	331.026.080
	526.399.774	331.026.080

Provisions for as of 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	331.026.080	984.492.637
Additional provisions recognized (Note 23)	344.422.399	226.686.124
Payments	(38.321.651)	(4.253.792)
Monetary gain / loss	(110.727.054)	(875.898.889)
Balance at 31 December	526.399.774	331.026.080

Group management evaluates the possible results and financial impact of these lawsuits at each reporting period and provides the necessary provisions for possible liabilities as a result of this assessment. As of 31 December 2023, the provision amount related with the lawsuits is amounting to TL 526.399.774 (31 December 2022: TL 331.026.080).

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16. COMMITMENTS

	31 December 2023	31 December 2022
A. CPM's given in the name of its own legal personality (*)		
-Guarantees	449.377.843	80.196.792
-Mortgages	--	--
-Pledges	--	--
B. CPM's given on behalf of the fully consolidated companies (*)	--	--
C. CPM's given on behalf of third parties for ordinary course of business	--	--
D. Total amount of other CPM's given		
i) Total amount of CPM's given on behalf of the majority shareholder	--	--
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C	--	--
iii) Total amount of CPM's given on behalf of third parties which are not in scope C	--	--
	449.377.843	80.196.792

(*) Relevant amounts are generally related to non-cash risks given to suppliers.

17. EMPLOYEE BENEFITS

Liabilities within the scope of employee benefits:

Short-term benefits	31 December 2023	31 December 2022
Due to personnel	811.755.310	536.963.618
Social security premiums payable	436.488.556	351.172.248
	1.248.243.866	888.135.866

Provisions for short-term employee benefits

Provisions for employee benefits	31 December 2023	31 December 2022
Short-term unused vacation liability	309.609.098	216.871.834
	309.609.098	216.871.834

The movement of for unused vacation liability for the periods ended 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance at 1 January	470.465.787	297.270.718
Charge for the period	298.593.828	308.984.307
Payments (-)	(143.021.859)	(74.258.007)
Monetary gain / loss	(72.663.265)	(61.531.231)
Closing balance at 31 December	553.374.491	470.465.787

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17. EMPLOYEE BENEFITS (Continued)

Provisions for long-term employee benefits:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Long-term unused vacation liability	243.765.393	253.593.953
Retirement pay provision	238.033.882	243.780.864
	<u>481.799.275</u>	<u>497.374.817</u>

Under Turkish Labor Law, the Group 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).

The amount payable consists of one month's salary limited to a maximum of TL 23.489,83 for each period of service at 31 December 2023 (31 December 2022: TL 25.327,90).

The liability is not funded, as there is no funding requirement. The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line 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 financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 20,95% and a discount rate of 25,39%, resulting in a real discount rate of approximately 3,67% (31 December 2022: 1,50%). Ceiling amount of TL 35.058,58 which is in effect since 1 January 2024 is used in the calculation of Groups' provision for retirement pay liability (1 January 2023: TL 32.926,29). The turnover rates to estimate the probability of retirement are taken as 91,75% and 39,05% for white collar and blue collar personnel.

Movement for retirement pay provision for the periods ended 31 December 2023 and 2022 is as follows:

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Provision at 1 January	243.780.864	108.197.072
Service cost	36.219.540	291.657.721
Interest cost	38.135.758	1.431.084
Termination benefits paid	(227.422.395)	(120.701.466)
Actuarial gains / (loss)	211.848.239	7.357.143
Monetary gain / loss	(64.528.124)	(44.160.690)
Provision at 31 December	<u>238.033.882</u>	<u>243.780.864</u>

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18. EXPENSE BY NATURE

Expenses by nature	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	(106.807.105.721)	(89.633.316.182)
Personnel expenses	(12.847.821.970)	(9.565.430.723)
Depreciation and amortization expenses	(4.596.106.956)	(3.980.276.891)
Utility expenses	(2.864.856.827)	(3.021.818.539)
Rent expenses	(2.297.975.717)	(1.940.755.480)
Transportation expenses	(2.122.806.433)	(1.484.698.900)
Advertising expenses	(502.583.434)	(401.124.457)
Tax expenses and duties	(315.110.090)	(275.636.597)
Vehicle expenses	(290.249.974)	(225.365.657)
Maintenance expenses	(243.633.681)	(162.441.745)
Outsourced expenses	(137.018.758)	(101.084.554)
Cash collection expenses	(105.798.299)	(81.135.564)
Information technology expenses	(73.227.095)	(47.283.137)
Packaging expenses	(71.449.022)	(67.159.119)
Other expenses	(436.651.884)	(342.289.033)
	(133.712.395.861)	(111.329.816.578)

Fees for Services Received from Independent Auditor / Independent Audit Firms

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period	883.366	831.742
	883.366	831.742

19. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2023	31 December 2022
VAT deductible	249.543.149	665.139.966
Prepaid taxes and funds	6.705.929	5.097.656
Other assets	4.346.650	2.488.101
	260.595.728	672.725.723
Other short-term liabilities	31 December 2023	31 December 2022
Taxes and dues payable	187.159.619	156.110.992
Other liabilities (*)	111.024.655	70.443.988
	298.184.274	226.554.980

(*) TL 83.484.873 of the amount is related to Recovery Participation Share ("GEKAP") liabilities (31 December 2022: TL 53.496.781).

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20. EQUITY

a) Capital Structure

Shareholder structure as of 31 December 2023 and 31 December 2022 is stated below:

Shareholders	%	31 December		31 December	
		2023	%	2022	%
Turkish Retail Investments B.V.	24,3	144.000.000	24,3	144.000.000	
Gözde Girişim Sermayesi Yat. Ort. A.Ş.	23,7	140.400.327	23,7	140.400.327	
European Bank For Reconsrtruction and Development	5,7	33.950.000	5,7	33.950.000	
Yıldız Holding A.Ş.	0,5	3.000.000	0,5	3.000.000	
Small Cap World Fund Inc	--	--	5,3	31.602.962	
İstanbul Portföy Yıldız Serbest Özel Fon	--	--	5,1	30.428.571	
Free Float and other	45,8	271.939.681	35,4	209.908.148	
Nominal paid capital	100	593.290.008	100	593.290.008	
Share capital adjustment differences (*)		3.898.386.752		3.898.386.752	
Adjusted share capital		4.491.676.760		4.491.676.760	

(*) Share capital adjustment differences refer to the difference between the total amounts of cash and cash equivalent additions to capital adjusted in accordance with TFRS published by the KGK and their preadjustment amounts. Capital adjustment differences have no use other than being added to capital.

The Group's nominal capital has been divided into 593.290.008 registered shares with a par value of TL 1 per share (31 December 2022: 593.290.008 shares).

b) Restricted Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

As of 31 December 2023 restricted reserves is TL 83.136.481 (31 December 2022: TL 38.048.570).

c) Actuarial Loss / Gain

As of 31 December 2023, actuarial loss / gain is negative TL 287.476.970 (31 December 2022: negative TL 16.911.525).

d) Retained Earnings

Details of retained earnings are as follows:

	31 Aralık 2023	31 Aralık 2022
Retained earnings	1.941.442.552	(173.236.525)
Restricted reserves	12.346.186	20.343.171
Inflation restatement differences of shareholders' equity accounts other than capital and legal reserves	10.911.966.451	6.536.821.197
	12.865.755.189	6.383.927.843

e) Additional Information for Capital, Legal Reserves and Other Equity Items

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 December 2023 and the restated amounts in the financial statements prepared in accordance with statutory accounting are as follows:

31 December 2023	Inflation adjusted amounts in the financial statements prepared in accordance with statutory accounting	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/TFRS	Differences recognized in retained earnings
Share capital adjustment differences	6.891.224.318	3.898.386.752	2.992.837.566
Restricted reserves	73.919.474	12.346.186	61.573.288

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21. REVENUE AND COST OF SALES

As of 31 December 2023 and 2022 the sales of Group are as follows:

a) Revenue	1 January- 31 December 2023	1 January- 31 December 2022
Revenue from merchandises sold	134.922.841.519	113.963.372.942
Sales returns (-)	(1.947.048.864)	(1.578.552.611)
Net sales	132.975.792.655	112.384.820.331
b) Cost of Sales	1 January- 31 December 2023	1 January- 31 December 2022
Cost of Sales	(106.807.105.721)	(89.633.316.182)
	(106.807.105.721)	(89.633.316.182)

22. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

<u>Marketing and sales expenses</u>	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(12.279.547.215)	(8.872.334.449)
Depreciation and amortization expenses	(4.589.468.123)	(3.973.055.181)
Utility expenses	(2.864.856.827)	(3.021.818.539)
Rent expenses	(2.291.923.329)	(1.935.873.390)
Transportation expenses	(2.122.806.433)	(1.484.698.900)
Advertising expenses	(502.583.434)	(401.124.457)
Tax expenses and duties	(305.608.382)	(270.617.752)
Vehicle expenses	(280.234.801)	(215.121.457)
Maintenance expenses	(243.633.681)	(162.441.745)
Packaging expenses	(71.449.022)	(67.159.119)
Other marketing and sales expenses	(422.468.451)	(338.284.129)
	(25.974.579.698)	(20.742.529.118)
<u>General administrative expenses</u>	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(568.274.755)	(693.096.274)
Outsourced expenses	(137.018.758)	(101.084.554)
Cash collection expenses	(105.798.299)	(81.135.564)
Information technology expenses	(73.227.095)	(47.283.137)
Vehicle expenses	(10.015.172)	(10.244.199)
Tax expenses and duties	(9.501.708)	(5.018.846)
Amortization expenses	(6.638.833)	(7.221.709)
Rent expenses	(6.052.388)	(4.882.089)
Other administrative expenses	(14.183.434)	(4.004.906)
	(930.710.442)	(953.971.278)

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23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

For the periods ended on 31 December 2023 and 2022, other income from operating activities is as follows:

Other operating income	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange from operating activities	307.384.966	87.454.456
Unused provision (Note 7)	284.832	439.146
Other income (*)	469.548.311	--
	777.218.109	87.893.602

(*) It is the income related to the compensation of the earthquake-related damage and the transaction that was paid to the Competition Authority but restructured within the scope of "Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws" (1 January – 31 December 2022: None).

For the periods ended on 31 December 2023 and 2022, other expenses from operating activities is as follows:

Other operating expense	1 January- 31 December 2023	1 January- 31 December 2022
Financial income from credit COGS	(664.084.799)	(725.741.049)
Provision expense (Note 15)	(344.422.399)	(226.686.124)
Foreign loss from operating activities	(68.554.982)	(70.314.721)
Allowance for doubtful receivables (Note 7)	(384.393)	(72.216)
Other expenses (-)	(230.987.045)	(83.848.598)
	(1.308.433.618)	(1.106.662.708)

24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

For periods ended on 31 December 2023 and 2022, income from investment activities is as follows:

Income from investing activities	1 January- 31 December 2023	1 January- 31 December 2022
Interest income	333.769.648	149.067.912
Gain on sale of property and equipment	365.963	889.672
	334.135.611	149.957.584

For the periods ended on 31 December 2023 and 2022, expenses from investment activities are as follows:

Expenses from investing activities	1 January- 31 December 2023	1 January- 31 December 2022
Loss on sale of property and equipment	(716.944)	(14.733.854)
	(716.944)	(14.733.854)

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25. FINANCIAL EXPENSES AND INCOME

For the periods ended 31 December 2023 and 2022 financial expenses are as follows:

Financial Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Financial expenses arises from lease liabilities (*)	(1.677.383.743)	(1.697.836.804)
POS collection expenses	(944.844.554)	(587.621.979)
Interest expense from related parties (Note 27)	(16.817.116)	(17.685.383)
Other	(46.076.253)	(12.950.505)
	(2.685.121.666)	(2.316.094.671)

(*) Lease liabilities interest expense is the interest calculated on lease liabilities within the scope of TFRS 16.

26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
Current corporate tax provision	(464.635.424)	(298.364.810)
Less:Prepaid tax and funds	410.331.136	287.420.975
	(54.304.288)	(10.943.835)

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2023 is 25% (2022: 23%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 25%. (2022: 23%) Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

In accordance with Article 21 of the "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and Amending Certain Laws and Decree Law No. 375" published in the Official Gazette dated 15 July 2023 and numbered 32249 the first paragraph of Article 32 of the Corporate Tax Law No. 5520 has been amended as follows: "In so far, corporate tax is collected at the rate of 30% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies." Article 21 of the Law, starting from the declarations that must be submitted as of 1/10/2023; it entered into force on the date of its publication to be applied to the earnings of corporations in 2023 and the following taxation periods, and to the earnings of corporations subject to the special accounting period, starting in the 2023 calendar year and the following taxation periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments in Turkey. Companies file their tax returns between 1-30 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Continued))

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TFRS and tax legislation.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

	Temporary Differences		Deferred Tax	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<u>Deferred tax assets / (liabilities) :</u>				
Carryforward tax losses	9.761.744	--	2.440.436	--
The effect of amortization of property and equipment and intangible assets	(2.737.082.492)	(839.134.460)	(684.270.623)	(193.000.926)
The effect of lease liability and right of use asset	(5.563.639.007)	(4.297.255.644)	(1.390.909.752)	(988.368.798)
Inventory	(265.921.383)	(217.568.772)	(66.480.346)	(50.040.817)
Provision for retirement payments	238.034.150	212.270.422	59.508.538	48.822.197
Unused vacation liability	553.374.492	409.250.101	138.343.623	94.127.523
Effect of amortized cost method on receivables and payables	(90.547.918)	(85.956.891)	(22.636.980)	(19.770.085)
Provision for legal claims	526.399.776	290.113.063	131.599.944	66.726.004
Deferred income and prepaid expenses	(20.384.827)	(54.892.765)	(5.096.207)	(12.625.336)
Other	(37.858.867)	(180.282.385)	(9.464.716)	(41.464.948)
	<u>(7.387.864.332)</u>	<u>(4.763.457.331)</u>	<u>(1.846.966.083)</u>	<u>(1.095.595.186)</u>

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26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Continued))

The movement of deferred tax liability for the periods ended as of 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Movement of deferred tax asset:</u>		
Opening balance at 1 January	(1.095.595.186)	(1.188.206.070)
Deferred tax expense recognised in statement of profit or loss	(841.559.379)	90.918.741
Recognised in other comprehensive income	90.188.482	1.692.143
Closing balance at 31 December	<u>(1.846.966.083)</u>	<u>(1.095.595.186)</u>

The amounts reflected in comprehensive statement of profit or loss of the periods ended at 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Current period legal tax	(609.966.405)	(383.954.709)
Deferred tax (expense) / income	(841.559.379)	90.918.741
Total tax (expense) / income	<u>(1.451.525.784)</u>	<u>(293.035.968)</u>

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Tax reconciliation:</u>		
Profit / (loss) before taxation	5.897.771.535	7.247.075.503
	25,00%	23,00%
Tax at the domestic income tax rate of 25% (2022: 23%)	<u>(1.474.442.884)</u>	<u>(1.666.827.366)</u>
Tax effects of:		
- Expenses that are not deductible	(217.925.951)	(124.870.100)
- Discounts and exclusions	48.946.409	83.578.861
- Increase in tax base under tax amnesty	2.440.436	--
- The effect of the revaluation of tangible and intangible assets	646.163.534	1.464.999.944
- Tax rate charge effect	93.601.685	(15.745.771)
- Deferred tax effect arising from the difference between the communicate on TPL inflation accounting and the financial statements prepared in accordance with TAS / TFRS	(374.586.377)	--
- Other	(175.722.636)	(34.171.536)
Tax income recognised in profit or loss	<u>(1.451.525.784)</u>	<u>(293.035.968)</u>

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27. RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties	31 December 2023			
	Trade receivables	Prepaid expenses	Trade payables	Deferred income
Shareholders				
Yıldız Holding A.Ş.	--	--	13.407.467	--
Related parties				
Ülker Bisküvi San. A.Ş.	1.569.285	--	--	--
Bizim Toptan Satış Mağazaları A.Ş.	114.447.096	--	2.479.535	--
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	--	--	1.160.667.703	--
Kerevitaş Gıda San. ve Tic. A.Ş.	--	--	142.427.695	--
Adapazarı Şeker Fabrikası A.Ş.	--	215.661.927	--	--
Future Teknoloji Ticaret A.Ş.	23.925.358	--	--	602
İzsal Gayrimenkul Geliştirme A.Ş.	--	830.073	22.618.028	--
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	--	--	222.041	--
Sağlam İnşaat Taahhüt Tic. A.Ş.	--	--	1.988.423	--
Azmüsebat Çelik San. Tic. A.Ş.	--	5.433.231	--	--
Aytaç Gıda Yatırım San. Tic. A.Ş.	--	--	61.789.131	--
Nesos Gıda San. ve Tic. A.Ş.	--	--	2.868.761	--
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	--	--	62.787.582	--
Other	417.368	--	246.211	53.406
	140.359.107	221.925.231	1.471.502.577	54.008
31 December 2022				
Balances with related parties	Trade receivables	Prepaid expenses	Trade payables	Deferred income
Shareholders				
Yıldız Holding A.Ş.	--	--	15.924.153	--
Related parties				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	--	--	963.080.668	--
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	--	--	258.038.076	--
Kerevitaş Gıda San. ve Tic. A.Ş.	--	--	20.211.602	--
Bizim Toptan Satış Mağazaları A.Ş.	156.939.202	--	--	--
Ülker Bisküvi San. A.Ş.	5.884.253	--	--	--
Aytaç Gıda Yatırım San. Tic. A.Ş.	--	--	35.957.132	--
İzsal Gayrimenkul Geliştirme A.Ş.	--	--	10.432.347	--
Future Teknoloji Ticaret A.Ş.	24.939.558	--	--	993
Sağlam İnşaat Taahhüt Tic. A.Ş.	--	--	1.131.455	--
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.530.616	--	--	--
Nesos Gıda San. ve Tic. A.Ş.	--	--	5.524.499	--
Azmüsebat Çelik San. Tic. A.Ş.	--	--	8.338.265	--
Other	549.378	85.207	590.898	16.791
	189.843.007	85.207	1.319.229.095	17.784

Receivables from related parties result from sales. Major portion of the Group's liabilities to related parties comprise of the liabilities from merchandise purchases.

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27. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Transactions with related parties	1 January– 31 December 2023			
	Purchases	Finance expenses paid	Other income	Other expense
Shareholders				
Yıldız Holding A.Ş.	--	(16.726.026)	123.303	(65.187.267)
Related parties				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	4.953.370.463	--	7.494.467	--
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	1.786.138.488	--	166.938.576	--
Kerevitaş Gıda San. ve Tic. A.Ş.	314.597.670	--	17.468.290	--
Adapazarı Şeker Fabrikası A.Ş.	261.668.905	--	72.784.739	--
Aytaç Gıda Yatırım San. Tic. A.Ş.	239.790.585	--	8.741.446	--
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	76.452.811	--	--	--
Future Teknoloji Ticaret A.Ş.	66.580.113	--	181.925.049	(1.268.295)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	63.260.329	--	--	--
Azmüşebat Çelik San. Tic. A.Ş.	59.728.979	--	9.385.627	--
Nesos Gıda San. ve Tic. A.Ş.	23.707.443	--	45.575	--
Bizim Toptan Satış Mağazaları A.Ş.	6.844.274	--	763.640.869	--
İzsal Gayrimenkul Geliştirme A.Ş.	493.441	(91.090)	218.862	(78.272.464)
İstanbul Gıda Dış Tic. A.Ş.	440.993	--	10.991	--
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	385.033	--	2.663.779	(1.430)
Ülker Bisküvi San. A.Ş.	--	--	31.490.978	(16.493)
Sağlam İnşaat Taahhüt Tic. A.Ş.	--	--	216.670	(20.646.308)
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	--	--	2.607.896	(4.691.874)
Other	--	--	--	(4.492.248)
	7.853.459.527	(16.817.116)	1.265.757.117	(174.576.379)
1 January - 31 December 2022				
Transactions with related parties	Purchases	Finance expenses paid	Other income	Other expense
Shareholders				
Yıldız Holding A.Ş.	13.530.766	(17.592.942)	91.544	(48.081.167)
Related parties				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	4.206.580.376	--	812	--
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	1.732.542.682	--	40.437.783	--
Kerevitaş Gıda San. ve Tic. A.Ş.	262.208.600	--	9.875.519	--
Aytaç Gıda Yatırım San. Tic. A.Ş.	161.699.921	--	4.443.828	--
Azmüşebat Çelik San. Tic. A.Ş.	47.608.106	--	3.393.293	--
Bizim Toptan Satış Mağazaları A.Ş.	40.146.775	--	722.161.787	683.443
Dank Gıda San. ve Tic. A.Ş.	37.691	--	136.749	(1.082.879)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4.671	--	1.774.721	--
Misbis Gıda San. Tic. A.Ş.	3.707	--	--	(2.188.958)
İzsal Gayrimenkul Geliştirme A.Ş.	2.831	(90.569)	99.864	(55.481.474)
Most Bilgi Sistemleri Tic. A.Ş.	33	(1.872)	11.422	(7.807.094)
Sağlam İnşaat Taahhüt Tic. A.Ş.	--	--	175.703	(12.962.171)
Polinas Plastik San. Tic. A.Ş.	--	--	1.484.100	--
Ülker Bisküvi San. A.Ş.	--	--	20.321.393	--
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	47.821	--	323.815	(3.917.740)
Other	14.838	--	1.199.126	(3.090.224)
	6.464.428.818	(17.685.383)	805.931.459	(133.928.264)

The total amount of benefits for the key management personnel in the current period is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	57.988.357	53.849.216
	57.988.357	53.849.216

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 6, other receivables from related parties and other payables to related parties disclosed in Note 27, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 20.

Group management reviews capital based on the leverage ratio to be consistent with other companies in industry. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, other receivables from related parties and other payables to related parties and interest bearing other payables to non-related parties) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the consolidated balance sheet.

As of 31 December 2023 and 31 December 2022 net debt / total capital ratio is as follows:

	31 December	31 December
	2023	2022
Total borrowings (*) (Note 6)	--	--
Less: Cash and cash equivalents (Note 5)	<u>(4.203.641.041)</u>	<u>(1.415.532.224)</u>
Net debt	(4.203.641.041)	(1.415.532.224)
Total equity	21.599.337.211	17.850.781.183
Total capital	17.395.696.170	16.435.248.959
Gearing ratio	0%	0%

(*) Effect of TFRS 16 and trade payables are not included.

(b) Financial Risk Factors:

The Group's corporate treasury function provides services to the business, coordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The treasury department presents the financial and risk positions of the Group and how to reduce financial risks of the Group to the Board of Directors three times a year and sends monthly reports of its financial position to the main shareholders.

(c) Credit Risk Management

Credit risk refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Receivables arising from sales consists of credit card slips. Since the customers are final consumers, the Group has no risk for credit card slip receivables.

The risk arised from the advances and deposits given in order to make investments by the Group, is under control by obtaining letter of guarantees from various banks. Based on the Group policy, the Group does not pay any advance or deposits without obtaining a letter of guarantee from banks.

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(c) Credit Risk Management (Continued)

The credit risks exposed because of financial instrument types

	Trade receivables			Receivables		
	Related Party	Other	Deposits in banks	Related Party	Other	Deposits in banks
31 December 2023						
Maximum net credit risk as of balance sheet date (i)	140.359.107	17.473.551	--	--	224.562.410	3.471.687.702
The part of maximum risk under guarantee with collateral (ii)	--	--	--	--	--	--
A. Net book value of neither past due nor impaired financial assets	131.965.182	14.549.750	--	--	224.562.410	3.471.687.702
B. Book value of restructured otherwise accepted as past due and impaired financial assets	--	--	--	--	--	--
C. Net book value of past due but not impaired assets	8.393.925	2.923.801	--	--	--	--
D. Impaired asset net book value	--	--	--	--	--	--
- Past due (gross amount)	--	8.842.319	--	--	--	--
- Impairment (-)	--	(8.842.319)	--	--	--	--
- Net value collateralized or guaranteed part of net value	--	--	--	--	--	--
- Not over due (gross amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Net value collateralized or guaranteed part of net value	--	--	--	--	--	--
E. Off-balance sheet items bearing credit risk	--	--	--	--	--	--

(i) The factors that increase the credit reliability such as guarantees received are not considered in the balance.

(ii) Except for, there is a credit card receivable amounting to TL 358.019.452 which holds no credit risk.

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(c) Credit Risk Management (Continued)

The credit risks exposed because of financial instrument types

	<u>Trade receivables</u>		<u>Receivables</u>	
	<u>Related Party</u>	<u>Other</u>	<u>Related Party</u>	<u>Other</u>
31 December 2022				
Maximum net credit risk as of balance sheet date (i)	189.843.007	9.665.925	--	398.194.708
The part of maximum risk under guarantee with collateral (ii)	--	--	--	--
A. Net book value of neither past due nor impaired financial assets	149.167.505	4.799.527	--	398.194.708
B. Book value of restructured otherwise accepted as past due and impaired financial assets	--	--	--	--
C. Net book value of past due but not impaired assets	40.675.502	4.866.398	--	--
D. Impaired asset net book value	--	--	--	--
- Past due (gross amount)	--	14.375.210	--	--
- Impairment (-)	--	(14.375.210)	--	--
- Net value collateralized or guaranteed part of net value	--	--	--	--
- Not over due (gross amount)	--	--	--	--
- Impairment (-)	--	--	--	--
- Net value collateralized or guaranteed part of net value	--	--	--	--
E. Off-balance sheet items bearing credit risk	--	--	--	--

(i) The factors that increase the credit reliability such as guarantees received are not considered in the balance.

(ii) Except for, there is a credit card receivable amounting to TL 387.916.973 which holds no credit risk.

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(c) Credit Risk Management (Continued)

Aging of overdue receivables as 31 December 2023 and 2022 is as follows:

	Receivables	
	31 December 2023	31 December 2022
Overdue between 1-30 days	7.807.246	39.531.504
Overdue between 1-3 Months	2.611.302	3.763.143
Overdue between 3-12 Months	899.178	2.247.252
Total overdue receivables	11.317.726	45.541.899
The portion of under guarantee with collateral etc	--	--

(d) Liquidity risk management:

Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity Risk Tables

The following table details the Group's expected maturity for its non-derivative financial liabilities and prepared with the assumption that the liabilities will be paid as soon as they mature. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

The maturities estimated by the Group are same as the maturities on agreements

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity risk management (Continued)

	<u>Book value</u>	<u>Contractual undiscouted cash flow (I+II+III+IV)</u>	<u>Up to 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>Over 5 years (IV)</u>
31 December 2023						
Financial liabilities						
Lease liabilities	6.302.050.590	13.094.976.673	673.391.274	1.838.559.440	7.161.534.317	3.421.491.642
Trade payables	19.513.194.719	19.603.742.637	19.603.742.637	--	--	--
Other payables	76.812.353	76.812.353	--	76.226.023	586.330	--
Total liability	25.892.057.662	32.775.531.663	20.277.133.911	1.914.785.463	7.162.120.647	3.421.491.642
31 December 2022						
Financial liabilities						
Lease liabilities	7.045.410.283	8.644.285.648	373.896.783	1.188.046.840	4.797.176.036	2.285.165.989
Trade payables	18.504.430.690	18.504.430.690	18.504.430.690	--	--	--
Other payables	1.537.216	1.537.216	--	1.005.629	531.587	--
Total liability	25.551.378.189	27.150.253.554	18.878.327.473	1.189.052.469	4.797.707.623	2.285.165.989

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(e) Market Risk Management

The Group's activity is subject to very limited financial risks of changes in foreign currency exchange rates.

Market risk exposures of the Group are measured using sensitivity analysis.

In the current period there has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. The Group does not use any derivative instruments to preserve its foreign currency risk as a result of its major transactions and cash flows.

The detail by foreign currency of the Group's monetary assets and liabilities with foreign currencies as below:

31 December 2023	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
Monetary financial assets	1.350.464.597	20.085.088	23.296.718	8.835
CURRENT ASSETS	1.350.464.597	20.085.088	23.296.718	8.835
Monetary financial assets	--	--	--	--
NON-CURRENT ASSETS	--	--	--	--
TOTAL ASSETS	1.350.464.597	20.085.088	23.296.718	8.835
Trade payables	(37.403.901)	(975.251)	(266.909)	--
CURRENT LIABILITIES	(37.403.901)	(975.251)	(266.909)	--
Monetary other liabilities	--	--	--	--
NON-CURRENT LIABILITIES	--	--	--	--
TOTAL LIABILITIES	(37.403.901)	(975.251)	(266.909)	--
Net foreign currency position	1.313.060.696	19.109.837	23.029.809	8.835
Monetary items net foreign currency asset / liability position	1.313.060.696	19.109.837	23.029.809	8.835

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28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

(e) Market Risk Management (Continued)

Foreign currency risk management (Continued)

31 December 2022	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
Monetary financial assets	24.099.031	745.792	505.891	3.073
CURRENT ASSETS	24.099.031	745.792	505.891	3.073
Monetary financial assets	--	--	--	--
NON-CURRENT ASSETS	--	--	--	--
TOTAL ASSETS	24.099.031	745.792	505.891	3.073
Trade payables	(79.538.574)	(2.354.898)	(1.781.096)	--
CURRENT LIABILITIES	(79.538.574)	(2.354.898)	(1.781.096)	--
Monetary other liabilities	--	--	--	--
NON-CURRENT LIABILITIES	--	--	--	--
TOTAL LIABILITIES	(79.538.574)	(2.354.898)	(1.781.096)	--
Net foreign currency position	(55.439.543)	(1.609.106)	(1.275.205)	3.073
Monetary items net foreign currency asset / liability position	(55.439.543)	(1.609.106)	(1.275.205)	3.073

Foreign currency sensitivity

The Group undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 31 December 2023, a 20% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have decreased profit before taxation by TL 112.511.841 (decreased 31 December 2022: TL 6.017.510).

The Group undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 31 December 2023, a 20% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have would have decreased profit before taxation by TL 150.034.139 (decreased 31 December 2022: TL 5.084.220).

Interest rate sensitivity

The Group is not subject to interest rate risk, as the Group does not have any floating rate liability.

Other price risks

The Group does not hold equity investments or liability like bond / stocks etc. which can be exposed to price changes.

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29. FINANCIAL INSTRUMENTS

Categories of financial instruments:

Categories of financial instruments and fair values

31 December 2023	<u>Amortized Cost</u>	<u>Carrying value</u>	<u>Note</u>
<u>Financial assets</u>			
Cash and cash equivalents	4.203.641.041	4.203.641.041	5
Trade receivables (including related parties)	157.832.658	157.832.658	7
Other receivables (including related parties)	224.562.410	224.562.410	8
<u>Financial liabilities</u>			
Lease liabilities	6.302.050.590	6.302.050.590	6
Trade payables (including related parties)	19.513.194.719	19.513.194.719	7
Other liabilities (including related parties)	76.812.353	76.812.353	
31 December 2022			
<u>Financial assets</u>			
Cash and cash equivalents	1.415.532.224	1.415.532.224	5
Trade receivables (including related parties)	199.508.932	199.508.932	7
Other receivables (including related parties)	398.194.708	398.194.708	8
<u>Financial liabilities</u>			
Lease liabilities	7.045.410.283	7.045.410.283	6
Trade payables (including related parties)	18.504.430.690	18.504.430.690	7
Other liabilities (including related parties)	1.537.216	1.537.216	

The Group management considers that the carrying values of financial instruments reflect their fair value.

30. EARNINGS PER SHARE

As of 31 December 2023 and 2022 earnings per share calculation is as follows:

Earnings per share	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Average number of shares during the period (full value)	593.290.008	593.290.008
Net Profit for the period attributable to equity holder of the parents	4.446.245.751	6.954.039.535
Earnings per share	7,49	11,72

31. EVENTS AFTER THE REPORTING PERIOD

None.

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SUPPLEMENTARY INFORMATION

APPENDIX-1 - EBITDA

The supporting information not required by TFRS is considered important for the Group's financial performance by the Group management and the calculation of EBITDA (earnings before interest, tax, depreciation and amortization) is presented below. The Group calculates the adjusted EBITDA (earnings before interest, tax, depreciation and amortization, other income) for the better understanding of investors and other interested parties about Group operations.

	1 January- 31 December 2023	1 January- 31 December 2022
Revenue	132.975.792.655	112.384.820.331
Cost of sales (-)	(106.807.105.721)	(89.633.316.182)
Gross profit	26.168.686.934	22.751.504.149
Marketing and sales expenses (-)	(25.974.579.698)	(20.742.529.118)
General administrative expenses (-)	(930.710.442)	(953.971.278)
Additional: Amortization and depreciation	4.596.106.956	3.980.276.891
EBITDA	3.859.503.750	5.035.280.644
TFRS 16 Effect	2.770.962.995	2.710.137.213
EBITDA excluding TFRS 16	1.088.540.755	2.325.143.431

Such financial information are presented for informational purposes and are not an integral part of the consolidated financial statements.

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APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE TFRS 16

TFRS 16 Leases

The effects of TFRS 16 lease standard on the Group's consolidated financial statements are presented below:

ASSETS			
	31 December		
	2023	TFRS 16 Effect	Before TFRS 16
Current Asset			
Prepaid expenses	2.270.313.235	(7.765.171)	2.278.078.406
Total Current Assets	25.404.790.555	(7.765.171)	25.412.555.726
Non-Current Assets			
Right-of-use asset	11.870.402.250	11.870.402.250	--
Total Non-Current Asset	27.659.194.720	11.870.402.250	15.788.792.470
TOTAL ASSETS	53.063.985.275	11.862.637.079	41.201.348.196
LIABILITIES AND EQUITY			
	31 December		
	2023	TFRS 16 Effect	Before TFRS 16
Current Liabilities			
Short-term lease liabilities	2.201.586.887	2.201.586.887	--
Total Current Liabilities	24.287.147.488	2.201.586.887	22.085.560.601
Non-current liabilities			
Long-term lease liabilities	4.100.463.703	4.100.463.703	--
Deferred tax liabilities	1.846.966.083	1.390.909.752	456.056.331
Total Non-Current Liabilities	7.177.500.576	5.491.373.455	1.686.127.121
Equity			
Retained earnings / (Accumulated losses)	12.865.755.189	1.547.525.096	11.318.230.093
Net profit / (loss) for the period	4.446.245.751	2.622.151.641	1.824.094.110
Shareholder's equity	21.599.337.211	4.169.676.737	17.429.660.474
Total Equity	21.599.337.211	4.169.676.737	17.429.660.474
TOTAL LIABILITIES AND EQUITY	53.063.985.275	11.862.637.079	41.201.348.196

Such financial information are presented for informational purposes and are not an integral part of the consolidated financial statements.

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APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE TFRS 16

TFRS 16 Leases

The effects of TFRS 16 lease standard on the Group's consolidated financial statements are presented below:

	1 January 31 December 2023	TFRS 16 Effect	Before TFRS 16
Revenue	132.975.792.655	--	132.975.792.655
Cost of sales (-)	(106.807.105.721)	--	(106.807.105.721)
Gross profit	26.168.686.934	--	26.168.686.934
Marketing and selling expenses (-)	(25.974.579.698)	(29.336.511)	(25.945.243.187)
General administrative expenses (-)	(930.710.442)	--	(930.710.442)
Other income from operating activities	777.218.109	--	777.218.109
Other expenses from operating activities (-)	(1.308.433.618)	--	(1.308.433.618)
Operating profit	(1.267.818.715)	(29.336.511)	(1.238.482.204)
Income from investing activities	334.135.611	--	334.135.611
Expense from investing activities (-)	(716.944)	--	(716.944)
Profit before finance expense	(934.400.048)	(29.336.511)	(905.063.537)
Financial expense (-)	(2.685.121.666)	(1.677.383.743)	(1.007.737.923)
Net monetary gain	9.517.293.249	4.731.412.849	4.785.880.400
Profit from continuing operations before taxation	5.897.771.535	3.024.692.595	2.873.078.940
Period tax expense	(609.966.405)	--	(609.966.405)
Deferred tax income	(841.559.379)	(402.540.954)	(439.018.425)
PROFIT FOR THE PERIOD	4.446.245.751	2.622.151.641	1.824.094.110

Such financial information are presented for informational purposes and are not an integral part of the consolidated financial statements.