



Şok Marketler Ticaret A.Ş.

01.01.2019 – 30.06.2019

Interim Report

APPENDIX

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1. About Şok Marketler

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 Üsküdar and continues its activities in 81 provinces of Turkey. The number of personnel is 30,613 as of 30 June 2019 (31 December 2018:27,823).

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 26 December 2017, the Group acquired 55% shares of 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 UCZ Mağazacılık Tic. A.Ş (“UCZ”).

With the Capital Market Board's approval of the public offering, the shares of Şok Marketler Ticaret A.Ş. started to be trade on 18 May 2018 on Yıldız Market with the “SOKM” code which was offered to public on 8-11 May 2018, with a nominal value of TL 218,500,000 issued due to the increase from TL 360,000,000 to TL 578,500,000 with 10.5 base price.

Within the framework of the registered capital system,with the completion of the public offering with restricting the rights of the existing shareholders to purchase new shares, total capital of the Company increased by TL 33,428,571 to TL 611,928,571. All of the shares issued within the framework of capital increase mentioned above are allocated to Yıldız Holding A.Ş.. On 16 May 2018 capital increase completed by depositing the relevant amount to the Company account at base price of 10.5 TL.

As of 30 June 2019, the Group has a total of 6,844 stores 6,560 units ("Şok" sales store), 284 units ("Şok Mini" sales store) (31 December 2018: "Şok" sales store: 6,100, "Şok Mini" sales store: 264).

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

1. General Information

a) Shareholding Structure

Shareholder structure of Şok Marketler as of June 30, 2019 is stated below;

| Shareholders | % | |
|--|---------------|--------------------|
| Turkish Retail Investments B.V. | 23,53 | 144.000.000 |
| Gözde Girişim Sermayesi Yat.Ort. A.Ş. | 22,94 | 140.400.327 |
| Turkish Holdings IV Cooperatief U.A. | 5,16 | 31.571.531 |
| Templeton Strategic Emerging Markets Fund IV.LDC | 5,88 | 36.000.000 |
| Yıldız Holding A.Ş. | 5,46 | 33.428.571 |
| Free Float & Others | 37,03 | 226.528.142 |
| Total | 100,00 | 611.928.571 |

b) Board of Directors

At the Ordinary General Assembly was held on 29 March 2019, there is no change at the composition of board of directors. Members' names and roles are as follows:

| Name Surname | Title | Term |
|---------------------------|----------------------------|--|
| Cengiz Solakoğlu | Chairman | Board members were elected for a term of three years at the Ordinary General Assembly meeting held on 18 July 2018 /2 Years* |
| Ali Ülker | Deputy Chairman | |
| Mustafa Yaşar Serdengeçti | Board Member | |
| Erman Kalkandelen | Board Member | |
| Ahmet Bal | Board Member (Independent) | |
| Pınar Ilgaz** | Board Member (Independent) | |

* The members of the Board of Directors, comprising six people, were elected for a term of three years in the 2017 Ordinary General Assembly meeting held by ŞOK Marketler on 18 July 2018.

** Our Company's independent board member, Ms. Ceyda AYDEDE resigned voluntarily from her position with her resignation letter dated of 11.04.2019. The announcement regarding the appointment of Pınar ILGAZ as independent board member was announced at Public Disclosure Platform on 30.04.2019.

c) Executive Board

Executive Board of Şok Marketler as of June 30, 2019 is stated below;

| Name Surname | Title | Address |
|---------------------|--|--|
| Uğur Demirel | CEO | Kısıklı Mahallesi Hanımseti Sokak No:35 B/1 Üsküdar, İstanbul |
| Ziya Kayacan | CFO | |
| Tuncer Konak | Human Resources Director | |
| Kazım Çağlar | Sales & Operation Director | |
| Hakan Koyun | Sales & Operation Director | |
| Metin Sağlam | Sales & Operation Director | |
| Nilhan Gülbahçe | Marketing Director | |
| Tolga Genç | Trade Director | |
| İsmail Özen | Trade Director | |
| Hakan Kurtul | Trade Director | |
| Kenan Hatipoğlu | Construction, Technical Purchasing and Investment Group Manager | |
| Tuncay Çelikoğlu | Supply Chain Director | |
| Çağlar Dağlar Aygün | Sales Operation Director | |

2. Operations

The Company operates in the food retail market in Turkey. As of 30 June 2019, the Group has a total of 6,844 stores 6,560 units ("Şok" sales store), 284 units ("Şok Mini" sales store) (31 December 2018: "Şok" sales store: 6,100, "Şok Mini" sales store: 264).

3. Investments

For the period of 1 January- 30 June 2019, The Company opened 480 Şok and 20 Şok Mini Stores and Total capital expenditure was 179,7 million TL.

4. After the reporting Period

None.

5. Financials

The details of the Group's subsidiaries at 30 June 2019 and 31 December 2018 are as follows:

| | 30 June 2019 | 31 December 2018 | 30 June 2019 | 31 December 2018 |
|---|-------------------------|------------------|-------------------------|------------------|
| Subsidiaries | Direct Ownership Rate % | | Group Efficiency Rate % | |
| Mevsim Taze Sebze Meyve San. ve Tic. A.Ş. | %80 | %80 | %80 | %80 |
| Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş. (*) | - | %100 | - | %100 |
| UCZ Mağazacılık Tic. A.Ş. (**) | %100 | - | %100 | %100 |

The details of the Group's subsidiaries at 30 June 2019 and 31 December 2018 are as follows:

(*) On 26 December 2017, the Group acquired 55% shares of 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 UCZ Mağazacılık Tic. A.Ş. ("UCZ").

(**) On 25 December 2017, Teközel acquired 21,000,000 shares of UCZ, each representing a nominal value of TL 1, representing 60% of the total capital of TL 35,000,000 for a consideration of TL 1,000 and gained control of UCZ. On 30 January 2018, the Group purchased the remaining shares of UCZ and UCZ became a 100% subsidiary of the Group.

As of 30 June 2019 and 31 December 2018 net debt / total capital ratio is as follows:

| | 30 June 2019 | 31 December 2018 |
|--|-----------------|---------------------|
| Total liabilities | 238,122,803 | 284,244,096 |
| Less: Cash and cash equivalents (Note 5) | (349,623,851) | (354,087,758) |
| Net debt | (111,501,048) | (69,843,662) |
| Total equity | 150,055,634 | 262,989,023 |
| Total capital | 38,554,586 | 193,145,361 |
| Gearing ratio | 0% | 0% |

Consolidated Income Statement Summary for the period of 1 January -30 June 2019;

| Consolidated Income Statement Summary (TLm) | Q2 2018 | Q2 2019 Before IFRS 16 | Δ (%) | IFRS 16 Impact | Q2 2019 After IFRS 16 | 1H 2018 | 1H 2019 Before IFRS 16 | Δ (%) | IFRS 16 Impact | 1H 2019 After IFRS 16 |
|---|------------|------------------------------|---------|-------------------|-----------------------------|------------|------------------------------|----------|-------------------|-----------------------------|
| Net Sales | 2.883,9 | 3.991,8 | 38,4% | - | 3.991,8 | 5.453,4 | 7.515,2 | 37,8% | - | 7.515,2 |
| Gross Profit | 683,0 | 956,0 | 40,0% | - | 956,0 | 1.280,1 | 1.736,7 | 35,7% | - | 1.736,7 |
| Gross Profit % | 23,7% | 23,9% | 0,3 Ppt | - | 23,9% | 23,5% | 23,1% | -0,4 Ppt | - | 23,1% |
| Marketing, selling & GA expenses (-) | (595,4) | (769,2) | 29,2% | 71,0 | (698,2) | (1.149,1) | (1.486,7) | 29,4% | 133,3 | (1.353,3) |
| Amortisation | (50,1) | (55,0) | 9,6% | (98,9) | (153,9) | (96,4) | (108,1) | 12,1% | (185,9) | (294,0) |
| Marketing, selling & GA expenses (-) (Excl Amortisation) | (545,3) | (714,2) | 31,0% | 169,9 | (544,3) | (1.052,7) | (1.378,6) | 31,0% | 319,3 | (1.059,3) |
| EBITDA | 137,7 | 241,7 | 75,5% | 169,9 | 411,6 | 227,4 | 358,1 | 57,5% | 319,3 | 677,4 |
| EBITDA % | 4,8% | 6,1% | 1,3 Ppt | 4,3% | 10,3% | 4,2% | 4,8% | 0,6 Ppt | 4,2% | 9,0% |
| Profit / (Loss) Before Tax | (100,6) | 6,7 | 106,7% | (40,7) | (34,0) | (218,5) | (83,5) | 61,8% | (71,9) | (155,3) |
| Net Profit / (Loss) for the Period | 229,5 | 8,0 | -96,5% | (32,6) | (24,6) | 110,2 | (64,6) | -158,6% | (57,5) | (122,1) |

Consolidated Balance Sheet Summary for the period of 1 January -30 June 2019;

| Consolidated Balance Sheet Summary (TLm) | 31.12.18 | 30.06.19 Before IFRS 16 | IFRS 16 Impact | 30.06.19 After IFRS 16 |
|--|----------------|-------------------------------|----------------|------------------------------|
| Cash & cash equivalents | 354,1 | 349,6 | | 349,6 |
| Trade receivables | 69,5 | 120,6 | | 120,6 |
| Inventories | 872,5 | 1.100,0 | | 1.100,0 |
| Other current assets | 19,2 | 34,6 | (2,6) | 32,0 |
| Total Current Assets | 1.315,3 | 1.604,9 | (2,6) | 1.602,3 |
| Property & equipment | 977,6 | 1.050,0 | | 1.050,0 |
| Intangible assets | 684,7 | 682,1 | | 682,1 |
| Other non-current assets | 284,3 | 306,1 | 1.718,7 | 2.024,8 |
| Non-Current Assets | 1.946,6 | 2.038,2 | 1.718,7 | 3.756,9 |
| Total Assets | 3.261,9 | 3.643,1 | 1.716,0 | 5.359,1 |

| Consolidated Balance Sheet Summary (TLm) | 31.12.18 | 30.06.19 Before IFRS 16 | IFRS 16 Impact | 30.06.19 After IFRS 16 |
|--|----------------|-------------------------------|----------------|------------------------------|
| Short term financial liabilities | 177,4 | 170,7 | | 170,7 |
| Trade payables | 2.484,5 | 2.869,9 | | 2.869,9 |
| Other current payables | 183,2 | 279,9 | 532,4 | 812,4 |
| Total Current Liabilities | 2.845,1 | 3.320,5 | 532,4 | 3.852,9 |
| Total Non Current Liabilities | 153,8 | 115,1 | 1.241,1 | 1.356,1 |
| Shareholder's equity | 261,8 | 206,7 | (57,5) | 149,2 |
| Non-controlling interests | 1,2 | 0,9 | | 0,9 |
| Total Equity | 263,0 | 207,6 | (57,5) | 150,1 |
| Total Liabilities and Equity | 3.261,9 | 3.643,1 | 1.716,0 | 5.359,1 |