

**ŞOK MARKETLER TİCARET A.Ş.**

CONVENIENCE TRANSLATION OF  
JANUARY 1 – SEPTEMBER 30, 2022  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

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**ŞOK MARKETLER TİCARET A.Ş.****CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022 AND 31 DECEMBER 2021**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

**ASSETS**

		<b>Reviewed</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 December</b>
	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	635.370.195	1.343.778.022
Trade receivables	7	123.239.665	99.962.387
Trade receivables from related parties	27	80.052.630	57.553.754
Trade receivables from third parties		43.187.035	42.408.633
Other receivables	8	15.919.586	10.822.198
Inventories	9	7.106.156.156	2.849.358.576
Prepaid expenses	10	12.751.505	15.797.639
Other current assets	19	486.612.193	50.036.159
<b>Total Current Assets</b>		<b>8.380.049.300</b>	<b>4.369.754.981</b>
<b>Non Current Assets</b>			
Other receivables	8	59.329.151	34.667.958
Property, plant and equipment	12	2.938.891.590	1.828.765.126
Right of use assets	11	3.296.876.409	2.565.326.249
Intangible assets		715.529.138	703.674.386
Goodwill	14	579.092.596	579.092.596
Other intangible assets	13	136.436.542	124.581.790
Deferred tax assets	26	789.742.641	232.641.139
<b>Total Non-Current Assets</b>		<b>7.800.368.929</b>	<b>5.365.074.858</b>
<b>TOTAL ASSETS</b>		<b>16.180.418.229</b>	<b>9.734.829.839</b>

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

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022 AND 31 DECEMBER 2021**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

**LIABILITIES AND EQUITY**

		<b>Reviewed</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 December</b>
	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Current Liabilities</b>			
Short-term lease liabilities	6	1.298.004.675	958.494.362
Short-term portion of long term borrowings	6	-	711.932
Trade payables	7	9.014.349.042	5.321.360.305
Trade payables to related parties	27	690.147.817	558.094.914
Trade payables to third parties		8.324.201.225	4.763.265.391
Payables related to employee benefits	17	443.800.173	202.283.910
Other payables	8	3.887.523	9.131.172
Deferred income	10	51.571.190	38.749.807
Other short-term provisions		211.696.693	412.816.552
Provision for short-term employee benefits	17	80.123.702	49.094.657
Other provisions	15	131.572.991	363.721.895
Other current liabilities	19	104.824.330	122.233.241
<b>Total Current Liabilities</b>		<b>11.128.133.626</b>	<b>7.065.781.281</b>
<b>Non current liabilities</b>			
Long-term lease liabilities	6	2.575.984.340	2.050.915.733
Provision for long-term employee benefits	17	174.239.558	100.705.867
Other payables	8	315.398	575.099
Deferred income	10	58.067	20.962.021
<b>Total Non-Current Liabilities</b>		<b>2.750.597.363</b>	<b>2.173.158.720</b>
<b>EQUITY</b>			
Share capital	20	593.290.008	611.928.571
Repurchased shares	20	--	(180.724.551)
Effect of transactions under common control	20	(567.113.629)	(567.113.629)
Accumulated other comprehensive income or expense			
Defined benefit plans reameasurement losses	20	(12.676.283)	(13.050.781)
Restricted reserves	20	8.919.271	5.156.924
Retained earnings / (Accumulated losses)		473.843.107	319.995.612
Net profit / (loss) for the year		1.805.424.766	324.323.116
<b>Shareholder's equity</b>		<b>2.301.687.240</b>	<b>500.515.262</b>
<b>Non-controlling interest</b>		<b>--</b>	<b>( 4.625.424)</b>
<b>Total Equity</b>		<b>2.301.687.240</b>	<b>495.889.838</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16.180.418.229</b>	<b>9.734.829.839</b>

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARY**

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

		<b>Reviewed 1 January- 30 September 2022</b>	<b>Reviewed 1 July- 30 September 2022</b>	<b>Reviewed 1 January- 30 September 2021</b>	<b>Reviewed 1 July- 30 September 2021</b>
	<b>Note</b>				
Revenue	21	40.643.051.315	17.097.753.385	20.428.264.880	7.211.795.288
Cost of sales (-)	21	(30.915.241.267)	(13.011.825.816)	(15.678.027.530)	(5.533.145.443)
<b>Gross profit</b>		<b>9.727.810.048</b>	<b>4.085.927.569</b>	<b>4.750.237.350</b>	<b>1.678.649.845</b>
Marketing and selling expenses (-)	22	(6.975.992.481)	(2.985.686.611)	(3.360.088.919)	(1.225.690.934)
General administrative expenses (-)	22	(257.406.891)	(90.319.067)	(94.679.402)	(21.747.176)
Other income from operating activities	23	33.285.311	9.385.894	2.960.096	563.410
Other expenses from operating activities (-)	23	(393.368.506)	(136.412.585)	(414.647.451)	(111.615.115)
<b>Operating profit</b>		<b>2.134.327.481</b>	<b>882.895.200</b>	<b>883.781.674</b>	<b>320.160.030</b>
Income from investing activities	24	85.023.187	21.759.257	107.234.397	35.105.100
Expenses from investing activities (-)	24	(913.936)	(277.971)	(2.468.194)	(792.711)
<b>Loss before finance expenses</b>		<b>2.218.436.732</b>	<b>904.376.486</b>	<b>988.547.877</b>	<b>354.472.419</b>
Financial expenses (-)	25	(842.883.955)	(327.272.774)	(570.504.575)	(198.278.371)
<b>Profit from continuing operations before taxation</b>		<b>1.375.552.777</b>	<b>577.103.712</b>	<b>418.043.302</b>	<b>156.194.048</b>
Income tax expense	26	(127.322.983)	72.241.637	--	--
Deferred tax income / (expense)	26	557.194.972	545.812.924	(108.031.558)	(40.364.606)
<b>PROFIT FOR THE YEAR</b>		<b>1.805.424.766</b>	<b>1.195.158.273</b>	<b>310.011.744</b>	<b>115.829.442</b>
Attributable to:					
Equity holders of the parent		1.805.424.766	1.195.158.273	314.395.148	118.569.172
Non-controlling interests		--	--	(4.383.404)	(2.739.730)
<b>Profit / (Loss) per share</b>	30	<b>3,0431</b>	<b>2,0145</b>	<b>0,5299</b>	<b>0,1999</b>
Earnings per share from continuing operations		3,0431	2,0145	0,5299	0,1999
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>					
<b>Items that will not be reclassified to profit or loss</b>		372.636	986.699	72.624	656.417
Defined benefit plans remeasurement (losses) / gains	17	466.106	1.233.384	88.695	820.521
Deferred tax income / (expense)	26	(93.470)	(246.685)	(16.071)	(164.104)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		<b>372.636</b>	<b>986.699</b>	<b>72.624</b>	<b>656.417</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)</b>		<b>1.805.797.402</b>	<b>1.196.144.972</b>	<b>310.084.368</b>	<b>116.485.859</b>
<b>Allocation of Total comprehensive Income/(Loss)</b>					
Non-Controlling Interests		4.625.424	-	(4.388.415)	(2.739.729)
Equity Holders of the Parent		1.801.171.978	1.196.144.972	314.472.783	119.225.588
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1.805.797.402</b>	<b>1.196.144.972</b>	<b>310.084.368</b>	<b>116.485.859</b>

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



**ŞOK MARKETLER TİCARET A.Ş.**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

			Accumulated other comprehensive income or expense that will not be reclassified to profit or loss				Retained earnings / accumulated losses			
	Share capital	Repurchase of share	Defined benefit plans reameasurement losses	Restricted reserves	Effect of transactions under common control (*)	Profit / (Loss) for the year	Retained earnings / Accumulated Losses	Shareholder's equity	Non-controlling interest (***)	Equity
<b>Reported as of 1 January 2021</b>	<b>611.928.571</b>	<b>(180.724.551)</b>	<b>(13.263.816)</b>	<b>260.000</b>	<b>(567.113.629)</b>	<b>272.612.688</b>	<b>129.419.773</b>	<b>253.119.036</b>	<b>778.842</b>	<b>253.897.878</b>
Transfer to retained earnings	--	--	--	4.896.924	--	(272.612.688)	267.715.764	--	--	--
Total comprehensive expense	--	--	77.635	--	--	314.395.148	--	314.472.783	(4.388.415)	310.084.368
Dividends	--	--	--	--	--	--	(77.139.925)	(77.139.925)	--	(77.139.925)
<b>Balance as of 30 September 2021</b>	<b>611.928.571</b>	<b>(180.724.551)</b>	<b>(13.186.181)</b>	<b>5.156.924</b>	<b>(567.113.629)</b>	<b>314.395.148</b>	<b>319.995.612</b>	<b>490.451.894</b>	<b>(3.609.573)</b>	<b>486.842.321</b>
<b>Balance as of 1 January 2022</b>	<b>611.928.571</b>	<b>(180.724.551)</b>	<b>(13.050.781)</b>	<b>5.156.924</b>	<b>(567.113.629)</b>	<b>324.323.116</b>	<b>319.995.612</b>	<b>500.515.262</b>	<b>(4.625.424)</b>	<b>495.889.838</b>
Transfer to retained earnings	--	--	--	3.762.347	--	(324.323.116)	320.560.769	--	--	--
Capital decrease (**)	(18.638.563)	180.724.551	--	--	--	--	(162.085.988)	--	--	--
Total comprehensive expense (loss)	--	--	374.498	--	--	1.805.424.766	(4.627.286)	1.801.171.978	4.625.424	1.805.797.402
<b>Balance as of 30 September 2022</b>	<b>593.290.008</b>	<b>--</b>	<b>(12.676.283)</b>	<b>8.919.271</b>	<b>(567.113.629)</b>	<b>1.805.424.766</b>	<b>473.843.107</b>	<b>2.301.687.240</b>	<b>--</b>	<b>2.301.687.240</b>

(\*) The effect of business combinations under common control is disclosed in Note 3.

(\*\*) 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.

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

# ŞOK MARKETLER TİCARET A.Ş.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

	Note	1 January- 30 September 2022	1 January- 30 September 2021
<b>A. OPERATING ACTIVITIES</b>			
Profit for the year		1.805.424.766	310.011.744
<b>Adjustments related to reconciliation of net profit / (loss) for the period</b>			
-Depreciation and amortisation expenses	11-12-13	806.320.933	605.354.094
-Provision for employee benefits	17	179.579.341	52.672.795
-Provision for doubtful receivables	7	18.770	49.327
-Provision for litigation	15	64.150.091	18.737.801
-Discount (income) / expenses		4.525.359	39.381.246
-Allowance for / reversal of impairment on inventories, net		23.634.597	13.665.365
-Loss on sales of property, plant and equipment	24	660.042	1.423.478
-Tax income		( 495.984.400)	108.031.558
-Interest income	24	( 84.769.293)	( 106.503.517)
-Interest expenses	25	842.883.955	570.504.575
<b>Cash generated by / (used in) operations before changes in working capital</b>		<b>3.146.444.161</b>	<b>1.613.328.466</b>
<b>Changes in working capital :</b>			
Changes in trade receivables		( 23.389.904)	( 4.035.186)
Changes in inventories		( 4.280.432.177)	( 309.750.328)
Changes in other receivables and current assets		( 466.334.615)	( 25.217.809)
Changes in trade payables		3.688.463.378	343.445.896
Changes in other payables and expense accruals		( 22.912.261)	33.220.765
Changes in employee benefits		241.516.263	33.792.320
Changes in prepaid expenses		( 5.036.437)	( 9.711.005)
<b>Cash used in operations</b>		<b>2.278.318.408</b>	<b>1.675.073.119</b>
Income taxes paid		( 61.210.572)	( 3.577.258)
Collections from doubtful receivables	7	93.856	151.003
Payments for lawsuits	15	( 296.298.995)	( 6.004.543)
Retirement benefits paid	17	( 74.550.499)	( 39.430.514)
<b>Net cash generated by operating activities:</b>		<b>1.846.352.198</b>	<b>1.626.211.807</b>
<b>B. INVESTING ACTIVITIES</b>			
Interest received	24	84.769.293	106.503.517
Purchases of property, plant and equipment	12	( 1.410.824.312)	( 522.503.061)
Purchases of intangible assets	13	( 20.076.235)	( 10.457.708)
Cash inflows from the sale of property, plant and equipment	12-13-24	543.317	1.040.894
<b>Net cash used in investing activities</b>		<b>( 1.345.587.937)</b>	<b>( 425.416.358)</b>
<b>C. FINANCING ACTIVITIES</b>			
Payables for finance leases	6	( 711.932)	( 29.381.836)
Interest paid		( 228.629.249)	( 125.857.743)
Common control transaction related to acquisition of brands	25	( 614.254.706)	( 444.646.832)
Cash outflow lease payments related to			
debt payments arising from lease liabilities	6	( 365.576.201)	( 276.330.291)
Dividend payment		-	( 77.139.925)
<b>Net cash (used in) / generated from financing activities</b>		<b>( 1.209.172.088)</b>	<b>( 953.356.627)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>( 708.407.827)</b>	<b>247.438.822</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>1.343.778.022</b>	<b>1.149.089.432</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	5	<b>635.370.195</b>	<b>1.396.528.254</b>

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



## **ŞOK MARKETLER TİCARET A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### **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 45.264 as of 30 September 2022 (31 December 2021: 39.659).

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 30 September 2022.

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

As of 30 September 2022 the Group has a total of 10.141 stores (31 December 2021: 9.247); 9.710 units ("Şok" sales store), 431 units ("Şok Mini" sales store) (31 December 2021: "Şok" sales store: 8.852, "Şok Mini" sales store: 395).

The Group's internet address is [www.sokmarket.com.tr](http://www.sokmarket.com.tr).

#### **Approval of interim consolidated financial statements:**

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 9 November 2022.

## **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.

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.

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

## 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. The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

These consolidated financial statements are not prepared according to International Financial Reporting Standards. They deviate from IFRS due to the following:

The Turkish economy qualifies as a hyperinflationary one with effect from 31 March 2022 from IFRS standpoint.

On January 20, 2022, the Public Oversight Authority (“POA”) made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these consolidated financial statements, no further announcement has been made by POA on this subject. Consequently, TAS 29 has not been taken into account and no inflation adjustments were made for the 6-month period ended and as of 30 September 2022.

### 2.2 Functional Currency

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates. The results and financial position of the entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the Group’s consolidated financial statements.

### 2.3 Going Concern

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

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

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

### 2.4 Basis of Consolidation

The details of the Group's subsidiaries at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Subsidiaries	Direct Ownership Rate %		Group Efficiency Rate %	
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	% 100	% 80	% 100	% 80
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.

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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 30 September 2022:**

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective from annual periods beginning on or after 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
  - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

**b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 2022:**

- **Amendments to TAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.
- **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.
- **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.

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 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 30 September 2022 (2021: %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

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 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:

- a) Ownership of the Group's right to collect on goods or services,
- b) Customer's legal ownership of the goods or services,
- c) Transfer of possession of goods or services,
- d) Customer's possession of significant risks and rewards arising from owning the property or service,
- e) 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 as of balance sheet date. Cost 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 less accumulated depreciation and any accumulated impairment losses. Cost 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:

Machinery and equipment	4-50 years
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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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 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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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 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.



## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 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 comprising of:

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

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset,
- b) 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 assess 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:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) 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:

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

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 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 TFRS 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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.



(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**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.

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 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:

#### Deferred tax asset

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and the corresponding tax bases which are used in the computation of taxable profit. Under current circumstances, the partial or complete annual recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year's losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. In accordance with the data obtained, if the Group's taxable profit, which will be obtained in the future, is not sufficient to utilize the deferred tax assets, an allowance is recognized either for the whole or for a portion of the deferred tax assets.

As of 30 September 2022, deferred tax asset amounting to TL 3.140.431 is related to the tax loss of Mevsim. (December 31, 2021 Şok's tax loss: TL 53.774.395 , Mevsim's tax loss: TL 6.311.161).The group concluded that the assets will be available in the future using estimated taxable income, based on approved business plans, estimates such as the increase in the number of stores and profitability. Losses can be carried for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years.

#### 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 88.673.567 is recognized for net realizable value of inventories (31 December 2021: TL 65.038.970).

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

## 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)

#### Impairment of goodwill

In accordance with the accounting policy stated in Note 2.8, goodwill is annually tested by the Group for impairment. The recoverable value of cash generating units is determined on the basis of fair value.

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. As a result of the impairment tests conducted and detailed as of 30 September 2022 no impairment was detected in the goodwill amount associated with the cash-generating units.

#### 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 30 September 2022 and 31 December 2021 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 30 September 2022.

#### 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

After the merger with Teközel, the amount of Transactions Under Common Control account shareholder’s equity is TL 567.113.629 on 10 May 2019.(31 December 2021: TL 567.113.629).

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 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

	30 September 2022	31 December 2021
Cash on hand	279.909.571	196.941.526
Cash at banks	265.839.591	1.077.377.664
Time deposits	246.705.692	1.072.211.021
Demand deposits	19.133.899	5.166.643
Credit card deposits	89.621.033	69.458.832
Cash and cash equivalents	<u>635.370.195</u>	<u>1.343.778.022</u>

There are no restrictions on bank deposits of the Group as at 30 September 2022 (31 December 2021: None). As of 30 September 2022 the Group's average interest rate on TL time deposits is 16,98% (31 December 2021: 26,24%). Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 28.

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

#### 6. FINANCIAL BORROWINGS

	30 September 2022	31 December 2021
Financial Borrowings		
a) Financial Leasing Liabilities	-	711.932
b) Other Financial Debts	3.873.989.015	3.009.410.095
	<u>3.873.989.015</u>	<u>3.010.122.027</u>

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.

##### a) Financial Leasing Payables

	Minimum Leasing Payable		Minimum Leasing Payable	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Leasing Payables				
Within 1 year	-	719.491	-	711.932
Between 1-5 years	-	-	-	-
Less: future financial expense	-	(7.559)	-	-
Leasing obligation net present value	<u>-</u>	<u>711.932</u>	<u>-</u>	<u>711.932</u>
Less : liabilities to paid within 12 months (presented in short term liabilities)			-	(711.932)
Liabilities to paid after 12 months			<u>-</u>	<u>-</u>

As of 30 September 2022 net book value of property and equipment acquired by financial lease is TL 28.787.666 (31 December 2021: TL 40.253.252).

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**6. FINANCIAL BORROWINGS (Continued)****b) Lease Liabilities**

	30 September 2022	31 December 2021
Lease liabilities		
Short-term lease liabilities	1.298.004.675	958.494.362
Long-term lease liabilities	2.575.984.340	2.050.915.733
	<u>3.873.989.015</u>	<u>3.009.410.095</u>

As of 30 September 2022, the net book value of the right of use assets arising from lease liabilities is TL 3.296.876.409 (31 December 2021: TL 2.565.326.249) (Note 11). The discount rate is used between 15% and 49%.

**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 2022	Financial cash flow	Non-cash changes Other	30 September 2022
Financial leasing payables	711.932	(711.932)	-	--
Lease liabilities	3.009.410.095	(365.576.201)	1.230.155.121	3.873.989.015
	<u>3.010.122.027</u>	<u>(366.288.133)</u>	<u>1.230.155.121</u>	<u>3.873.989.015</u>

  

	1 January 2021	Financing cash flow	Non-cash changes Other	30 September 2021
Financial leasing payables	33.436.289	(29.381.836)	-	4.054.453
Lease liabilities	2.404.322.761	(276.330.291)	732.519.280	2.860.511.750
	<u>2.437.759.050</u>	<u>(305.712.127)</u>	<u>732.519.280</u>	<u>2.864.566.203</u>

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**7. TRADE RECEIVABLES AND PAYABLES**

	30 September 2022	31 December 2021
<u>Current trade receivables</u>		
Trade receivables from related parties (Note 27)	80.052.630	57.553.754
Trade receivables	52.019.755	51.316.439
Allowance for doubtful receivables (-) (Note 28)	(8.832.720)	(8.907.806)
	<u>123.239.665</u>	<u>99.962.387</u>

The Group's average period for collection of receivables is 1 days when wholesale revenue is taken into consideration (31 December 2021: 1 days).

There are no guarantee letters obtained for trade receivables as of 30 September 2022 and 31 December 2021. As of 30 September 2022 the Group provided allowance for doubtful receivables amounting to TL 8.832.720 based on reference to past default experience (31 December 2021: TL 8.907.806).

As of 30 September 2022 and 2021 the movements of allowance for doubtful receivables are as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
<u>Movement of Allowance for Doubtful Receivables</u>		
Balance at beginning of the period	(8.907.806)	(9.070.556)
Charge for the year (Not 23)	(18.770)	(49.327)
Collections	93.856	151.003
Closing balance	<u>(8.832.720)</u>	<u>(8.968.880)</u>

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.

	30 September 2022	31 December 2021
<u>Short-term trade payables</u>		
Trade payables	8.324.201.225	4.763.265.391
Trade payables to related parties (Note 27)	690.147.817	558.094.914
	<u>9.014.349.042</u>	<u>5.321.360.305</u>

The average maturity of the Group's trade payables is 79 days (31 December 2021: 89 days).

As of 30 September 2022 and 31 December 2021, 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.

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**8. OTHER RECEIVABLES AND PAYABLES**

	30 September 2022	31 December 2021
<b>Other short-term receivables</b>		
Insurance receivables	9.285.570	7.776.532
Tax receivables	2.189.110	2.396.536
Other receivables	4.444.906	649.130
	<u>15.919.586</u>	<u>10.822.198</u>
<b>Other short-term payables</b>		
Deposits and quarantees	500.000	500.000
Other payables (*)	3.387.523	8.631.172
	<u>3.887.523</u>	<u>9.131.172</u>

(\*) A significant portion of the balance consists of Şok Card sales.

	30 September 2022	31 December 2021
<b>Other long-term receivables</b>		
Guarantee and deposits given	59.329.151	34.667.958
	<u>59.329.151</u>	<u>34.667.958</u>
<b>Other long-term payables</b>		
Deposits and quarantees	315.398	575.099
	<u>315.398</u>	<u>575.099</u>

**9. INVENTORIES**

	30 September 2022	31 December 2021
Trade goods	6.991.928.699	2.873.975.908
Other inventory	202.901.024	40.421.638
Allowance for impairment on inventory (-)	(88.673.567)	(65.038.970)
	<u>7.106.156.156</u>	<u>2.849.358.576</u>

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 88.673.567 has been booked as of 30 September 2022 (31 December 2021: TL 65.038.970).

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**10. PREPAID EXPENSES AND DEFERRED INCOME**

	30 September 2022	31 December 2021
<u>Short-term prepaid expenses</u>		
Prepaid expenses	12.751.505	15.797.639
	<u>12.751.505</u>	<u>15.797.639</u>
	30 September 2022	31 December 2021
<u>Short-term deferred income</u>		
Advances received	30.233.702	21.865.198
Deferred income	21.337.488	16.884.609
	<u>51.571.190</u>	<u>38.749.807</u>
	30 September 2022	31 December 2021
<u>Long-term deferred income</u>		
Deferred income	58.067	20.962.021
	<u>58.067</u>	<u>20.962.021</u>

**11. RIGHT OF USE ASSETS**

<u>Cost</u>	<u>Stores</u>	<u>Warehouses</u>	<u>Total</u>
Opening balance as of 1 January 2022	3.705.464.351	166.254.304	3.871.718.655
Additions	1.208.437.502	35.004.703	1.243.442.205
Disposals	(31.740.299)	(12.150.314)	(43.890.613)
Closing balance as of 30 September 2022	<u>4.882.161.554</u>	<u>189.108.693</u>	<u>5.071.270.247</u>
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2022	1.238.004.890	68.387.516	1.306.392.406
Charge for the year	476.753.360	21.851.601	498.604.961
Disposals	(24.308.650)	(6.294.879)	(30.603.529)
Closing balance as of 30 September 2022	<u>1.690.449.600</u>	<u>83.944.238</u>	<u>1.774.393.838</u>
Carrying value as of 30 September 2022	<u>3.191.711.954</u>	<u>105.164.455</u>	<u>3.296.876.409</u>
<u>Cost</u>	<u>Stores</u>	<u>Warehouses</u>	<u>Total</u>
Opening balance as of 1 January 2021	2.773.083.847	131.245.817	2.904.329.664
Additions	732.232.788	51.156.143	783.388.931
Disposals	(31.252.374)	(34.754.752)	(66.007.126)
Closing balance as of 30 September 2021	<u>3.474.064.261</u>	<u>147.647.208</u>	<u>3.621.711.469</u>
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2021	748.688.798	40.705.756	789.394.554
Charge for the year	363.044.266	20.632.160	383.676.426
Disposals	(13.302.164)	(1.835.311)	(15.137.475)
Closing balance as of 30 September 2021	<u>1.098.430.900</u>	<u>59.502.605</u>	<u>1.157.933.505</u>
Carrying value as of 30 September 2021	<u>2.375.633.361</u>	<u>88.144.603</u>	<u>2.463.777.964</u>

Depreciation expenses related to right of use assets amounting to TL 498.604.961 booked in marketing and selling expenses (2021: TL 383.676.426) (Note 22).



**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**12. PROPERTY, PLANT AND EQUIPMENT**

	Vehicles	Furniture and Fixture	Leasehold Improvements	Total
<b><u>Cost</u></b>				
Opening balance as of 1 January 2022	4.304.665	2.591.530.427	759.204.652	3.355.039.744
Additions	47.142.339	1.075.072.867	288.609.106	1.410.824.312
Disposals	(23.576)	(2.962.321)	(2.147.494)	(5.133.391)
Closing balance as of 30 September 2022	<u>51.423.428</u>	<u>3.663.640.973</u>	<u>1.045.666.264</u>	<u>4.760.730.665</u>
<b><u>Accumulated Depreciation</u></b>				
Opening balance as of 1 January 2022	406.434	1.188.608.881	337.259.303	1.526.274.618
Charge of the year	8.068.145	222.941.959	68.523.192	299.533.296
Disposals	(3.559)	(2.723.257)	(1.242.023)	(3.968.839)
Closing balance as of 30 September 2022	<u>8.471.020</u>	<u>1.408.827.583</u>	<u>404.540.472</u>	<u>1.821.839.075</u>
Carrying value as of 30 September 2022	<u>42.952.408</u>	<u>2.254.813.390</u>	<u>641.125.792</u>	<u>2.938.891.590</u>
	Vehicles	Furniture and Fixture	Leasehold Improvements	Total
<b><u>Cost</u></b>				
Opening balance as of 1 January 2021	11.000	1.977.509.022	611.201.451	2.588.721.473
Additions	2.715.048	438.599.712	81.188.301	522.503.061
Disposals	-	(4.568.035)	(4.528.408)	(9.096.443)
Closing balance as of 30 September 2021	<u>2.726.048</u>	<u>2.411.540.699</u>	<u>687.861.344</u>	<u>3.102.128.091</u>
<b><u>Accumulated Depreciation</u></b>				
Opening balance as of 1 January 2021	1.146	960.854.318	275.172.974	1.236.028.438
Charge of the year	126.369	168.571.806	47.114.619	215.812.794
Disposals	-	(4.348.485)	(2.337.156)	(6.685.641)
Closing balance as of 30 September 2021	<u>127.515</u>	<u>1.125.077.639</u>	<u>319.950.437</u>	<u>1.445.155.591</u>
Carrying value as of 30 September 2021	<u>2.598.533</u>	<u>1.286.463.060</u>	<u>367.910.907</u>	<u>1.656.972.500</u>

There is insurance coverage amounting to TL 10.118.123.569 on the furniture and fixtures and machinery. (31 December 2021: TL 4.508.346.743). Net book value of leased property and equipment is TL 28.787.666 (31 December 2021: TL 40.253.252).

Current depreciation expense related to fixed assets amounting to TL 296.426.864 (2021: TL 213.560.125) booked in marketing and selling expenses and TL 3.106.432 booked in general administrative expenses (2021: TL 2.252.669) (Note 22).

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**13. OTHER INTANGIBLE ASSETS**

<u>Cost</u>	<u>Trademarks</u>	<u>Rights</u>	<u>Total</u>
Opening balance as of 1 January 2022	85.675.510	79.830.410	165.505.920
Additions	-	20.076.235	20.076.235
Disposals	-	(69.208)	(69.208)
Closing balance as of 30 September 2022	85.675.510	99.837.437	185.512.947
<u><b>Accumulated Amortization</b></u>			
Opening balance as of 1 January 2022	-	40.924.130	40.924.130
Charge for the year	-	8.182.676	8.182.676
Disposals	-	(30.401)	(30.401)
Closing balance as of 30 September 2022	-	49.076.405	49.076.405
Carrying value as of 30 September 2022	85.675.510	50.761.032	136.436.542
<u><b>Cost</b></u>			
Opening balance as of 1 January 2021	85.675.510	60.101.010	145.776.520
Additions	-	10.457.708	10.457.708
Disposals	-	(110.226)	(110.226)
Closing balance as of 30 September 2021	85.675.510	70.448.492	156.124.002
<u><b>Accumulated Amortization</b></u>			
Opening balance as of 1 January 2021	-	32.913.531	32.913.531
Charge for the year	-	5.864.874	5.864.874
Disposals	-	(56.656)	(56.656)
Closing balance as of 30 September 2021	-	38.721.749	38.721.749
Carrying value as of 30 September 2021	85.675.510	31.726.743	117.402.253

The amortization expense of intangible assets amounting to TL 8.182.676 is presented in marketing and selling expenses (2021: TL 5.864.874) (Note 22).

Assumptions used for brand impairment are explained in Note 2.9.

**14. GOODWILL**

Detail of goodwill for the periods ended 30 September 2022 and 2021 is as follows:

<u>Company</u>	<u>Acquisition Date</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
Şok Marketler Ticaret A.Ş.	August 2011	245.485.151	245.485.151
Dia Sabancı Süpermarketleri Tic. A.Ş.	July 2013	301.974.645	301.974.645
Onur Ekspres Marketçilik A.Ş.	July 2013	27.524.000	27.524.000
Other	-	4.108.800	4.108.800
		<u>579.092.596</u>	<u>579.092.596</u>
		<u>1 January- 30 September 2022</u>	<u>1 January- 30 September 2021</u>
Goodwill		<u>579.092.596</u>	<u>579.092.596</u>
		<u>579.092.596</u>	<u>579.092.596</u>

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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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 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Lawsuits	131.572.991	75.445.117
Provision of competition authority fine (*)	-	288.276.778
	<u>131.572.991</u>	<u>363.721.895</u>

(\*) According to the letter of Competition Authority declared on October 28, 2021, with regard to investigation carried out by the Turkish Competition Authority on chain markets and their suppliers with File No. 2020-3-019 along with other companies. It has been notified that an administrative fine of TL 384.369.037,15 has been imposed on our Group on the grounds that Article 4 of the Law No. 4054 has been violated. According to the date of 18 January 2022, when the reasoned decision was notified, an administrative fine was paid on 14 February 2022 by benefiting from a 25% legal discount.

Provisions for as of 30 September 2022 and 2021 are as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Balance at 1 January	363.721.895	53.716.705
Additional provisions recognized (Note 23)	64.150.091	18.737.801
Payments	(296.298.995)	(6.004.543)
Balance at 30 September	<u>131.572.991</u>	<u>66.449.963</u>

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 30 September 2022, the provision amount related with the lawsuits is amounting to TL 131.572.991 (31 December 2021: TL 75.445.117).

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**16. COMMITMENTS**

	30 September 2022	31 December 2021
A. CPM’s given in the name of its own legal personality (*)		
-Guarantees	48.671.100	26.692.294
-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	-	-
	<u>48.671.100</u>	<u>26.692.294</u>

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

**17. EMPLOYEE BENEFITS**Liabilities within the scope of employee benefits:

	30 September 2022	31 December 2021
Short-term benefits		
Due to personnel	339.670.779	155.327.456
Social security premiums payable	104.129.394	46.956.454
	<u>443.800.173</u>	<u>202.283.910</u>

Provisions for short-term employee benefits

	30 September 2022	31 December 2021
Provisions for employee benefits		
Short-term unused vacation liability	80.123.702	49.094.657
	<u>80.123.702</u>	<u>49.094.657</u>

The movement of for unused vacation liability for the periods ended 30 September 2022 and 2021 is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Opening balance at 1 January	109.826.996	73.884.654
Charge for the period	93.754.946	18.411.456
Payments	(26.348.839)	(12.428.732)
Closing balance at 30 September	<u>177.233.103</u>	<u>79.867.378</u>

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**17. EMPLOYEE BENEFITS (Continued)**Provisions for long-term employee benefits

	30 September 2022	30 September 2021
Long-term unused vacation liability	97.109.401	60.732.339
Retirement pay provision	77.130.157	39.973.528
	<u>174.239.558</u>	<u>100.705.867</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 15.371,40 for each period of service at 30 September 2022 (31 December 2021: TL 8.284,51).

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 30 September 2022, 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 16,90% and a discount rate of 21,25%, resulting in a real discount rate of approximately 3,72% (31 December 2021: 3,72%). Ceiling amount of TL 15.371,40 which is in effect since 1 July 2022 is used in the calculation of Groups’ provision for retirement pay liability (1 January 2021: TL 7.638,96). The probability of retirement is considered as 93,67% and 49,72% for white collar and blue collar personnel, respectively.

Movement for retirement pay provision for the periods ended 30 September 2022 and 2021 is as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Provision at 1 January	39.973.528	27.988.445
Service cost	84.715.621	33.456.586
Interest cost	1.108.774	804.753
Termination benefits paid	(48.201.660)	(27.001.782)
Actuarial loss	(466.106)	(88.695)
Provision at 30 September	<u>77.130.157</u>	<u>35.159.307</u>

# ŞOK MARKETLER TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

### 18. EXPENSE BY NATURE

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Expenses by nature</b>				
Revenue from merchandises sold	(30.915.241.267)	(13.011.825.816)	(15.678.027.530)	(5.533.145.443)
Personnel expenses	(3.736.129.229)	(1.579.501.289)	(1.855.465.937)	(653.623.811)
Utility expenses	(1.200.997.187)	(649.933.325)	(336.089.025)	(155.099.737)
Depreciation and amortization expenses (Note:11, 12, 13) (*)	(806.320.933)	(297.987.111)	(605.354.094)	(214.440.226)
Transportation expenses	(705.544.770)	(287.905.348)	(280.063.086)	(87.681.106)
Rent expenses (*)	(157.766.171)	(74.101.931)	(3.259.471)	(1.140.149)
Advertising expenses	(139.620.509)	(51.982.743)	(89.757.665)	(34.111.625)
Tax expenses and duties	(98.061.495)	(36.232.168)	(60.122.804)	(23.436.603)
Vehicle expenses	(81.580.851)	(32.129.332)	(38.975.186)	(14.768.068)
Maintenance expenses	(38.232.197)	(61.211)	(37.976.875)	(13.562.414)
Cash collection expenses	(34.444.871)	(8.994.075)	(16.555.535)	(5.782.121)
Outsourced expenses	(34.405.617)	(11.262.574)	(20.524.114)	(8.138.265)
Packaging expenses	(23.092.257)	(8.431.819)	(13.644.674)	(3.926.977)
Information technology expenses	(8.144.492)	(3.539.161)	(4.848.839)	(1.415.545)
Other expense	(169.058.793)	(33.943.591)	(92.131.016)	(30.311.463)
	<u>(38.148.640.639)</u>	<u>(16.087.831.494)</u>	<u>(19.132.795.851)</u>	<u>(6.780.583.553)</u>

(\*) TFRS 16 standard started to be implemented as of 1 January 2019. Excluding the related standard effect for the period from 1 January to 30 September 2022, depreciation and amortization expenses are TL 307.715.972, and rental expenses are TL 1.142.471.322 (2021: Depreciation and amortization expense: TL 221.677.668, rental expenses: TL 723.220.319).

### 19. OTHER ASSETS AND LIABILITIES

	30 September 2022	31 December 2021
<b>Other current assets</b>		
VAT deductible	428.944.636	42.846.501
Prepaid taxes and funds	55.748.117	6.683.224
Other assets	1.919.440	506.434
	<u>486.612.193</u>	<u>50.036.159</u>
<b>Other short-term liabilities</b>		
Taxes and dues payable	58.654.146	98.797.709
Other liabilities (*)	46.170.184	23.435.532
	<u>104.824.330</u>	<u>122.233.241</u>

(\*) TL 34.205.878 of the amount is related to Recovery Participation Share (“GEKAP”) liabilities (31 December 2021: TL 20.290.223).

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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#### 20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Shareholder structure as of 30 September 2022 and 31 December 2021 is stated below:

Shareholders	%	30 September		31 December	
		2022	%	2021	
Turkish Retail Investments B.V.	24,27	144.000.000	23,53	144.000.000	
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	23,66	140.400.327	22,94	140.400.327	
Small Cap World Fund Inc	6,25	37.067.550	-	-	
European Bank For Reconsrtruction and Development	5,72	33.950.000	5,55	33.950.000	
İstanbul Portföy Yıldız Serbest Özel Fon	5,13	30.428.571	-	-	
Yıldız Holding A.Ş.	1,00	3.000.000	0,49	3.000.000	
Templeton Strategic Emerging Markets Fund IV.LDC	-	-	5,88	36.000.000	
Free Float and other	34,46	204.443.560	41,60	254.578.244	
Nominal Capital	100	593.290.008	100	611.928.571	
Capital Commitments		-		-	
Paid Capital		593.290.008		611.928.571	

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 2021: 611.928.571 shares).

#### *Legal 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 30 September 2022 restricted reserves is TL 8.919.271 (31 December 2021: TL 5.156.924).

#### *Actuarial Loss / Gain*

As of 30 September 2022, actuarial loss / gain is negative TL 12.676.283 (31 December 2021: negative TL 13.050.781).

#### *Effect of transactions under common control*

As of 30 September 2022, effect of mergers involving undertakings or businesses subject to common control is negative TL 567.113.629 (31 December 2021: negative TL 567.113.629) (Note 3).

#### *Repurchased Shares*

In order to eliminate the impact of the uncertainty on the price of our Group's shares, the uncertainty regarding how our Group will evaluate 18.638.563 shares with a nominal value of TL 18.638.563, which corresponds to 3.05% of our group's issued capital and was repurchased within the scope of price stability transactions at the public offering stage, it has been decided to reduce the issued capital of our Group, which is TL 611.928.571, to TL 593.290.008 by being redeemed in accordance with the capital reduction procedures that do not require a fund outflow pursuant to the 9th paragraph of the 19th article of the Capital Markets Board ("CMB") Communique on Repurchased Shares No. II-22.1 and to accept the "Capital Decrease Report" to be submitted to the approval of the shareholders at the General Assembly Meeting to be held. Capital increase is completed on June 1, 2022.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**21. REVENUE AND COST OF SALES**

As of 30 September 2022 and 2021 the sales of Group are as follows:

**a) Revenue**

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Revenue from merchandises sold	41.210.442.731	17.340.600.156	20.663.596.291	7.295.934.908
Sales returns (-)	(567.391.416)	(242.846.771)	(235.331.411)	(84.139.620)
Net sales	<u>40.643.051.315</u>	<u>17.097.753.385</u>	<u>20.428.264.880</u>	<u>7.211.795.288</u>

**b) Cost of Sales**

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Cost of merchandises sold	(30.915.241.267)	(13.011.825.816)	(15.678.027.530)	(5.533.145.443)
	<u>(30.915.241.267)</u>	<u>(13.011.825.816)</u>	<u>(15.678.027.530)</u>	<u>(5.533.145.443)</u>



**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**22. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES**

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Marketing and sales expenses</b>				
Personnel expenses	(3.570.524.244)	(1.521.036.432)	(1.814.185.596)	(651.266.971)
Utility expenses	(1.200.997.187)	(649.933.325)	(336.089.025)	(155.099.737)
Depreciation and amortization expenses (Note:11, 12, 13) (*)	(803.214.501)	(296.822.398)	(603.101.425)	(213.685.345)
Transportation expenses	(705.544.770)	(287.905.348)	(280.063.086)	(87.681.106)
Rent expenses (*)	(155.975.213)	(73.439.843)	(1.587.460)	(577.713)
Advertising expenses	(139.620.509)	(51.982.743)	(89.757.665)	(34.111.625)
Tax expenses and duties	(96.450.596)	(35.204.717)	(59.021.216)	(23.114.455)
Vehicle expenses	(77.881.299)	(30.755.622)	(36.877.744)	(14.023.468)
Maintenance expenses	(38.232.197)	(61.211)	(37.976.875)	(13.562.414)
Packaging expenses	(23.092.257)	(8.431.819)	(13.644.674)	(3.926.977)
Other marketing and sales expenses	(164.459.708)	(30.113.153)	(87.784.153)	(28.641.123)
	<u>(6.975.992.481)</u>	<u>(2.985.686.611)</u>	<u>(3.360.088.919)</u>	<u>(1.225.690.934)</u>

(\*) TFRS 16 standard started to be implemented as of 1 January 2019. Excluding the related standard effect for the period from 1 January to 30 September 2022, depreciation and amortization expenses are TL 304.609.540 and rental expenses are TL 1.140.680.364 (2021: Depreciation and amortization expense: TL : 219.424.999, rental expenses: TL 721.548.308).

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>General administrative expenses</b>				
Personnel expenses	(165.604.985)	(58.464.857)	(41.280.341)	(2.356.840)
Cash collection expenses	(34.444.871)	(8.994.075)	(16.555.535)	(5.782.121)
Outsourced expenses	(34.405.617)	(11.262.574)	(20.524.114)	(8.138.265)
Information technology expenses	(8.144.492)	(3.539.161)	(4.848.839)	(1.415.545)
Vehicle expenses	(3.699.552)	(1.373.710)	(2.097.442)	(744.600)
Amortization expenses (Note 12)	(3.106.432)	(1.164.713)	(2.252.669)	(754.881)
Rent expenses	(1.790.958)	(662.088)	(1.672.011)	(562.436)
Tax expenses and duties	(1.610.899)	(1.027.451)	(1.101.588)	(322.148)
Other administrative expenses	(4.599.085)	(3.830.438)	(4.346.863)	(1.670.340)
	<u>(257.406.891)</u>	<u>(90.319.067)</u>	<u>(94.679.402)</u>	<u>(21.747.176)</u>

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

For the periods ended on 30 September 2022 and 2021, other income from operating activities is as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Other operating income</b>				
Foreign exchange from operating activities	33.191.455	9.371.340	2.809.093	517.476
Unused provision (Note 7)	93.856	14.554	151.003	45.934
	<u>33.285.311</u>	<u>9.385.894</u>	<u>2.960.096</u>	<u>563.410</u>

For the periods ended on 30 September 2022 and 2021, other expenses from operating activities is as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Other operating expense</b>				
Interest expense on term purchase	(281.693.301)	(100.082.711)	(372.338.700)	(97.584.470)
Provision expense (Note 15)	(64.150.091)	(25.802.392)	(18.737.801)	(5.764.138)
Foreign loss from operating activities	(19.528.995)	(1.140.191)	(1.702.584)	(522.640)
Allowance for doubtful receivables (Note 7)	(18.770)	-	(49.327)	-
Other expenses	(27.977.349)	(9.387.291)	(21.819.039)	(7.743.867)
	<u>(393.368.506)</u>	<u>(136.412.585)</u>	<u>(414.647.451)</u>	<u>(111.615.115)</u>

**24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

For periods ended on 30 September 2022 and 2021, income from investment activities is as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Income from investing activities</b>				
Interest income	84.769.293	21.507.846	106.503.517	35.033.549
Gain on sale of property and equipment	253.894	251.411	730.880	71.551
	<u>85.023.187</u>	<u>21.759.257</u>	<u>107.234.397</u>	<u>35.105.100</u>

For the periods ended on 30 September 2022 and 2021, expenses from investment activities are as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<b>Expenses from investing activities</b>				
Loss on sale of property and equipment	(913.936)	(277.971)	(2.154.358)	(762.788)
Foreign loss from fixed assets acquisition	-	-	(313.836)	(29.923)
	<u>(913.936)</u>	<u>(277.971)</u>	<u>(2.468.194)</u>	<u>(792.711)</u>

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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#### 25. FINANCIAL EXPENSES AND INCOME

For the periods ended 30 September 2022 and 2021 financial expenses are as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Finance Expense				
Financial expenses arises from lease liabilities (*)	(614.254.706)	(231.741.660)	(444.646.832)	(154.862.882)
POS Cash collection expenses	(215.693.246)	(89.597.856)	(114.892.799)	(39.376.501)
Interest expense from related parties (Note 27)	(6.310.118)	(3.195.219)	(4.561.051)	(1.610.508)
Interest on finance lease liabilities	-	-	(2.068.620)	(313.041)
Other	(6.625.885)	(2.738.039)	(4.335.273)	(2.115.439)
	<u>(842.883.955)</u>	<u>(327.272.774)</u>	<u>(570.504.575)</u>	<u>(198.278.371)</u>

(\*) 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)

	30 September 2022	31 December 2021
Current corporate tax provision	(127.322.983)	(17.047.518)
Less: Prepaid tax and funds	<u>127.322.983</u>	<u>17.047.518</u>
	<u>-</u>	<u>-</u>

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 2022 is 23% (2021: 25%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2021 is 23%. (2021: 25% ) 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.

According to Article 14 of the Law on the Procedure for Collection of Public Claims and the Law on Amendment to Certain Laws published in the Official Gazette on April 22, 2021, with the provisional article 13 added to the Corporate Tax Law No. 5520, the corporate tax rate which is %20, will be applied as %25 for 2021 and %23 for 2022. The law is applicable into force on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021, and to be applicable for the corporate earnings for the taxation period starting from January 1, 2021. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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.

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
<u>Deferred tax assets / (liabilities) :</u>				
Carryforward tax losses	15.702.155	260.572.490	3.140.431	60.085.556
The effect of amortization of property and equipment and intangible assets	2.470.580.915	(66.772.635)	494.116.183	(13.354.527)
The effect of lease liability and right of use asset	579.286.680	447.354.250	115.857.336	89.470.850
Inventory	612.296.005	328.266.850	122.459.201	65.653.370
Provision for retirement payments	77.130.157	39.973.528	15.450.223	8.022.796
Unused vacation liability	177.233.103	109.826.996	35.466.178	21.982.742
Effect of amortized cost method on receivables and payables	(57.720.420)	(93.735.070)	(11.544.084)	(18.747.014)
Provision for legal claims	131.572.991	75.445.117	26.635.608	15.419.565
Other	(59.192.175)	20.539.005	(11.838.435)	4.107.801
	<u>3.946.889.411</u>	<u>1.121.470.531</u>	<u>789.742.641</u>	<u>232.641.139</u>

As of the reporting date, the entire financial loss amounting to TL 142.330.801 arising from the years prior to UCZ has been discounted during the period. As of 30 September 2022, deferred tax asset amounting to TL 3.140.431 is related to seasonal tax loss.

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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 30 September 2022 and 2021 is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
<b><u>Movement of deferred tax asset/ (liabilities):</u></b>		
Opening balance at 1 January	232.641.139	197.621.010
Deferred tax expense recognised in statement of profit or loss	557.194.972	(108.031.558)
Recognised in comprehensive income	(93.470)	(16.071)
Closing balance at 30 September	<u>789.742.641</u>	<u>89.573.381</u>

The amounts reflected in comprehensive statement of profit or loss of the periods ended at 30 September 2022 and 2021 are as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Current period legal tax	(127.322.983)	-
Deferred tax (expense) / income	557.194.972	(108.031.558)
Total tax (expense) / income	<u>429.871.989</u>	<u>(108.031.558)</u>
<b><u>Tax reconciliation:</u></b>		
Profit/Loss before taxation	1.375.552.777	418.043.302
	23%	25%
Tax at the domestic income tax rate of 23% (2021: 25%)	(316.377.139)	(104.510.826)
Tax effects of:		
- Carryforward tax losses not recognized as deferred tax assets	-	(649.884)
- Expenses that are not deductible	34.801.204	9.158.116
- The effect of the revaluation of tangible and intangible assets (*)	762.619.748	-
- Other	(51.171.824)	(12.028.964)
Income tax expense recognised in profit or loss	<u>429.871.989</u>	<u>(108.031.558)</u>

(\*) The Group revalued its tangible and intangible assets and their depreciation as of 30 September 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table. As of 30 September 2022, the effect of tax is TL 762.619.748.

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

### 27. RELATED PARTY BALANCES AND TRANSACTIONS

	30 September 2022			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
Balances with related parties				
<u>Shareholders</u>				
Yıldız Holding A.Ş.	-	-	2.610.820	-
<u>Related parties</u>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	558.491.517	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetler	-	-	100.079.925	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	11.896.481	-
Bizim Toptan Satış Magazaları A.Ş.	68.817.278	-	-	-
Future Teknoloji Tic.A.Ş.	7.596.624	-	-	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	8.115.962	-
Most Bilgi Sistemleri Tic. A.Ş.	-	-	6.334.980	-
Azmüsebat Çelik San. Tic. A.Ş.	1.234.963	-	-	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	116.319	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	41.170	-
Other	2.403.765	-	2.460.643	-
	80.052.630	-	690.147.817	-

	31 December 2021			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
Balances with related parties				
<u>Shareholders</u>				
Yıldız Holding A.Ş.	-	-	4.635.286	-
<u>Related parties</u>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	352.614.759	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetler	-	-	139.050.646	-
Bizim Toptan Satış Magazaları A.Ş.	56.657.929	-	4.642	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	26.591.550	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	19.992.839	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	8.398.294	-
Most Bilgi Sistemleri Tic. A.Ş.	-	-	4.074.512	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	853.012	-
Biskot Bisküvi Gıda San. Ve Tic. A.Ş.	188.096	-	523.000	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	459.987	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	452.680	-
Ülker Çikolata Sanayi A.Ş.	251.050	-	-	-
Other	456.679	-	443.707	-
	57.553.754	-	558.094.914	-

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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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

**27. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**

	1 January - 30 September 2022			
Transactions with related parties	Purchases	Interest paid	Other income	Other expense
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	(6.303.729)	43.351	(16.072.836)
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	1.515.730.587	-	-	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	630.905.383	-	15.445.708	-
Kerevitaş Gıda San. ve Tic. A.Ş.	112.911.807	-	4.258.261	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	61.729.337	-	2.064.688	-
Azmüsebat Çelik San. Tic. A.Ş.	19.967.464	-	1.546.477	-
Bizim Toptan Satış Magazaları A.Ş.	11.859.321	-	251.685.552	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	85.427	(4.510.357)
Most Bilgi Sistemleri Tic. A.Ş.	-	-	36.000	(23.727.112)
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	19.741	(1.199.096)
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	665.931	(2.112.522)
Dank Gıda San. ve Tic. A.Ş.	-	-	66.543	(500.204)
MTR Turizm Yatırımları A.Ş.	-	-	-	(598.131)
Ülker Bisküvi San. A.Ş.	-	-	1.770.934	-
Ülker Çikolata San. A.Ş.	-	-	1.377.405	-
Other	153.728	-	1.765.915	(989.154)
	<b>2.353.257.627</b>	<b>(6.303.729)</b>	<b>280.831.933</b>	<b>(49.709.412)</b>

	1 January - 30 September 2021			
Transactions with related parties	Purchases	Interest paid	Other income	Other expense
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	(4.561.051)	36.829	(10.232.474)
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	587.735.038	-	9.448	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	277.572.663	-	6.594	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	63.826.072	-	5.331	-
Kerevitaş Gıda San. ve Tic. A.Ş.	36.528.154	-	878.050	-
Bizim Toptan Satış Magazaları A.Ş.	1.683.752	-	179.398.952	-
Azmüsebat Çelik San. Tic. A.Ş.	9.838.001	-	-	-
Most Bilgi Sistemleri Tic. A.Ş.	3.249	-	17.924	(10.635.963)
Ülker Bisküvi San. A.Ş.	820	-	107.651	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	55.308	(2.719.217)
Makina Takım Endüstrisi A.Ş.	-	-	15.505	-
E Star Global E-Ticaret Satış ve Pazarlama A.Ş.	-	-	205.851	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	345.104	-
Other	-	-	148.692	(1.239.406)
	<b>977.187.749</b>	<b>(4.561.051)</b>	<b>181.231.239</b>	<b>(24.827.060)</b>

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

	1 January - 30 September 2022	1 January - 30 September 2021
Salaries and other short term benefits	20.149.711	9.923.053
	<b>20.149.711</b>	<b>9.923.053</b>

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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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 30 September 2022 and 31 December 2021 net debt / total capital ratio is as follows:

	30 September 2022	31 December 2021
Total borrowings (*) (Note 6)	-	711.932
Less: Cash and cash equivalents (Note 5)	(635.370.195)	(1.343.778.022)
Net debt	(635.370.195)	(1.343.066.090)
Total equity	2.301.687.240	495.889.838
Total capital	1.666.317.045	(847.176.252)
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**

	Receivables				
	Trade receivables		Other Receivables		Deposits in banks
<u>30 September 2022</u>	<u>Related Party</u>	<u>Other</u>	<u>Related Party</u>	<u>Other</u>	
Maximum net credit risk as of balance sheet date (i)	80.052.630	43.187.035	-	75.248.737	355.460.624
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	80.052.630	5.308.981	-	75.248.737	355.460.624
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	-	37.878.054	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8.832.720	-	-	-
- Impairment (-)	-	(8.832.720)	-	-	-
- 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 89.621.033 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**

The credit risks exposed because of financial instrument types	Receivables				Deposits in banks
	Trade receivables		Other Receivables		
31 December 2021	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date (i)	57.553.754	42.408.633	-	45.490.156	1.146.836.496
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	57.553.754	1.742.548	-	45.490.156	1.146.836.496
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	-	40.666.085	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8.907.806	-	-	-
- Impairment (-)	-	(8.907.806)	-	-	-
- 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 69.458.832 which holds no credit risk.

## ŞOK MARKETLER TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

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

##### (c) Credit Risk Management (Continued)

Aging of overdue receivables as 30 September 2022 and 2021 is as follows:

	Receivables	
	30 September 2022	31 December 2021
Overdue between 1-30 days	23.347.580	10.021.243
Overdue between 1-3 Months	5.920.925	183.850
Overdue between 3-12 Months	8.609.549	30.460.992
<b>Total overdue receivables</b>	<b>37.878.054</b>	<b>40.666.085</b>
<b>The portion of under guarantee with collateral etc</b>	-	-

##### (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

**ŞOK MARKETLER TİCARET A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts are expressed as Turkish Lira (“TL”) unless otherwise stated.)

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

**(d) Liquidity risk management (Continued)**

**30 September 2022**

	<b><u>Book value</u></b>	<b><u>Contractual undiscounted cash flow (I+II+III+IV)</u></b>	<b><u>Up to 3 months (I)</u></b>	<b><u>3-12 months (II)</u></b>	<b><u>1-5 years (III)</u></b>	<b><u>Over 5 years (IV)</u></b>
<b>Financial liabilities</b>						
Financial leasing payables	-	-	-	-	-	-
Lease liabilities	3.873.989.015	7.825.891.822	328.564.337	1.050.288.968	4.320.739.282	2.126.299.235
Trade payables	9.014.349.042	9.072.069.460	9.072.069.460	-	-	-
Other payables	4.202.921	4.202.921	-	3.887.523	315.398	-
Total liability	12.892.540.978	16.902.164.203	9.400.633.797	1.054.176.491	4.321.054.680	2.126.299.235

**31 December 2021**

	<b><u>Book value</u></b>	<b><u>Contractual undiscounted cash flow (I+II+III+IV)</u></b>	<b><u>Up to 3 months (I)</u></b>	<b><u>3-12 months (II)</u></b>	<b><u>1-5 years (III)</u></b>	<b><u>Over 5 years (IV)</u></b>
<b>Financial liabilities</b>						
Financial leasing payables	711.932	719.491	719.491	-	-	-
Lease liabilities	3.009.410.095	5.504.354.183	253.772.359	713.062.354	3.043.273.357	1.494.246.113
Trade payables	5.321.360.305	5.414.640.829	5.414.640.829	-	-	-
Other payables	9.706.271	9.706.271	-	9.131.172	575.099	-
Total liability	8.341.188.603	10.929.420.774	5.669.132.679	722.193.526	3.043.848.456	1.494.246.113

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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:

<b>30 September 2022</b>	<b>TL Equivalent ( Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
Monetary financial assets	72.550.117	3.343.119	595.208	1.084
<b>CURRENT ASSETS</b>	<b>72.550.117</b>	<b>3.343.119</b>	<b>595.208</b>	<b>1.084</b>
Monetary financial assets	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>72.550.117</b>	<b>3.343.119</b>	<b>595.208</b>	<b>1.084</b>
Trade payables	(39.752.267)	(1.118.870)	(1.062.808)	-
<b>CURRENT LIABILITIES</b>	<b>(39.752.267)</b>	<b>(1.118.870)</b>	<b>(1.062.808)</b>	<b>-</b>
Monetary other liabilities	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(39.752.267)</b>	<b>(1.118.870)</b>	<b>(1.062.808)</b>	<b>-</b>
Net foreign currency position	32.797.850	2.224.249	(467.600)	1.084
Monetary items net foreign currency asset / liability	32.797.850	2.224.249	(467.600)	1.084

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**28. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)****(e) Market Risk Management (Continued)****Foreign currency risk management (Continued)**

<b>31 December 2021</b>	<b>TL Equivalent ( Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
Monetary financial assets	176.264.273	11.063.228	2.225.999	484
<b>CURRENT ASSETS</b>	176.264.273	11.063.228	2.225.999	484
Monetary financial assets	778.190	39.600	18.000	-
<b>NON-CURRENT ASSETS</b>	778.190	39.600	18.000	-
<b>TOTAL ASSETS</b>	177.042.463	11.102.828	2.243.999	484
Trade payables	(47.860.079)	(781.615)	(2.568.853)	-
<b>CURRENT LIABILITIES</b>	(47.860.079)	(781.615)	(2.568.853)	-
Monetary other liabilities	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	-	-	-	-
<b>TOTAL LIABILITIES</b>	(47.860.079)	(781.615)	(2.568.853)	-
Net foreign currency position	129.182.384	10.321.213	(324.854)	484
Monetary items net foreign currency asset / liability	129.182.384	10.321.213	(324.854)	484

Foreign currency sensitivity

The Group undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 30 September 2022, a 20% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have increased profit before taxation by TL 8.231.412 (31 December 2021: TL 26.788.708).

The Group undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 30 September 2022, 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 1.676.178 (increased 31 December 2021: TL 953.921).

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.

**ŞOK MARKETLER TİCARET A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**29. FINANCIAL INSTRUMENTS**

Categories of financial instruments:

**Categories of financial instruments and fair values**

30 September 2022	Amortized Cost	Carrying value	Note
<b><u>Financial assets</u></b>			
Cash and cash equivalents	635.370.195	635.370.195	5
Trade receivables (including related parties)	123.239.665	123.239.665	7
Other receivables (including related parties)	75.248.737	75.248.737	8
<b><u>Financial liabilities</u></b>			
Lease liabilities	3.873.989.015	3.873.989.015	6
Trade payables (including related parties)	9.014.349.042	9.014.349.042	7
Other liabilities (including related parties)	3.887.523	3.887.523	8
<b>31 December 2021</b>	<b>Amortized Cost</b>	<b>Carrying value</b>	<b>Note</b>
<b><u>Financial assets</u></b>			
Cash and cash equivalents	1.343.778.022	1.343.778.022	5
Trade receivables (including related parties)	99.962.387	99.962.387	7
Other receivables (including related parties)	45.490.156	45.490.156	8
<b><u>Financial liabilities</u></b>			
Financail debt	711.932	711.932	6
Lease liabilities	3.009.410.095	3.009.410.095	6
Trade payables (including related parties)	5.321.360.305	5.321.360.305	7
Other liabilities (including related parties)	9.131.172	9.131.172	8

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

**30. EARNINGS PER SHARE**

As of 30 September 2022 and 2021 earnings per share calculation is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
<b>Earnings / (Loss) per share</b>		
Average number of shares during the period (full value)	593.290.008	593.290.008
Net Profit / (loss) for the period attributable to equity holder of the parents	1.805.424.766	314.395.148
<b>Earnings / (loss) per share</b>	<b>3,0431</b>	<b>0,5299</b>

**31. EVENTS AFTER THE REPORTING PERIOD**

None.

**ŞOK MARKETLER TİCARET A.Ş.****SUPPLEMENTARY INFORMATION**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022
<b>Profit / (Loss) for the period</b>	<b>1.805.424.766</b>	<b>1.195.158.273</b>	<b>310.011.744</b>	<b>115.829.442</b>
Tax income / (expense)	429.871.989	618.054.561	(108.031.558)	(40.364.606)
<b>Profit / (Loss) before taxation</b>	<b>1.375.552.777</b>	<b>577.103.712</b>	<b>418.043.302</b>	<b>156.194.048</b>
Financial income and expense, net	(842.883.955)	(327.272.774)	(570.504.575)	(198.278.371)
Income from investment activities, net	84.109.251	21.481.286	104.766.203	34.312.389
Amortization and depreciation	(806.320.933)	(297.987.111)	(605.354.094)	(214.440.226)
Other income and expense, net	(360.083.195)	(127.026.691)	(411.687.355)	(111.051.705)
<b>EBITDA</b>	<b>3.300.731.609</b>	<b>1.307.909.002</b>	<b>1.900.823.123</b>	<b>645.651.961</b>
IFRS 16 Effect	984.705.151	366.953.953	719.960.848	255.992.749
<b>EBITDA excluding IFRS 16</b>	<b>2.316.026.458</b>	<b>940.955.049</b>	<b>1.180.862.275</b>	<b>389.659.212</b>

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



**ŞOK MARKETLER TİCARET A.Ş.**

**SUPPLEMENTARY INFORMATION**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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**

	30 September		
	2022	TFRS 16 Effect	Before TFRS 16
<b>Current Asset</b>			
Prepaid expenses	12.751.505	(4.064.178)	16.815.683
<b>Total Current Assets</b>	<b>8.380.049.300</b>	<b>(4.064.178)</b>	<b>8.384.113.478</b>
<b>Non-Current Assets</b>			
Right-of-use asset	3.296.876.409	3.296.876.409	-
Deferred tax asset	789.742.641	115.857.336	673.885.305
<b>Total Non-Current Asset</b>	<b>7.800.368.929</b>	<b>3.412.733.745</b>	<b>4.387.635.184</b>
<b>TOTAL ASSETS</b>	<b>16.180.418.229</b>	<b>3.408.669.567</b>	<b>12.771.748.662</b>

**LIABILITIES AND EQUITY**

	30 September		
	2022	TFRS 16 Effect	Before TFRS 16
<b>Current Liabilities</b>			
Short-term lease liabilities	1.298.004.675	1.298.004.675	-
<b>Total Current Liabilities</b>	<b>11.128.133.626</b>	<b>1.298.004.675</b>	<b>9.830.128.951</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	2.575.984.340	2.575.984.340	-
<b>Total Non-Current Liabilities</b>	<b>2.750.597.363</b>	<b>2.575.984.340</b>	<b>174.613.023</b>
<b>Equity</b>			
Retained earnings / (Accumulated losses)	473.843.107	(358.999.081)	832.842.188
Net profit / (loss) for the period	1.805.424.766	(106.320.367)	1.911.745.133
<b>Shareholder's equity</b>	<b>2.301.687.240</b>	<b>(465.319.448)</b>	<b>2.767.006.688</b>
<b>Total Equity</b>	<b>2.301.687.240</b>	<b>(465.319.448)</b>	<b>2.767.006.688</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16.180.418.229</b>	<b>3.408.669.567</b>	<b>12.771.748.662</b>

**ŞOK MARKETLER TİCARET A.Ş.****SUPPLEMENTARY INFORMATION**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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:

	<b>1 January</b>		
	<b>30 September</b>		
	<b>2022</b>	<b>TFRS 16 Effect</b>	<b>Before TFRS 16</b>
Revenue	40.643.051.315	-	40.643.051.315
Cost of sales (-)	(30.915.241.267)	-	(30.915.241.267)
<b>Gross profit</b>	<b>9.727.810.048</b>	<b>-</b>	<b>9.727.810.048</b>
Marketing and selling expenses (-)	(6.975.992.481)	481.874.417	(7.457.866.898)
General administrative expenses (-)	(257.406.891)	-	(257.406.891)
Other income from operating activities	33.285.311	-	33.285.311
Other expenses from operating activities (-)	(393.368.506)	-	(393.368.506)
<b>Operating profit</b>	<b>2.134.327.481</b>	<b>481.874.417</b>	<b>1.652.453.064</b>
Income from investing activities	85.023.187	-	85.023.187
Expense from investing activities (-)	(913.936)	-	(913.936)
<b>Profit before finance expense</b>	<b>2.218.436.732</b>	<b>481.874.417</b>	<b>1.736.562.315</b>
Financial expense (-)	(842.883.955)	(614.254.706)	(228.629.249)
<b>Profit from continuing operations before taxation</b>	<b>1.375.552.777</b>	<b>(132.380.289)</b>	<b>1.507.933.066</b>
Period tax expense	(127.322.983)	-	(127.322.983)
Deferred tax income	557.194.972	26.386.486	530.808.486
<b>PROFIT FOR THE PERIOD</b>	<b>1.805.424.766</b>	<b>(105.993.803)</b>	<b>1.911.418.569</b>

**ŞOK MARKETLER TİCARET A.Ş.**

**SUPPLEMENTARY INFORMATION**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**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:

	<b>1 January- 30 September 2022</b>	<b>TFRS 16 Effect</b>	<b>Before TFRS 16</b>
<b>A. Cash Generated by Operating Activities</b>			
Profit / (loss) for the period	1.805.424.766	(105.993.803)	1.911.418.569
<b>Adjustments related to reconciliation of net profit / (loss) for the period</b>			
-Depreciation of property, plant and equipment	806.320.933	502.830.734	303.490.199
-Tax income / (expenses)	(495.984.400)	(26.386.486)	(469.597.914)
-Interest expenses	842.883.955	614.254.706	228.629.249
<b>Cash generated by / (used in) operations before changes in working capital</b>	<b>3.146.444.161</b>	<b>984.705.151</b>	<b>2.161.739.010</b>
Changes in working capital :			
Changes in prepaid expenses	(5.036.437)	(4.874.244)	(162.193)
<b>Cash used in operations</b>	<b>2.278.318.408</b>	<b>979.830.907</b>	<b>1.298.487.501</b>
<b>Net cash generated by operating activities:</b>	<b>1.846.352.198</b>	<b>979.830.907</b>	<b>866.521.291</b>
<b>B.INVESTING ACTIVITIES</b>			
<b>Net cash used in investing activities</b>	<b>(1.345.587.937)</b>	<b>-</b>	<b>(1.345.587.937)</b>
<b>C.FINANCING ACTIVITIES</b>			
Interest payments of lease liabilities	(614.254.706)	(614.254.706)	-
Payments of lease liabilities	(365.576.201)	(365.576.201)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(1.209.172.088)</b>	<b>(979.830.907)</b>	<b>(229.341.181)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(708.407.827)</b>	<b>-</b>	<b>(708.407.827)</b>
<b>D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>1.343.778.022</b>	<b>-</b>	<b>1.343.778.022</b>
<b>E.CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	<b>635.370.195</b>	<b>-</b>	<b>635.370.195</b>