



**SEVİYORUZ (LOVE IT TO)**

ŞOK MARKETLER  
ANNUAL REPORT 2023



**We believe that we will overcome this difficult period through our respect and love for our country and citizens.**

We provide the highest quality products to our customers at the most affordable prices despite the economic fluctuations both in the world and in our country. We are working altogether to heal the wounds from the earthquake epicentered in Kahramanmaraş, which struck in February and deeply saddened all of us. As a brand of a tight-knit country under all circumstances which grows stronger by sacrifice and patience, we will continue to make the life of every individual we reach in 81 provinces of Turkey easier.

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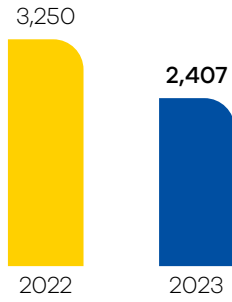
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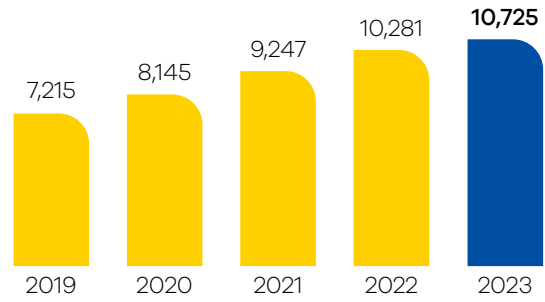
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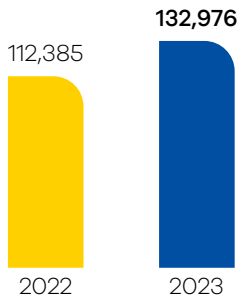
### Capex (TL Million)



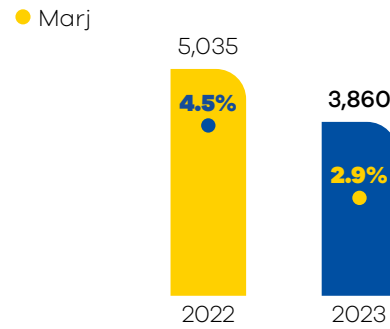
### Number of Stores



### Net Sales (TL Million)



### EBITDA (TL Million)



**2.4**  
TL billion  
**Capex**



**10,725**  
**Number of Stores**



**133.0**  
TL billion  
**Net Sales**



**3.9**  
TL billion  
**EBITDA**  
(Incl. IFRS 16)

### Highlights

- ŞOK Marketler opened 674\* new stores in 2023, maintaining its position as one of Turkey's most widespread market chains.
- To offer a fast and safe shopping experience during the pandemic, ŞOK Marketler introduced the Cepte ŞOK home delivery application.
- ŞOK Marketler introduced the "Fair Agriculture from Farm to Table" project, which now expands the support provided to farmers and the agriculture sector.
- The prices of 1,000 products remained the same in the campaign launched in January, in order to contribute to both the country's economy and customers' budgets. Through this campaign, replicated by other sector stakeholders, ŞOK Marketler won customers' appreciation, as well as leading the sector by example.
- In the aftermath of the devastating earthquake in Turkey, ŞOK Marketler sent truckloads of aid products to the earthquake-stricken areas and swiftly provided services to people in the region by opening stores in containers. Earthquake victims were prioritized in employment to provide additional relief, and lemons grown in Hatay Arsuz were purchased to support producers in the region and offered for sale in ŞOK stores.
- In July 2023, ŞOK Marketler launched the Win loyalty program, offering campaigns both in stores and via Cepte ŞOK. Customers can also join the program via the Cepte ŞOK app. Developed by ŞOK Marketler with an innovative approach, the Win loyalty program is the first-ever loyalty program in the discount retailing segment.
- In October, to celebrate the 100<sup>th</sup> anniversary of the Republic of Turkey, a "discount festival" featured significant discounts on 1,000 products; special campaigns were also organized under the Win program.
- With the "Count Me In" project, launched in 2019 and further developed during the last quarter of 2023, handicrafts produced by various women's cooperatives across Turkey began to be offered for sale in ŞOK stores, thus helping to provide equal opportunities and economic support to women.
- ŞOK Extra was launched to offer affordable products within different product groups, considering the needs of customers. With ŞOK Extra, non-food products that can be purchased in the store and via Cepte ŞOK are delivered to customers by courier services, thus gaining even more visibility for the products. This adds a distinct value to the Company with the motto "WORLD BRANDS AT ŞOK."

\* During the period from January 01 to December 31, 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including 230 stores closed due to the earthquake.



# Our Vision

To become the most preferred retail brand by the people and the leading food retailer of Turkey and to continue creating value for our investors.

# Our Mission

To offer our customers the most convenient shopping experience through our differentiated business model, high-quality product variety, affordable prices, and advanced service concept and to be the first choice of our business partners and employees.









# Solidarity

We started the solidarity campaign on the first day of the earthquake epicentered in Kahramanmaraş, which struck in February and deeply saddened all of us. We gave priority in our hiring to the people who were affected by the earthquake to help earthquake victims return to their daily lives. We purchased lemons from Hatay and sold them in our stores to help the earthquake region recover economically and agriculture to continue.



**~1,500**

**Number of jobs created in  
the earthquake region**









# Reputation

We crown our focus on customer satisfaction with awards and achievements. This year we were elected the “Reputable of the Year” in the “Discount Chain Store” category at “The ONE Awards Integrated Marketing Awards.” We will continue to work hard at the same pace to provide quality products at affordable prices to our customers and to increase customer satisfaction.



# Awareness

We are improving environmental conditions for the future generations in line with our “Waste-Free Company Model.” We group our sustainability initiatives under three categories: “Working for the Future of Environment,” “Growing Stronger with Stakeholders,” and “Inspiring the Future.” We lead the way for the industry with pioneering initiatives such as the “Fair Agriculture from Farm to Table” and “Store Energy Efficiency” projects. Our sustainable future values are also reflected in our products. We are expanding our sustainable products range under the “ŞOK loves environmentally friendly products. Because this earth belongs to us, all of us!” motto.



**TL 335.2 million**

**Total environment investment  
spending in 2023**







# Benefit

With 10,725 stores and 40 warehouses across the country, we help our customers meet nearly all their basic needs from a single location that is closest to their homes. With our loyalty program Win, which was launched in July 2023, we continue to strengthen the relationship with our customers and render an unparalleled service experience to our customers.



**1,800+**

**Number of products  
we offer to our customers**





## EXCLUSIVE BRANDS

# Well-known nostalgic brands



### Piyale

The Piyale brand, which proudly celebrated its 100<sup>th</sup> anniversary in 2022, features pasta, flour, semolina, ground rice, and starch products as an unchanging flavor of the kitchens.



### Mis

Founded in 1976, Mis Süt has been one of Turkey's first modern dairy plants and remains to be one of the most popular nostalgic brands which is preferred by customers with confidence.



### Mintax

Operating since 1983 as one of the most recognized names in the industry, Mintax maintains its leadership in the cleaning products category of ŞOK Marketler.





**We offer our customers the  
highest quality products  
at the most affordable  
prices with our well-known  
exclusive brand products.**



### **Mon Amour**

An indispensable make-up brand of women customers with its diverse selection, affordable prices, and a broad range of products, from lipsticks and blushers to mascaras and beauty balms, Mon Amour continues to meet customers at ŞOK Marketler.



### **Deren Çay**

Deren Çay, which was brought under the umbrella of ŞOK Marketler in 2018, offers cold tea varieties besides traditional tea products.



## EXCLUSIVE BRANDS

# We increase customer satisfaction with our exclusive brand products.

The Amigo logo is displayed in blue capital letters with a small blue diamond above the 'i', set against a yellow circular background.

### Amigo

ŞOK Marketler continues to accompany customers in their joyful moments with Amigo, which is one of Turkey's first packed nut producers and the country's most well-known peanut brand.

The Bebeland logo is displayed in white lowercase letters with a green diamond above the 'i', set against a yellow circular background.

### Bebeland

With Bebeland, ŞOK Marketler continues to offer dermatologically tested, healthy and quality baby cosmetic products at attractive prices.





**ŞOK Marketler continues to offer a wide range of its exclusive brand products to its customers at affordable prices.**

**ANADOLU MUTFAĞI**

### **Anadolu Mutfağı**

ŞOK Marketler offers its customers a wide range of products in the legumes and spices product groups through its brand Anadolu Mutfağı.



**KARMEN**

### **Karmen**

Karmen chocolate is prepared in a variety of flavors and offered to customers as a treat for holidays and other special days when unity and solidarity are strongly felt. Karmen stands out for its high production standards and broad product selection, providing customers with intense chocolate flavors.



*and many other brands...*

ŞOK

TARLADAN SOFRAYA  
DOĞRU TARIM





# **ŞOK Marketler at a Glance**





## ŞOK MARKETLER IN BRIEF

# We are offering various alternatives for our customers' needs.

**ŞOK Marketler continues to provide service to its customers with 10,725 stores in 81 provinces.**



**46,958**

**Number of Employees**



**10,725**

**Total Number of Stores**



**40**

**Total Number of Warehouses**

ŞOK Marketler carries out its activities in 10,725 stores across 81 provinces, with 40 warehouses, and 46,958 employees. With the goal of meeting almost all the needs of its customers from "one place and from the nearest point," the aim of ŞOK Marketler is to continuously increase its store network. ŞOK Marketler opened 699 new stores in 2015, 1,000 in 2016, 1,100 in 2017, 1,000 in 2018, 851 in 2019, 930 in 2020, 1,102 in 2021, and 1,034 in 2022. In 2020, combining its extensive network with mobile app services, Cepte ŞOK, ŞOK Marketler continues to be one of Turkey's most widespread market chains, with 674\* new stores opened in 2023.

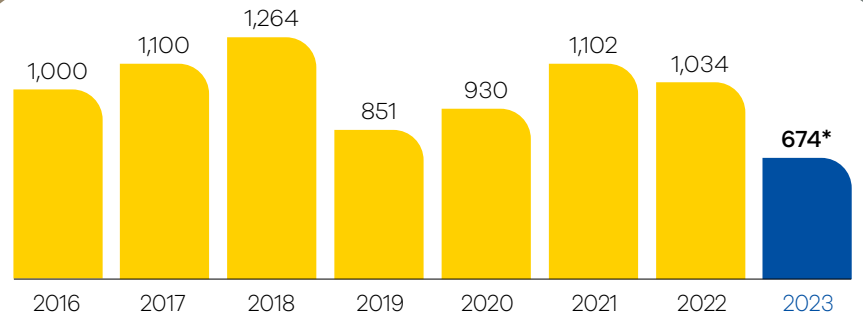
Introducing more than 1,800 different products onto its shelves, ŞOK Marketler also offers various alternatives for customers' needs in food and non-food categories. ŞOK Marketler continues to offer brands such as Mis, Piyale, Mintax, Evin, and Amigo, all of which hold an affectionate place in customers' memories as domestic brands from the past. It is possible to purchase these original, long-standing, nostalgic, and well-recognized brands to customers at affordable prices at ŞOK Marketler. Aiming to meet almost all of its customers' shopping needs with high-quality products, ŞOK Marketler constantly enriches its product portfolio with national brands.

The home delivery app "Cepte ŞOK" introduced by ŞOK Marketler in 2020 for a quick and secure shopping possibility in the pandemic became widespread rapidly and provided a secure and uninterrupted service. Orders are delivered to customers within the same day with different payment options via the application, without any delivery fee and at the prices in the store. Customers earn "Win" TL through their purchases via Cepte ŞOK and can use their earned amounts in their purchases at "Cepte ŞOK" or stores.

ŞOK Marketler leaves a mark in the industry for vegetables, fruits and dry food thanks to its Fair Agriculture from Farm to Table Project. On the one hand, the Company supports farmers by procuring fresh, quality, and affordable vegetables, fruits, and dry foods directly from the farmer while managing all end-to-end quality control processes.



### New Store Openings



Traded on the Istanbul Stock Exchange with the ticker SOKM since May 2018, ŞOK Marketler aims to provide the best service to customers at all times with its unique business model created, its "Everyday low price" policy and its campaigns.

ŞOK Marketler touches customers' hearts as the brand of those who can make their grandchildren happy with the money left over from shopping, who can buy good and quality products cheaply, and who smile with affordable prices through the "ŞOK Seviyoruz" campaign. Every day, approximately 3.5 million people say "ŞOK Seviyoruz" and increase their money by purchasing high-quality, dependable products at low prices with every purchase.

ŞOK Marketler has made the profitable shopping experience of its customers even more enjoyable with the Win loyalty program launched in July 2023. With the "Win" app, which has been welcome with great interest, campaigns are organized every week in different product groups and on selected products and brands, both in stores and Cepte ŞOK. Customers registered with "Win" earn TL as they buy such promotional products, with earned TL amounts being deposited into customers' Win wallets available for use in their subsequent purchases both in ŞOK stores and via the Cepte ŞOK app. With Win, ŞOK Marketler aims to both increase customer loyalty and offer multichannel services to its customers.

As part of the "Count Me In" project, which was developed and launched in 2023, various handicrafts produced by different women's cooperatives in Turkey began to be offered for sale in ŞOK stores. With this project, ŞOK Marketler aims to provide economic support to women entrepreneurs and provide equal opportunities for women.

ŞOK Marketler draws its strength from its tightly coupled family of more than 46 thousand employees.

Please visit [www.sokmarket.com.tr](http://www.sokmarket.com.tr) for more information.

*\* During the period from 01 January to 31 December 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including the 230 stores which were closed due to the earthquake.*

## OUR BUSINESS MODEL

# “Everyday low price” strategy

**ŞOK Marketler operates with the “Everyday low price” strategy and supports the budgets of its customers by offering products at competitive prices.**

### Proximity

ŞOK Marketler operates knowing that proximity is an important criterion for a satisfying shopping experience. Aiming to get closer to customers with the stores it opens and offering a “one stop shopping from the nearest point” experience, and as of December 31, 2023, ŞOK Marketler has a total of 10,725 stores in Turkey, with at least one in every city, aiming to become even more accessible to customers. Besides its stores, the app “Cepte ŞOK” provides a secure and uninterrupted service by becoming widespread rapidly with its home delivery service.

### Price

ŞOK Marketler’s “Everyday low price” strategy is designed to boost customer demand by offering competitively priced products. ŞOK Marketler offers its customers high-quality, countrywide known private label products at the most affordable prices, and it manages all processes from production to supply.

### Product Range

With the product portfolio including more than 1,800 items as of December 31, 2023, ŞOK Marketler boasts a wide range of options and a direct procurement approach. In the meantime, ŞOK’s stores have become an attractive center for customers owing to both its private label products and equivalent, domestic brands.

### Private Label Products

ŞOK Marketler embraced Turkey’s most-recognized nostalgic brands, such as Mis, Piyale, Mintax, Evin, and Amigo, as its own brands and reintroduced them to its customers. The Company displays its private label products in bright yellow boxes in the stores alongside domestic branded products.

### Shopping Experience

The store environment is well-lit, clean, and is designed such as to provide a more comfortable display area with wide corridors and shelves. Decorating its stores according to a certain layout and product shelving diagram, the Company focuses on enabling customers to spot certain products easily on the shelves. Designed in line with a particular arrangement and product shelving diagram, this vision is implemented across the store network, thus allowing customers to shop easily and conveniently in every ŞOK store, wherever it is located.





**10,725**  
**stores in**  
**81 provinces**

**Easy Shopping Experience...**

## SHAREHOLDING STRUCTURE

# We have a strong partnership structure.

**ŞOK Marketler continues its activities with the strength it gets from its partners.**

Real and legal persons having either right to vote or 5% or more shares in capital:

Title of the Shareholder	Share in Capital TL (December 31, 2023)	Shares (%)
Turkish Retail Investments B.V.	144,000,000.00	24.27%
Gözde Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi	140,400,327.27	23.66%
European Bank for Reconstruction and Development (EBRD)	33,950,000.00	5.72%
Free Float and Other	274,939,680.73	46.35%
<b>Total</b>	<b>593,290,008.00</b>	<b>100.00%</b>

Turkish Retail Investments B.V.

**24.27%**

Gözde Girişim Sermayesi  
Yatırım Ortaklığı Anonim Şirketi

**23.66%**

**Shareholding  
Structure (%)**

Free Float and Other

**46.35%**

European Bank for Reconstruction  
and Development (EBRD)

**5.72%**





## KEY FINANCIAL AND OPERATIONAL INDICATORS

# We achieved sustainable growth in 2023.

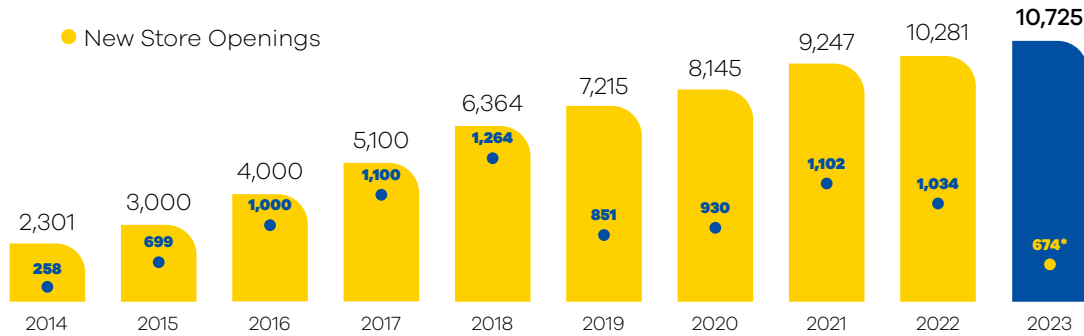
**ŞOK Marketler achieved strong and successful financial and operational results in 2023.**

### Financial Statement Summary (TL Million)

Consolidated Income Statement Summary (TL Million)	2022	2023
Net Sales	112,385	132,976
Gross Profit	22,752	26,169
EBITDA	5,035	3,860
Net Profit/(Loss) for the Period	6,954	4,446

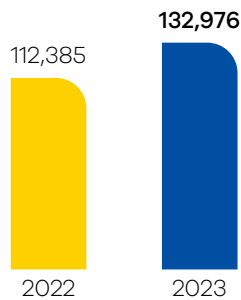
Consolidated Balance Sheet Summary (TL Million)	2022	2023
Cash and Cash Equivalents	1,416	4,204
Total Current Assets	20,052	25,405
Tangible Assets	9,353	9,573
Total Non-Current Assets	26,736	27,659
Total Assets	46,788	53,064
Total Short-Term Liabilities	22,711	24,287
Total Long-Term Liabilities	6,226	7,178
Total Shareholders' Equity	17,851	21,599

## Number of Stores



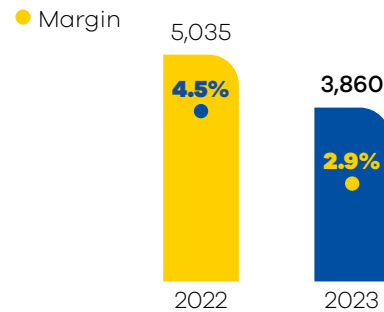
## Net Sales (TL Million)

ŞOK Marketler announced net sales of TL 133.0 billion in 2023 by consistently increasing its business volume.



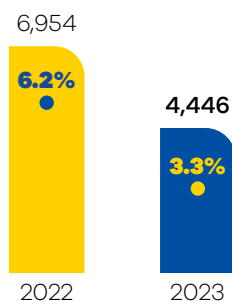
## EBITDA (TL Million)

ŞOK Marketler announced an EBITDA of TL 3.9 billion, having maintained sustainable profitability in the 2023 fiscal period as well.



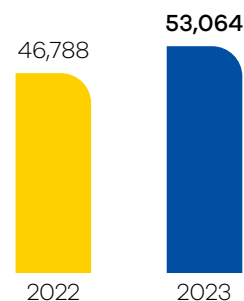
## Net Profit (TL Million)

ŞOK Marketler reached a net profit of TL 4.4 billion in 2023.

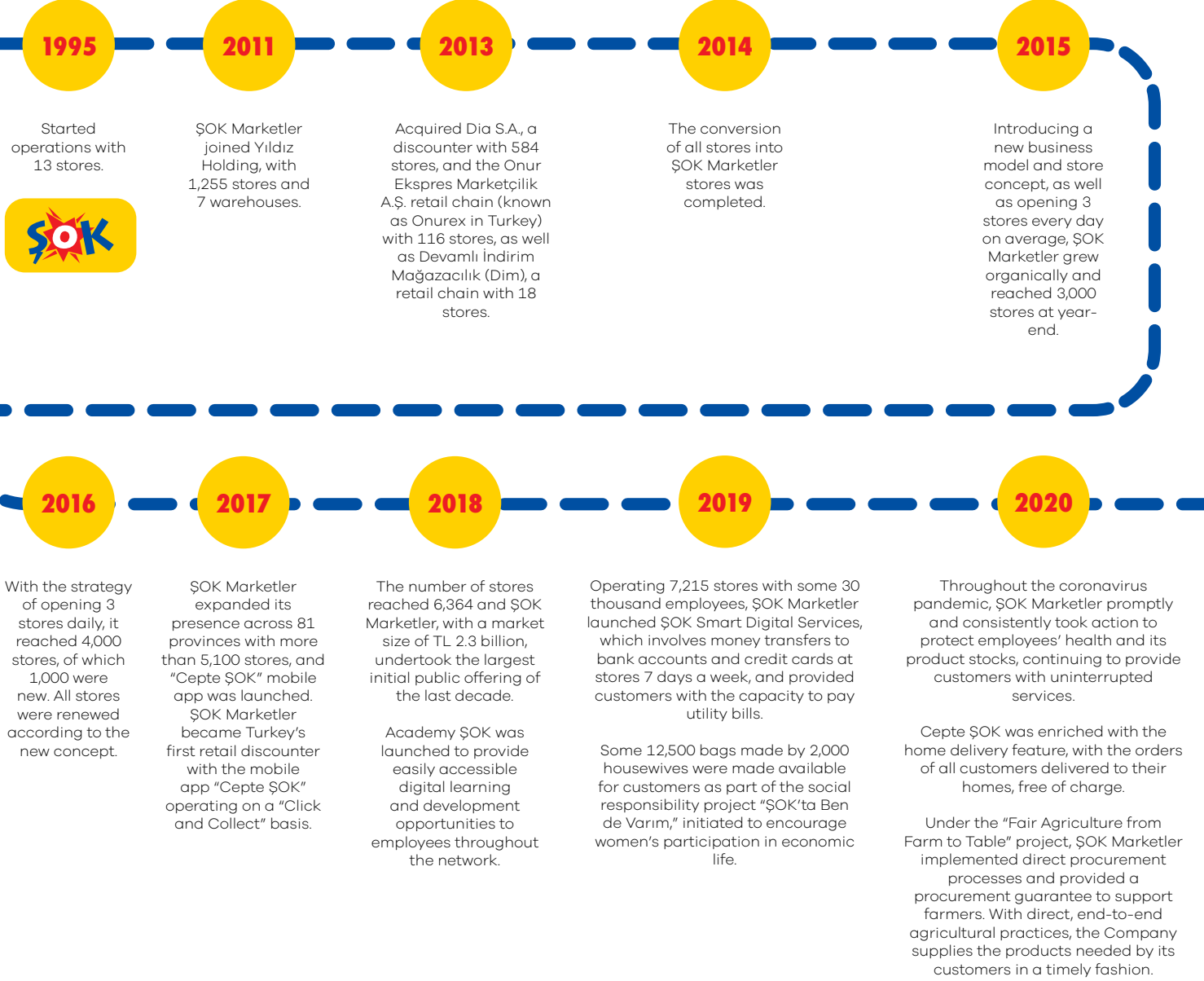


## Total Assets (TL Million)

ŞOK Marketler has consistently continued to increase its total assets, reaching TL 53 billion.



## THE SUCCESS STORY OF ŞOK MARKETLER



# Our rate of female employees has been increasing over the years.



2021

In 2021, where the negative impacts of the pandemic continued, ŞOK Marketler continued to provide uninterrupted service to its customers thanks to the steps taken in digitalization. "Cepte ŞOK" was enriched with the order by phone feature, and the needs of all customers were delivered to their homes, free of charge.

The loyalty program, "ŞOK Yıldız" which is included in the "Cepte ŞOK" app and is exclusive to the online channel, customer numbers increased; and through operational excellence the customer experience also increased.

Continuing its investments rapidly without interruption as per the target of "Opening around 1,000 stores each year," ŞOK Marketler employed approximately 4,000 employees and the total number of employees reached 39,659, in 2021.

Under the "Fair Agriculture from Farm to Table" project and through direct procurement processes, ŞOK Marketler provides a procurement guarantee to support farmers and encourages them to produce. Thus, a very large ecosystem was created, which not only includes fruits and vegetables, but also agricultural foodstuff, where thousands of people work including farmers, producers, and drivers transporting products to the stores. Instead of providing raw materials needed for production from other producers, thanks to the vertical integration for agricultural products, ŞOK Marketler produces the raw materials itself, and thus supports the budgets of its customers by offering quality products at fair prices.

2022

Expanding the scope of its support provided to the agricultural sector and farmers, ŞOK Marketler continues to bring quality products produced by farmers across Turkey to its customers at the most advantageous prices with the Fair Agriculture from Farm to Table Project. With contracted farming activities, direct procurement practices, and sales in more than 10 thousand stores across Turkey, ŞOK Marketler supports the development of farmers.

The Cepte ŞOK home delivery application, which has become popular and appreciated by customers, had a great increase in the number of orders thanks to its different payment options and the free delivery service within the same day.

As one of Turkey's leading food retail chains, 7 new warehouses were opened in 2022 to provide uninterrupted service in Turkey's 81 provinces and the total number of warehouses increased to 38.

ŞOK Marketler opened its 10,000<sup>th</sup> store across Turkey.

ŞOK Marketler, whose employees live by the motto "ŞOK takes its strength from me," has contributed to the employment of 45,293 people in Turkey.

At ŞOK Marketler, which takes its place in the hearts of customers with the new advertising campaign prepared with the slogan "ŞOK Seviyoruz," 3.5 million people say "ŞOK Seviyoruz" every day and increase their money with every purchase. The commercials, in which customers buy fresh and quality products at affordable prices at ŞOK Marketler and share their joy by pleasing their relatives with the money left over, were designed to appeal to both the customers' pockets and hearts.

While continuing to offer quality and reliable private label products such as Piyale, Mis, Mintax, Amigo, and Evin to customers at the most affordable prices, Piyale, known as the brand that introduced pasta to Turkey, celebrated its 100<sup>th</sup> anniversary.

2023

To provide uninterrupted services throughout Turkey's 81 provinces, 674\* new stores and two new warehouses were opened in 2023. The total number of ŞOK Marketler stores and warehouses reached 10,725 and 40, respectively.

ŞOK Marketler continued to contribute to the country's employment by reaching 46,867 employees. In line with its goal to offer more opportunities for women in business life, ŞOK Marketler raised the rate of female employees in its workforce from 51% to 54%. With a high rate of female employees, the Company is proud to provide equal opportunities to women in the workplace.

By means of a campaign launched in January under the leadership of ŞOK Marketler, the prices of 1,000 products were kept unchanged in order to contribute to both the country's economy and customers' budgets. Within the scope of the campaign, the prices of 1,000 products remained constant throughout January. The products, selected from among the staples that meet a household's basic needs, included items such as rice, pasta, legumes, flour, tea, coffee, sugar, oil and margarine, as well as vegetables like potatoes and onions. In addition to gaining the appreciation of customers, ŞOK Marketler was proud to be a pioneer in the sector; the Company's discount campaign was soon replicated by other sector stakeholders.

Following the devastating earthquake in Turkey, ŞOK Marketler swiftly dispatched supplies to help meet the needs of people in the region. Container stores were quickly erected and opened to provide services in the region and support efforts to supply urgent needs. Moreover, in its recruitment processes, ŞOK Marketler gave priority to candidates from the earthquake-stricken region. The Company also supported economic re-development in the area and the continuation of production by purchasing products from regional producers, e.g., through the purchase of lemons from Hatay Arsuz.

Through the Win loyalty program launched in July, customers' cost-effective shopping experiences became even more rewarding. With the "Win" app, which was welcomed with great interest, campaigns are organized every week in different product groups and for selected products and brands, both in stores and on Cepte ŞOK. Customers registered in the Win program earn TL as they buy such promotional products, with the earned TL amounts deposited into customers' Win wallets and made available for use in subsequent purchases both in ŞOK stores and via the Cepte ŞOK app. ŞOK Marketler aims to increase customer loyalty through the Win program as well as to offer multichannel services to its customers.

As part of the "Count Me In" project, developed and launched in 2023, various handicrafts produced by different women's cooperatives in Turkey began to be offered for sale in ŞOK stores. Through this project, ŞOK Marketler aims to furnish economic support to women entrepreneurs and provide equal opportunities for women.

In October, a discount campaign was launched to share the celebration of the 100<sup>th</sup> anniversary of our Republic with customers. Throughout October, discounts of up to 50% were offered on a total of 1,000 products, including staples, in stores and via the Cepte ŞOK app. Customers were also provided with profits via the Win loyalty program.

ŞOK Extra was launched to offer affordable products in different product groups, taking into account the needs of customers. With ŞOK Extra, non-food products that can be purchased in the store and via Cepte ŞOK are delivered to customers by courier services, thus garnering greater visibility for the products. This adds a distinct value to the Company with the motto "WORLD BRANDS AT ŞOK."

**In line with its goal to offer more opportunities for women in business life, ŞOK Marketler raised the rate of female employees in its workforce from 51% to 54%.**

## INVESTOR RELATIONS

# We have many local and foreign investor groups.

**In 2023, ŞOK Marketler held meetings, attended by senior executives, with 116 existing or potential local / foreign, corporate / individual investors and analysts.**

### Investor Relations Activities

ŞOK Marketler has made it a priority to establish long-standing ties with investors and provide accurate, up-to-date information. In 2023, the Company held meetings, attended by senior executives, with 116 existing or potential local, foreign, corporate, or individual investors and analysts. At these meetings, the operational results and performance of the Company, as well as other developments during the period, were shared with investors.

ŞOK Marketler provides regular and up-to-date information to its stakeholders via its corporate

website, investor presentations, and other investor relations practices. The Company also organizes live web conferences promptly after the disclosure of financial results for every quarter.

ŞOK Marketler attends conferences and other meetings held in Turkey or abroad to inform shareholders and investors. In 2023, ŞOK Marketler attended 4 conferences and group meetings.

Company's corporate website ([www.sokmarket.com.tr](http://www.sokmarket.com.tr)) is available in two languages, i.e., Turkish and English.

### Investor Relations page in Turkish:

<https://sokmarketyatirimciiliskileri.com/tr/>

### Investor Relations page in English:

<https://sokmarketyatirimciiliskileri.com/en/>

The Company's material event disclosures can be accessed via the Public Disclosure Platform or the investor relations website of the Company.

Copies of the Company's presentations are also available on the investor relations page in Turkish and English. Quarterly financial results, as well as annual reports are also available on the Company's website in Turkish and English.



**May 18,  
2018**

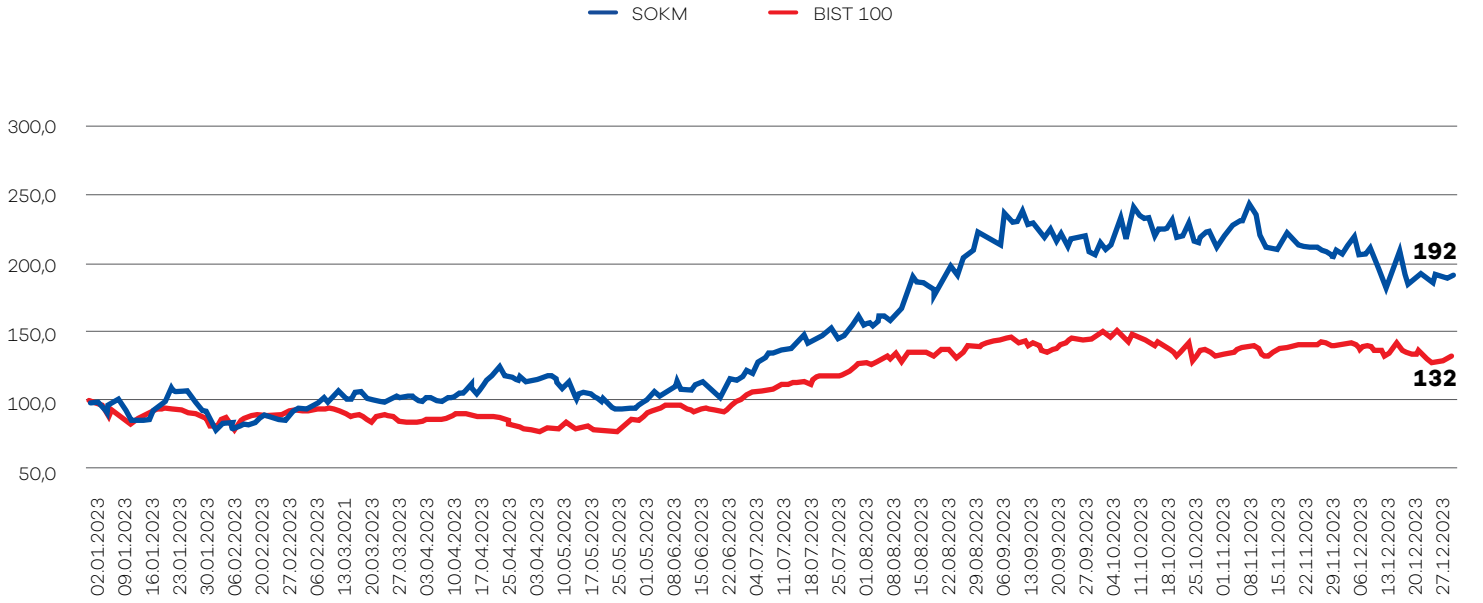


**32.0  
TL billion**

**Public Offering Date    Total Market Cap\***

\* As of December 29, 2023

## Share Performance – SOKM vs BIST 100



The public offering of ŞOK Marketler Ticaret A.Ş. took place on May 18, 2018. SOKM shares' value increased by 93.0% in 2023. The Company's total market cap is TL 32.0 billion as of December 29, 2023.

The issued capital of the Company is TL 593,290,008, with a nominal value of TL 1 each in registered form. Of the Company's shares, which are

divided into two groups, 144,000,000 are preferred shares and 449,290,008 ordinary shares. The Company's shares are fully paid.

As of the year-end 2023, 58.44% of the shares of ŞOK Marketler in the free float was held by foreign investors. In the same period, the foreign investor share on BIST index was 38.0%.

### CFO

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### Investor Relations Manager

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# **Management's Assessment**

## BOARD OF DIRECTORS

Board Members' names and roles are as follows:

Name - Surname	Position
Cengiz Solakoğlu	Chairman of the Board of Directors
Ali Ülker	Vice Chairman of the Board
Murat Ülker	Board Member
Mehmet Tütüncü	Board Member
Erman Kalkandelen	Board Member
Ahmet Bal	Board Member (Independent)
Fatma Pınar Ilgaz	Board Member (Independent)
Aytaç Saniye Mutlugüller	Board Member (Independent)

### CENGİZ SOLAKOĞLU

#### Chairman of the Board of Directors

Cengiz Solakoğlu graduated from the Istanbul Academy of Economics and Business Studies (now Marmara University) in 1964 and started his professional career in sales at Beko Ticaret A.Ş. in 1967. In 1977, he was appointed General Manager at the same company. In 1983, Solakoğlu was appointed General Manager of the Atılım Company under the Koç Group. During his eight-year tenure, he pioneered efforts to restructure and strengthen Arçelik's "Authorized Dealer System." Solakoğlu took office as Vice Chairman of Koç Holding Consumer Goods Group in 1991, and then as Chairman of the same group in 1994. Also serving as a member of the Executive Committee of Koç Group between 1996 and 1998, he was appointed Chairman of Koç Holding Consumer Durables Group in 2002. After 38 years of continuous service, Solakoğlu retired from the Group in 2004, due to the Group policy of mandatory retirement at the age of

60. Cengiz Solakoğlu is Member of the Board of Directors and chairs the Board of Şok Marketler A.Ş., a retail company of Yıldız Holding, as well as Bizim Toptan. Cengiz Solakoğlu is among the founders of the Educational Volunteers Foundation of Turkey (TEGV) and the 1907 Fenerbahçe Association. He was named a Leader of Civil Society by the Ekonomist magazine in 2003.

### ALİ ÜLKER

#### Vice Chairman of the Board of Directors

Ali Ülker was born in 1969. Following his education at Istanbul Erkek Lisesi he graduated from the Business Administration Department of the Faculty of Economics and Administrative Sciences at Boğaziçi University, Istanbul. Having participated at different education programs at IMD, INSEAD, Wharton, and Harvard, Ali Ülker worked in the Internal Kaizen Project at De Boccard & Yorke Consultancy (1992) and in IESC Sales System Development and Internal Organization Project (1997).

Ali Ülker started his career in 1985 as an intern in the quality control department of Ülker Gıda. From 1986 to 1998 he worked at chocolate production facilities and at Atlas Gıda Pazarlama in positions including sales manager, sales coordinator, product group coordinator, and product group director. In 1998 Mr. Ülker became General Director of Atlas Gıda Pazarlama, in 2000 Vice Chief of Retail Group, and in 2001 General Director of Merkez Gıda Pazarlama A.Ş. In 2002, he was appointed as Vice Chairman of the Food Group, and in 2005 as Chairman of the Group. In 2011 he started serving as Vice Chairman of the Yıldız Holding Board of Directors, and as of January 29, 2020, he became the Chairman of Yıldız Holding. He is also serving as the Chairman of the Board of Directors of Yıldız International Food Investments Inc., which was established in December 2023.

Having deep expertise and experience in marketing and sales, Ali Ülker is especially interested in innovation and supports teams working on this within the Group. He enjoys mentoring young people, and loves being outdoors and in nature and doing sports. Fluent in English and German, Ali Ülker is married with three children.



**MURAT ÜLKER****Board Member**

Born in 1959, Murat Ülker graduated from the Management Department of the School of Administrative Sciences at Boğaziçi University, Istanbul.

Mr. Ülker studied sector-specific subjects at international schools such as the American Institute of Baking (AIB) and Zentralfachschule der Deutschen Süßwarenwirtschaft (ZDS), serving an internship at American company Continental Baking. In three years, Murat Ülker visited nearly 60 biscuit, chocolate and food factories in the United States and Europe. He also worked on various projects for the International Executive Service Corps (IESC).

Mr. Ülker joined the Group in 1984 as a Control Coordinator. Over the following years, he assumed the roles of Assistant General Manager, and then General Director. As a member of the Executive Committee and a Board Member of various companies in the Group, he led a series of cornerstone investments based on the "Vertical Integration" model.

In 2000, Mr. Ülker became Chairman of the Executive Committee, serving as Chairman for eight years. In 2008 he became Chairman of the Board of Directors. As of January 29, 2020, Mr. Ülker continues to take an active role in companies affiliated to the holding as a Member of the Board, and his role as the Chairman of the Board of Directors at pladis and Godiva.

Murat Ülker enjoys sailing, and traveling with his wife and three children. He is also known for his interest in modern art and Islamic calligraphy.

**MEHMET TÜTÜNCÜ****Board Member**

Mehmet Tütüncü completed his bachelor's degree at Gazi University, Department of Mechanical Engineering, and his master's degree at Maltepe University, Department of Industrial and Organizational Psychology. He attended training on Production, Quality Control and Maintenance Practices in Italy for six months with an IRI scholarship. He has certificates in various fields, including Strategic Marketing from Harvard Business School, and from IMD/Switzerland and Insead/Singapore. Starting his career as a Domestic Industry Specialist at the Ministry of Industry and Trade in 1981, Mehmet Tütüncü worked as Production Manager, Business Manager and General Manager at Best Rothmans Entegre Sigara ve Tütün Sanayi A.Ş. between 1987 and 1996. He started his first duty within Yıldız Holding as Business Coordinator at Ülker Gıda A.Ş. in 1996. Then he served as General Manager of Ülker Biscuits and Chocolate Plants, Vice President of Ülker Group, President of Food and Beverage Group, President of Food Group and President of Ülker International Group. In 2016, he was appointed as the Regional CEO responsible for Turkey, Middle East, North Africa and Central Asia at the pladis organization established within Yıldız Holding. In 2017, Tütüncü continued his duties as Deputy CEO, taking responsibility for the South Asia and Latin America regions and pladis Global Information Systems and Business Models Transformation. Since October 2018, he has been serving as Deputy Chairman of the Board of Directors and CEO of Yıldız Holding. Tütüncü is a member of the Board of Directors of TÜGİS, as well as member of many Turkish and foreign sectoral organizations.

**ERMAN KALKANDELEN****Board Member**

Erman Kalkandelen is the CEO and Chairman of the Board of Directors of Franklin Templeton Turkey. Since joining Franklin Templeton, he has focused on investing in companies in emerging markets and the Central and Eastern Europe (CEE) regions. He managed the Templeton Emerging Market Smaller Companies fund for nearly ten years. He has been investing in venture capital and technology areas during the last five years. He is also a Board Member at Hepsiburada, Netlog Lojistik, Fibabanka, Gözde Girişim, Gözde Tech Ventures, ŞOK Marketler, Polinas, and Penta.

He completed his master's degree in Business Administration at Sabancı University. During his MBA, he studied strategic management at Florida University, Warrington School of Business Management and completed the Labor Economics Department, Faculty of Political Sciences Faculty, Ankara University, as a honor student.

## BOARD OF DIRECTORS

### AHMET BAL

#### Independent Member of the Board of Directors

Born in Tokat in 1957, Ahmet Bal graduated from the Department of Economics and Finance, Faculty of Political Sciences of Ankara University. He joined the Board of Accountants of the Ministry of Finance. Earning the title of Chief Accountant and Certified Public Accountant in 1991, he received his MBA degree in Business Administration from Nottingham University in England in 1992 and started to work as Assistant Financial Affairs Coordinator at Anadolu Endüstri Holding in 1994. From 1995 to 1998, he served as Finance Director at Efes Sınai Yatırım Ticaret A.Ş. in charge of Anadolu Group's overseas Coca Cola operations, as General Manager from 1998 to 1999 at Efes Sınai Yatırım Holding A.Ş. Bal served as Financial Affairs Coordinator for the Automotive, Finance, and Stationery companies in Anadolu Endüstri Holding's Financial Affairs Department between 1999 and 2006. Between 2006 and 2012, he served as Audit Coordinator in charge of Group Companies in Anadolu Endüstri Holding. From 2013 to 2018, Bal served as the Audit President in charge of audits of all Anadolu Group companies. Ahmet Bal is married and has two children. Ahmet Bal is an Independent Board Member at Bizim Toptan Satış Mağazaları A.Ş., as well as ŞOK Marketler, and an Independent Member of the Board of Directors and Chairman of the Board at Ülker Bisküvi Sanayi A.Ş.

### FATMA PINAR ILGAZ

#### Independent Member of the Board of Directors

Fatma Pinar Ilgaz graduated from Izmir Bornova Anatolian High School in 1983 and from the Faculty of Administrative Sciences, Department of Public Administration of Boğaziçi

University in 1988. In 1989, she started her career in banking and continued as Assistant Finance Manager in the financial leasing sector. Since 1995, she works at the ARGE Consultancy department. She continues to provide management consultancy in various projects as a Managing Partner at ARGE Consultancy.

Within the scope of her expertise areas such as Strategic Assessment and Performance Improvement Projects, Institutionalization, Corporate Governance Structures and Sustainability Strategies, Integrated Thinking and Reporting, and Human Resources areas under ARGE Consultancy, Ms. Ilgaz has conducted management consultancy projects for more than 100 institutions and companies of different magnitudes and in different sectors. She serves at the Advisory Board of a food industry company with production and global sales activities.

She is Managing Partner at ARGE Consultancy ([www.arge.com](http://www.arge.com)), Vice Chairwoman of the Board of Directors of the Argüden Governance Academy Foundation ([www.argudenacademy.org](http://www.argudenacademy.org)), Chairwoman of the Board of Directors of the Association of Private Sector Volunteers (OSGD- [www.osgd.org](http://www.osgd.org)), Member of the Sustainability Committee of the Association of Women at the Board of Directors. She is an Independent Board Member of Ülker Bisküvi and Penta Teknoloji.

She was chosen for the "More Women on Boards" program and, along with 40 female managers in the first group selected in Turkey, successfully completed training courses: these included preparations for becoming an independent member of the boards of directors, information, and mentor referrals.

Ms. Ilgaz has co-authored books on Corporate Governance Models, Change Management, Sustainable Success Model, and Management of Volunteer Organizations.

### AYTAÇ SANİYE MUTLUGÜLLER

#### Independent Member of the Board of Directors

Aytaç Saniye Mutlugüller obtained her undergraduate degree in Business Administration from Boğaziçi University and spent most of her professional life at the Şişecam Group, which operates in all fields of glass with production plants in 16 countries. She began her professional life as an assistant specialist for finance and then was directly involved in the domestic and overseas growth of the Group that adopted a centralized financial management style. Ms. Mutlugüller supported the development of a robust financial structure and played an active role as manager in the first-time implementation of various financial products. She represented the Group in several conferences as a speaker, in addition to her representative duties for foreign and domestic shareholders. After she retired as the Vice President for Finance, she served the Boards of four companies under the Group, provided advisory, and also supported the implementation of different projects.

Aytaç Saniye Mutlugüller is an Independent Board Member at ŞOK Marketler and at the same time Independent Member of the Board of Directors at Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Penta Teknoloji Ürünleri Dağıtım Ticaret A.Ş.

Board Members' duties outside the Company are as follows:

Name - Surname	Title	Duties Outside the Company
Cengiz Solakoğlu	Chair of the Board of Directors	Board Memberships in Group Companies
Ali Ülker	Vice Chair of the Board	Board Memberships in Group Companies
Murat Ülker	Board Member	Board Memberships in Group Companies
Mehmet Tütüncü	Board Member	Board Memberships in Group Companies
Erman Kalkandelen	Board Member	Board Memberships in Group Companies
Ahmet Bal	Board Member (Independent)	Board Member
Fatma Pınar Ilgaz	Board Member (Independent)	Vice Chair of the Board of Directors of the Argüden Governance Academy Foundation, Vice Chair of the Board of Directors of the Association of Private Sector Volunteers (OSGD), Member of the Cooperation Committee of the Association of Women at the Board of Directors, and Gender Equality Working Group Member at TÜSİAD
Aytaç Saniye Mutlugüller	Board Member (Independent)	Board Member





## MESSAGE FROM THE CHAIRMAN

# We launched the Win loyalty program.

**“Win,” the loyalty program which we have launched in 2023, has further enhanced our customers’ shopping experience.**



**10,725**

**Number of Stores**



**40**

**Number of Warehouses**



**133.0**  
TL billion

**Net Sales**

Esteemed shareholders, business partners, and employees,

As ŞOK Marketler, we had a very productive 2023 in which we achieved successful results and reached our strategic goals. We witnessed a number of adverse developments in the world and in our country. After starting to recover following the pandemic, the global economies began to experience problems in the areas of energy and raw materials supplies and logistics as a result of the war. These wars and their negative effects are still ongoing. In our own country, we were shaken by the destructive earthquake we experienced in February. While uniting to heal the wounds from the earthquake, we also focused on the fluctuations in the exchange rates and

the inflation rate throughout the year. Amid these developments, as one of the largest players in the food retail industry, we went above and beyond to support our people and our economy, and we are continuing to do so.

Digital transformation accelerated across the globe especially during the pandemic and changed consumption trends. Our industry had no other option than adapting to this process. In accordance with our corporate sustainability principle, we made confident strides toward digitalization and implemented many innovations in our technology infrastructure. “Win,” the loyalty program which we have launched in 2023, has further enhanced our customers’ shopping experience. We will continue to invest

in our digital infrastructure to provide convenience to our customers and to respond to their changing needs quickly.

The year 2023 went in the books as the hottest year in history. As the global temperature continues to rise, we are also witnessing fast changes in the climate. In response to these concerning developments, we are trying to minimize our environmental impact while making sustainability initiatives, including reducing the waste we generate, lowering our total carbon footprint, increasing energy efficiency, and water management efforts, an integral part of our business conduct. As you know, we shared our sixth Sustainability Report with the public. Within the frame of the



"Waste-Free Company" model which we have embraced with the goal of leaving a more inhabitable world to future generations, we are adopting model practices in such areas as energy efficiency, water and waste management, reducing the use of plastics, sustainable agriculture, stakeholder prosperity-oriented investment and approach, diversity, and equal opportunity. In addition to the environmental sustainability efforts, we devise strategies which focus on employee satisfaction, social responsibility, and product quality. Our sustainability initiatives, which are conducted under the motto of "This World Is Ours," are grouped into three categories: "Working for the Future of Environment," "Growing Stronger with Stakeholders," and "Inspiring the

Future." Our pioneering sustainability initiatives include the "Fair Agriculture from Farm to Table" project, the "Store Energy Efficiency" project, and other ongoing investments.

We conduct these operations in accordance with our vision of being Turkey's most preferred food retailer brand and our sustainability-oriented culture. As we continue to contribute to the domestic economy with our extensive ecosystem which includes investment, employment, supply, production, and logistics, while always striving for better, we will serve our customers with quality and affordable products.

I would like to express my deepest gratitude and respect to our shareholders for their support, our business partners for sharing our goals, our dear employees who are the architects of our success, and our customers for their appreciation.

Respectfully,

**Cengiz Solakoğlu**  
**ŞOK Marketler Tic. A.Ş.**  
**Chairman of the Board of Directors**

## MESSAGE FROM THE CEO

# We are contributing to **our country's** development.

**As one of Turkey's largest food retailers, we are contributing to our country's social and economic development with our stores in 81 provinces.**



**674\***

**Store  
Openings**



**46,958**

**Number of  
Employees**



**54%**

**Rate of Female  
Employees**



**TL 2.4 billion**

**Investment  
Amount**

Esteemed stakeholders,

As one of Turkey's leading food retail chains with 10,725 stores and a workforce of more than 46 thousand employees, we are growing steadily year after year. We take pride in being one of the largest employers in our country. We work continuously and tirelessly to render uninterrupted and quality service to our customers from the closest location to their homes. We were all deeply shaken by the devastating earthquake in early 2023. As ŞOK Marketler, we contributed our fair share to the rebalancing effort in our economy which was prompted in part by the global economic fluctuations. In this process, we continued our investments

and locked arms with our employees and stakeholders. Despite rising costs and therefore prices globally, we froze our prices for one month in January 2023 in 1,000 products that are basic needs of a household, from rice, pasta, legumes, flour, tea, coffee, and sugar to cooking oil, margarine, potatoes, and onions, thereby supporting the economy and customer budgets. As we have done every year, we continued to support the fight against inflation in 2023.

We joined forces as a country to heal our wounds after the earthquake disaster in February. We acted as a pioneer in this effort with the understanding that the food retail industry has an important task as the

provider of most basic human needs. In partnership with the related relief organizations, we delivered products from our stores and warehouses in the region to the people who were affected by the earthquake to meet their needs and help them get on their again economically. We served to meet the basic needs by making our stores operational quickly and opening container and prefabricated stores where needed. We prioritized the people who were affected by the earthquake in our hiring across the country during the year. We purchased and put on our shelves various produce items, such as the Hatay Arsuz lemon, grown by the farmers in the region and supported the continuity of production in the earthquake region.





As one of Turkey's largest food retailers, we are contributing to our country's social and economic development with our store network in 81 provinces. We are creating thousands of jobs with new store openings every year. We are proud to be one of the steadiest job creators and largest employers.

We strive to enable women and young employees to have a larger presence and to be more active in our ecosystem. We raised our share of women employees to 54% in 2023. We contribute to providing equal employment opportunities for women and economically empowering women through our corporate practices and social responsibility activities.

We opened 674\* new stores in 2023 despite the challenging backdrop. Thanks to our customer-oriented business model, our net sales increased 80% on the previous year and reached TL 106.6 billion. We opened two new warehouses and reached a total of 40 warehouses. We made an investment of TL 2.4 billion in 2023, including opening of new warehouses and stores. We give priority to women employees in hiring as part of our social benefit-oriented business model and growth strategy. We will improve our employment policy further based on our belief in the value added created by the power of women.

We strive to take our stores beyond being mere shopping venues and turn them into lifestyle spaces where customers can discover new experiences. While working hard to ensure customer satisfaction, we continue to invest in improving our digital infrastructure, human capital, and stores to adapt to rapidly changing trends. With our online shopping app Cepte \$OK, we offer our customers the option to pay at the door at market prices and free same-day home delivery service. We will continue to improve our services in the digital field.

*\* During the period from 01 January to 31 December 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including the 230 stores which were closed due to the earthquake.*

## MESSAGE FROM THE CEO

# We supported women economically.

**Under ŞOK's "Count Me In" project in which priority was given to the earthquake region, we offered for sale handmade products of various women's cooperatives across the entire country in our stores and supported women economically.**

We offer affordable prices on private label products such as Piyale, Mis, Mintax, Amigo, and Evin by controlling the production processes for these beloved and well-known quality products end-to-end. We work resolutely to deliver quality products to our customers at the most affordable prices and to support our customers' budgets. To this end, we bring the quality produce grown by our farmers to our customers at the most advantageous prices with our "Fair Agriculture from Farm to Table" project. This project supports local production while preventing waste. Purchasing directly from the farmers enables us to exert full control over the supply processes from seed to table and to move produce from the field to the shelf with minimal waste.

Launched in 2023 and met with great interest, our loyalty program "Win" offers weekly campaigns in select products and brands, both in the stores and at Cepte ŞOK, in various product categories. Our customers earn cash by purchasing these campaign products and use their cash in subsequent store or Cepte ŞOK app purchases.

At the discount festival we organized in October in celebration of the 100<sup>th</sup> anniversary of our Republic, we offered discounts of up to 50% on 1,000 products and conducted special Win campaigns. We are proud to be a pioneer in the industry while helping our customers' budgets with our campaigns. Under the "from Unity to Blessing" approach, we have always stood by our country, producers, and customers, and will continue to do so.

The ŞOK's "Count Me In" project which we carried out toward the end of the year was one of our most important initiatives in 2023. Under this project in which priority was given to the earthquake region, we offered for sale handmade products of various women's cooperatives across the entire country in our stores and supported women economically. We aim to further expand the scope of this partnership, work with new cooperatives, and offer a larger variety of products in our stores.

While conducting these operations, we look after our future with a sustainability-centered approach. We share our results and new goals in our sustainability reports which we have been publishing regularly for six years. Starting in 2023, we began to have our sustainability reports independently audited for assurance. We strive to be a pioneer for the proliferation of model sustainability initiatives. Within the frame of our targeted "Waste-Free Company" model, we implemented practices that could serve as models. As part of our "Store Energy Efficiency Project," we opt for energy efficient equipment in our stores, and we invest in automation technologies in high usage systems to increase the

efficiency of energy consumption. Our environmental investment spending totaled TL 335.2 million in 2023 to improve our environmental performance. We strive to deploy digital capabilities optimally to achieve efficiency and increase our investments in digital infrastructure.

We strive to create lasting value for Turkey's economy and be a sustainable company in every aspect. In accordance with this vision, we follow environmental, social, and economic developments and new applications in the area of digitalization; integrate these with our business conduct models; and clinch our financial success with the sustainable value we generate.

As a very large and close-knit family, we will continue to work tirelessly to attain our current goals and realize larger goals for the future.

**Uğur Demirel**  
**ŞOK Marketler Tic. A.Ş.**  
**CEO**







1000

SOK







# Sector

## TURKEY'S FOOD RETAIL MARKET AND THE POSITION OF ŞOK MARKETLER

# We're one of the **fastest-growing companies of the industry.**

**As one of the fastest-growing market chains in the Turkish food retail industry, ŞOK Marketler achieved growth of 75.9%\* as of the end of 2023.**



### 80.6%\*

**Growth of Organized Retail Sector in 2023**



### 75.9%\*

**Growth of ŞOK Marketler in 2023**

The Turkish retail industry is among Europe's largest markets in terms of household spending. Having undergone radical changes, the industry now faces a new direction and growth in line with initiatives towards digital transformation. The traditional channel has started to be replaced by the 'organized retail' channel, which includes supermarkets, hypermarkets and discounters; the organized retail channel has expanded throughout the country in a remarkably short time.

In the past decade, the organized retail industry has delivered a strong growth performance pushed by the expansion of discounters via new stores that are now driving the industry. Price and proximity are the crucial factors behind the growth of discounters. Sellers in the traditional channel, namely grocery stores, dry food vendors, and kiosks, decline in number every year.

According to sales growth in 2023, discounters are leaders of the market. The organized retail industry grew by 80.6%\* as of the end of 2023, driven by discounters. Delivering robust growth for the past few years, discounters

are leading in terms of the number of stores. Gaining market share on a yearly basis from supermarkets under 400 square meters and the traditional channel, discounters represent the format offering the greatest contributions to market growth.

As one of the fastest-growing market chains in the Turkish food retail industry, ŞOK Marketler achieved growth of 75.9%\* as of the end of 2023. Observations indicate that, in the same period, discounters grew by 71.8%\* and supermarkets by 89.2%\*.

\* NIELSEN RETAIL PANEL - Growth data excluding alcohol-cigarettes.



# Win Win Win

## KAZANDIRIR ALIŞVERİŞİN!



CEPTE SOK'U İNDİR,  
ÜYE OL



ALİŞVERİŞ  
YAPTIKÇA KAZAN



CÜZDANINA PARA  
YÜKLE KAZAN











# Operations

## OUR STORES

# In 2023, we opened **674\*** new stores and **2** new warehouses.

**ŞOK Marketler opened 674\* new stores in 2023, increased the number of stores to 10,725, and expanded its workforce to over 46 thousand employees.**

With pioneering steps thanks to its sustainable financial and operational achievements and pursuing the goal of continuous development, ŞOK Marketler opened 674\* new stores in 2023, increased the number of stores to 10,725, and expanded its workforce to over 46 thousand employees.

ŞOK Marketler manages supply processes for its stores across 81 provinces of Turkey through 40 warehouses while aiming to create value for Turkey's economy and its customers and maintain growth in the coming period.

The ŞOK logo, in bright yellow and red colors, is prominently displayed on the stores' exteriors, ensuring that the signs are quickly recognized and draw attention.

The stores' standard shelf display plan makes it easier to determine inventory needs and stock turnover, raising efficiency in terms of staff volume and in-store audits.

ŞOK Marketler aims to offer a convenient and easy shopping experience. Therefore, the conveniently lit stores with lower shelves continue to allow customers to do secure shopping during 2023, thanks to the measures taken for the health of its employees and customers alike.

Blazing a trail in Turkey's food retail sector, ŞOK Marketler combines the best features of supermarkets and discounters. With a focus on sustainable growth based on a unique business model, ŞOK Marketler pursues an "Everyday low price" policy and offers an attractive store environment that encourages customers to shop. Today, ŞOK Marketler is positioned as a brand that helps customers to meet all their essential needs from the nearest point at affordable prices.

While the communication concept facing the consumer is "ŞOK is Quality and ŞOK is Cheap" private label products of ŞOK Marketler are displayed in bright yellow boxes in special designs that can be noticed easily. Yellow boxes make it easy to recognize the brands and allow the motto "Everyday low price" to be quickly noticed. Private label products of ŞOK Marketler is displayed alongside an equivalent domestic-branded product, with the price tag of each one

indicating the unit price per product. This is how customers compare the Company's private label products with the leading national brands in line with the pricing policy.

In addition to the "everyday low price" policy, with the "Win" loyalty program, customers are offered various discounts and campaigns both in ŞOK stores and the Cepte ŞOK app. Customers can use the TL amounts, which they earn by shopping, in their next purchases both in ŞOK stores and the Cepte ŞOK app.

With ŞOK Extra, customers can order non-food products both via stores and the Cepte ŞOK app, and these orders are delivered without any delivery charges. ŞOK Extra enables the company to expand its product range and to introduce world brands to its customers.

ŞOK Marketler has a wide selection of more than 1,800 products in food and non-food categories. ŞOK Marketler pays attention to expanding its product range and providing alternatives to customers to address their needs. Nostalgic brands with high brand visibility such as Mis, Piyale, Mintax, Amigo, and Evin are only available at ŞOK stores and these private label products now include over 100 new own products.

ŞOK Marketler's portfolio also includes food products like fruits and vegetables, as well as non-food products such as kitchenware, cleaners, paper products, and clothing in various categories. Aiming to continuously enrich its product portfolio, ŞOK Marketler established a structure where fruits and vegetables are brought directly from the farmer to the customer. Contracted agricultural practices under Fair Agriculture from Farm to Table Project involve exclusive cultivation for ŞOK Marketler and allow the company to offer products at affordable prices.

As part of the "Count Me In" project, which was expanded further in 2023, various handicrafts produced by different women's cooperatives in Turkey were offered for sale in selected ŞOK stores. This way, the Company also supports women's economic empowerment.

	Number of ŞOK Stores	Net Store Openings
2014	2,301	258
2015	3,000	699
2016	4,000	1,000
2017	5,100	1,100
2018	6,364	1,264
2019	7,215	851
2020	8,145	930
2021	9,247	1,102
2022	10,281	1,034
2023	10,725	674*

\* During the period from 01 January to 31 December 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including the 230 stores which were closed due to the earthquake.



**674\***  
**Store  
Openings**



**10,725**  
**Total Number of  
Stores**



**40**  
**Total Number of  
Warehouses**



## CEPTE ŞOK

# Home delivery secure service

**The number of orders of “Cepte ŞOK” continued increasing in 2023 as well, and customers were provided with a home delivery, uninterrupted and secure service.**

As of March 2020, when Turkey’s first COVID case was confirmed, ŞOK Marketler increased its measures to protect public health. Within this scope, ŞOK Marketler continued its operations in line with its mission of providing uninterrupted service and launched the “Cepte ŞOK Home Delivery” app. The application, which was implemented considering the needs of many people who lived alone, were not permitted to go out and were therefore unable to shop during the pandemic period, became increasingly widespread and a fast and safe shopping option for all ŞOK customers. The number of orders of “Cepte ŞOK” continued increasing in 2023 as well, and customers were provided with a home delivery, uninterrupted and secure service.

In addition to “click and collect,” which allowed customers to pick up orders from the store at any time, “home delivery” was introduced on the Cepte ŞOK app during the pandemic. Customers’ ordered products are delivered free of charge on the same day and at the same prices charged in the stores, while payments can be made online or with cash/credit card at the time of delivery. Customers can also pick up their orders, delivered on the same day at their preferred time, from among its store network across Turkey.

ŞOK Marketler continues to invest and provide employment with the goal of offering affordable and quality products to its customers in 81 provinces of Turkey.

By delivering from its existing stores and warehouses, ŞOK Marketler both optimizes operational costs and effectively manages personnel expenses. The aim is to offer a convenient and easy customer experience through different channels. The loyalty program “Win,” which is available through the “Cepte ŞOK” app, helped increase the number of customers, while the customer experience was also improved through operational perfection.

ŞOK Extra has been launched to offer affordable products in different product groups, taking into account the needs of customers. With ŞOK Extra, non-food products that can be purchased both in the store and through Cepte ŞOK are delivered to customers by courier services, and the products gain even more visibility. This adds a distinct value to the Company with the motto “WORLD BRANDS AT ŞOK.”

All products available in ŞOK Marketler stores are also available on the Cepte ŞOK app – from dairy products, deli, breakfast, and cooking ingredients to personal care, home, and life categories. Customers using Cepte ŞOK can easily and quickly access the broad and affordable product range, as well as ŞOK Marketler’s private label products like Mis, Piyale, Evin, and Mintax, at the same prices offered in ŞOK Stores. All products are offered at the same prices as ŞOK Stores. Also, customers can see the most recent campaigns of stores under the “Advantages of the Week” and “Campaigns” sections.

Number of customers, orders, and total number of users of the Cepte ŞOK app, which increased the brand awareness, increased to satisfying levels, in 2023. In 2023, the revenue of Cepte ŞOK, which can be used through the app, website, and phone channels in 81 provinces, increased rapidly. Considered the locomotive of growth in the future, Cepte ŞOK will grow in 2024 as well, within the aims determined.





## WIN LOYALTY PROGRAM

# We aim to increase customer loyalty.

**With Win, ŞOK Marketler aims to both increase customer loyalty and offer multichannel services to its customers.**

With the Win loyalty program launched in July, customers' profitable shopping experience has been made even more enjoyable. With the "Win" app, which has been welcome with great interest, campaigns are organized every week in different product groups and on selected products and brands, both in stores and Cepte ŞOK app. Customers registered with "Win" earn TL as they

buy such promotional products, with earned TL amounts being deposited into customers' Win wallets available for use in their subsequent purchases both in ŞOK stores and via the Cepte ŞOK app. With Win, ŞOK Marketler aims to both increase customer loyalty and offer multichannel services to its customers.

**ŞOK**

# Win Win Win

## KAZANDIRIR ALIŞVERİŞİN!



**CEPTE ŞOK'U İNDİR,  
ÜYE OL**



**ALIŞVERİŞ  
YAPTIKÇA KAZAN**



**CÜZDANINA PARA  
YÜKLE KAZAN**



## FAIR AGRICULTURE FROM FARM TO TABLE

# We support farmers with direct procurement.

**With direct procurement activities, ŞOK Marketler provides a procurement guarantee to support farmers and encourage production.**

As one of the fastest-growing food retail chains in Turkey, ŞOK Marketler believes that carrying the agriculture sector, one of the most vital sectors, to the future is a primary responsibility both for our country and our customers. In this regard, the Company introduced the Project, Fair Agriculture from Farm to Table, expanding the scope of support provided to farmers and the agricultural sector. With contracted farming activities and direct procurement practices, ŞOK Marketler offers affordable and quality products at 10,725 stores across Turkey, while supporting the development of farmers.

As part of its direct procurement activities, the Company provides a procurement guarantee to support farmers and encourage production. Thus, products are traceable, product quality is guaranteed, and product continuity is ensured.

While standing by farmers, ŞOK Marketler has oversight over the end-to-end process, from cultivation to harvest, for the purposes of guaranteeing the future of contracted agriculture in a controlled manner. The Company conducts quality controls at every stage, from the selection of healthy seeds to the placement of products on the shelves utilizing appropriate and modern harvest methods, harvests take place at the right time.

ŞOK Marketler adopts best agricultural practices from farm to table for produce like citrus, potatoes, cauliflower and cabbage, and for products such as olive and tomato paste. In line with its Fair Agriculture from Farm to Table Project, ŞOK Marketler supports farmers by giving procurement guarantee, and makes timely payments to contracted farmers for their work.

Instead of providing raw materials needed for the products produced thanks to the vertical integration for agricultural products from other producers, ŞOK Marketler produces the raw materials itself and thus provides quality products at fair prices. While customer satisfaction and loyalty is provided through the vertical integration project in agricultural products, which is believed to create added value to all stakeholders, thanks to the increase in customer traffic, profitability also increases.



## ŞOK'TA BEN DE VARIM (COUNT ME IN)

# We provide economic support to women.

**Various handmade products, supplied from women's cooperatives from different parts of Turkey, are offered for sale in selected ŞOK stores.**

ŞOK Marketler attaches great importance to its goal of developing the communities in which it operates and contributing to Turkey's sustainable growth in every possible field. As per this goal, one of the main issues the Company focuses on is ensuring equal opportunities for women. The number of female employees at ŞOK Marketler, one of the companies with the highest number of employees in Turkey, increases every year. In 2023, 54% of the Company's employees were consisting of females.

Aware of the importance of women's economic empowerment by participating in production and employment for social welfare, ŞOK Marketler has been developing projects in this field for a long time. The "Count Me In" social responsibility project, which was first launched in 2019 to add value to women's labor, was designed to offer the cloth bags produced by housewives for sale in stores and give the resulting income to them. In 2023, the scope of the project was further expanded, and after negotiations with women's cooperatives from different parts of Turkey, various handmade products supplied from these cooperatives were offered for sale in

selected ŞOK stores. This project aims to provide economic support to women.

In the selection of products to be offered for sale within the scope of the "Count Me In" project, local and geographically indicated products and various products produced by women are given priority. Nevertheless, it is important that the products meet quality and sustainability criteria.

The cooperatives from which products were procured included cooperatives from the regions affected by the earthquake disaster that deeply saddened the entire country in February 2023. In this way, ŞOK Marketler has not only continued its support to the region since the first day of the disaster, but also contributed to the economic re-development of the region and healing the wounds.



## ŞOK SERVICES

# We offer money transfer capability.

**Thanks to ŞOK Smart Digital Services, customers can transfer money to all bank accounts, credit cards and all ŞOK Marketler stores 7 days a week in 81 provinces.**

### ŞOK Smart Digital Services

Boasting a network of 10,725 stores, ŞOK Marketler expanded the scope of its services and introduced ŞOK Smart Digital Services in 2019. Thanks to ŞOK Smart Digital Services, customers can transfer money to all bank accounts, credit cards and all ŞOK stores 7 days a week in 81 provinces. In addition to money transfers, ŞOK Smart Digital Services allows customers to pay their utility invoices like phone, water, electricity, and natural gas within the service hours of ŞOK stores.

### ŞOK NET

ŞOK Marketler has added internet services, which has become the basic needs of homes, to its products and services portfolio. ŞOK NET is offered since 2021 in ŞOK stores in 81 provinces of Turkey as a monthly internet package without limit and commitment. The affordable priced home internet ŞOK NET provides internet connection up to a rate of 16 Mbps ADSL, 35 Mbps, and 100 Mbps Fiber. Customers can easily apply to ŞOK NET at the stores with a mobile phone number.











# **Corporate Governance**

## DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is determined by considering the mid- and long-term strategies, investment, and financial plans of ŞOK Marketler. The Company intends to distribute at least 30% of the Company's distributable net profit for the period as cash dividends, for each accounting year starting from the earnings in the year 2018, upon the recommendation of the Board and subject to the approval of the General Assembly, any relevant amendments that might be undertaken, and the applicable law in Turkey, provided that the Company's cash flow requirements are considered.

The dividend distribution policy will be subject to the Company's cash projections, future expectations on operations, investment plans, and conditions in the capital markets. Additionally, this policy shall be reviewed annually by the Board of Directors in the event of any negative situations regarding national and global economic conditions, and according to the current projects

and Company's financial resources. If an amendment to the Dividend Distribution Policy is requested, the Board of Directors decision for such change, along with the justification thereof, is announced to the public in line with the CMB regulations regarding the disclosure of material events.

Equal payment of dividends is aimed to be completed within a maximum of 30 days, following approval by the General Assembly of the dividend distribution decision, regardless of all of the existing dividends, the issue, and acquisition date thereof, while the distribution date is determined by the General Assembly. Dividends may be distributed as lump sums or in installments.

Unless reserves required to be reserved by law, and dividends for shareholders as determined in the Articles of Association, are reserved, further reserves may not be reserved; profits may not be transferred to the following year and dividends may not

be distributed to the Members of the Board and partnership employees, and no dividend distribution may be made to such persons unless the determined amount of dividends is paid.

The General Assembly may transfer the net profit, either partially or wholly, to the extraordinary reserves, provided that the reserves required by law and dividends for shareholders as determined in the Articles of Association are reserved. If the Board of Directors proposes to the General Assembly that dividends are not distributed, shareholders are informed of the basis for this proposal, as well as of the use of non-distributed dividends, at the Ordinary General Assembly Meeting.

The Company's Articles of Association include a provision on the advance dividend distribution while it is possible to distribute advance dividends, provided the procedures and rules stipulated in the principles and procedures set forth in the provisions of applicable regulations are observed.

## REMUNERATION POLICY

Remuneration to be paid to the Members of the Board of Directors is determined monthly as a gross amount based on the opinion of the relevant committee and submitted to the approval of the General Assembly. It is essential that the compensation of Independent Members of the Board of Directors is at a level that enables them to maintain their independence. Dividends, share options, or performance-based payment plans of the Company shall not be used for the remuneration of Independent Board Members. The remuneration of senior management consists of

two components, namely, base (fixed) payment, and performance-based payments.

As fixed payment, a system with a total of 16 (sixteen) base payments (annually) is available, and side benefits may be offered in addition thereto. Fixed payments are determined according to the macroeconomic data, developments in the market related to wages, long-term goals of the Company, and the seniority and positions of individuals. In addition to fixed payments, senior executives can be remunerated in the form of side

benefits, based on the flexible wage (success fee) payment, by applying certain multipliers on annual gross wages once in a year, according to the Company's and personal performance results. The purpose of flexible remuneration management in the Company is to encourage employees to deliver an outstanding performance by rewarding achievements, to instill a culture of goal-driven performance across the Company, and to help senior executives realize budget targets and deliver business results that exceed their targets.

## RELATED PARTY TRANSACTIONS POLICY

The Company and the Board of Directors aim to perform all related party transactions in accordance with the Turkish Capital Market Legislation, Tax Legislation, and other relevant legislation. The Board of Directors is responsible for the implementation of this Policy, as well as the complete enforcement and monitoring of all guidelines and procedures prepared as part of it. Non-continuous related party transactions exceeding 1% of the gross profit of the preceding year's income statement are subject to approval by the Board of Directors. Performance of non-continuous related party transactions requires the approval of the majority of the Independent Board members. If two Independent Board Members are present in the Board of Directors, the approval thereof must be obtained in order to perform the relevant non-continuous related

party transaction. If the approval of the majority of Independent Board Members cannot be obtained, the General Assembly must approve the non-continuous related party transaction.

There is no materiality threshold for continuous related party transactions and the Board of Directors adopts a framework resolution for all continuous related party transactions.

At its quarterly meeting following the announcement of the relevant quarterly financial results, the Audit Committee shall review the related party transactions conducted in the relevant quarter under annual authorization (in light of the framework Board resolution) of the relevant continuous related party transactions.

The Board of Directors' resolutions pertaining to related party transactions are treated as "insider information" and disclosed in accordance with the applicable requirements of capital market regulations.

Additionally, following the annual review of related party transactions, the Audit Committee shall submit a report to the Board of Directors that is subsequently incorporated into the Company's Annual Report.



# DISCLOSURE POLICY

## I- Purpose and Scope

Pursuant to this Disclosure Policy, ŞOK Marketler Ticaret A.Ş. ("Company") informs the public in a complete and timely manner, in accordance with the provisions of the Capital Market Legislation, Corporate Governance Principles, and provisions in the Company's Articles of Association.

The purpose of the Company's Disclosure Policy is to ensure active and transparent communication with all stakeholders, including shareholders, investors, employees, and customers, in a complete, fair, accurate, timely, clear, affordable, and equally-accessible manner, as per the regulations to which the Disclosure Policy is subject.

However, pursuant to such regulations, the Company may refrain from disclosing to the public certain confidential information, which is treated as a business secret, as per the principles stipulated in the regulations, where such disclosure may harm its legitimate interests.

The Disclosure Policy applies to all employees of the Company.

## II- Authority and Responsibility

The Company's Disclosure Policy is set and implemented under the mandate of the Board of Directors. The Board of Directors reserves the right to amend this policy from time to time, as required by relevant regulations. The Disclosure Policy and amendments thereto are published on the Company's website, following the approval by the Board of Directors.

The responsibility to implement, develop, and monitor the Disclosure Policy rests with the Board of Directors.

The responsibility to observe and monitor each and every matter related to public disclosure rests with the executives who are in charge of financial management and reporting, as well as with the Investor Relations Department. The relevant authorized persons fulfill such responsibilities in close cooperation with the Corporate Governance Committee, Audit Committee, and the Board of Directors.

## III- Methods and Means of Disclosure

The methods and means of disclosure used by the Company under this Disclosure Policy are explained below:

- Material event disclosures,
- Financial statements, independent audit reports, and declarations announced periodically, as well as annual and interim reports,
- The Company's website ([www.sokmarket.com.tr](http://www.sokmarket.com.tr)),
- Announcements and communications via the Trade Registry Gazette,
- Communication methods including phone, e-mail, and facsimile
- Disclosures via written and visual media,
- Disclosures to data distribution institutions such as Reuters, Foreks and Bloomberg,
- Informative meetings held physically or via web conferences with investors and analysts.

## IV- Principles Regarding the Presentations and Reports Disclosed in Briefing Sessions or Press Meetings

Inquiries submitted to the Company by shareholders, investors and analysts are responded to by the Investor Relations Department via printed or verbal means or through briefing sessions, accurately and completely, with consideration of the principle of equality, in line with the information disclosed to the public.

Media organs, press meetings, and/or press releases or other means of communication may be used for disclosure of matters subject to material events, including considerations for the future. Disclosures may be published on KAP (Public Disclosure Platform), either prior to or at the time of the announcement, as well as on the Company's website.

Company officials may attend national and international conferences or meetings from time to time, in order to share information with investors and analysts. The presentations used in this regard may also be published on the Company's website.

## V- Principles Regarding Follow-up of News Items and Stories Regarding the Company in the Media or on Websites, and Related Disclosures

The Company follows national and international news reports and stories featured in the media or other communication channels, both internally and via the contracted domestic data distribution channels and, in the event of news items or stories not covering the same content as information that is either disclosed for the first time or has already been disclosed to the public, the Company evaluates their impact on the value and price of its shares or on investors' investment decisions in accordance with internal regulations and, where it deems necessary, it immediately makes an announcement to the public, as per the principles stipulated in the Capital Markets Regulations, on whether these are valid or sufficient, despite the presence of a postponement decision.

If it deems necessary, the Company may choose to make an announcement on the reports and stories that are featured on media organs but do not constitute any requirement for material event disclosure. Such disclosures may be in the form of either written or verbal communication or may be published on the Company's website ([www.sokmarket.com.tr](http://www.sokmarket.com.tr)).

The Company is not required to make an announcement to the public on the adequacy and validity of interpretations, analyses, assessments, and forecasts based on publicly-available information, via the media and other means of communication.

#### **VI- Measures Taken to Ensure Confidentiality of Material Events Prior to Public Disclosure**

The period from the date following the accounting period during which financial statements and reports drafted by the Company and independent audit reports are prepared, to the day on which they are disclosed pursuant to regulations, is called the "quiet period." Throughout the quiet period, Company officials may not deliver any remarks on the Company's activities, financial performance, or outlook - except the information disclosed to the public on behalf of ŞOK Marketler - and may not respond to any of the questions posed by capital market participants such as analysts or investors; however, this period does not prevent Company officials from taking part in conferences, panels and/or seminars.

The Company's executives and their spouses, children, or individuals dwelling in the same house with them may not perform any transactions regarding the Company's shares or capital market instruments based thereon, during the period from the date following the end of the accounting period during which the semi-annual and annual financial statements and reports are drafted by the Company and audit reports are prepared, to the day on which they are disclosed pursuant to regulations. Such restrictions also apply to directors of the Company's subsidiaries and controlling shareholders, as well as persons who have access to insider or continuous information for having shares therein.

The Company may choose to postpone public disclosure of insider information to avoid any harm to its legitimate interests, provided that such an action will not mislead investors and will ensure confidentiality of such information. In such cases, the Company takes any measures to ensure confidentiality of insider information, pursuant to Capital Market Regulations.

The Company informs directors and employees on the obligations specified in the law and relevant regulations regarding insider information, as well as on sanctions imposed in the event of misuse or dissemination of such information, via on-the-job training. Additionally, these matters are also covered in guidelines regarding the Internal Code of Conduct. The Company obtains a commitment for keeping internal information confidential, to prevent access to such information, by employees excluded from the list of persons accessing such information and third parties providing services, and takes necessary measures through similar methods.

Persons who have access to insider information are informed regarding the sanctions imposed in the event of the misuse or dissemination of such information, in a manner that ensures such persons agree to the obligations stipulated in the law and relevant regulations regarding insider information.

#### **VII- Principles for Determining Persons with Administrative Responsibility**

"Persons with Administrative Responsibility," as per the Capital Market Regulations, are defined as persons who have direct or indirect regular access to the Company's insider information, and who are authorized to take administrative decisions that affect the Company's future development and commercial goals, although they are not Board Members.

#### **VIII- Principles for the Disclosure of Future Considerations**

Considerations involving future plans and forecasts that are in the nature of insider information, or providing investors with insights on the issuer's future activities, financial standing, and performance, may be disclosed to the public upon a resolution of the Board of Directors, as per the principles specified in the Capital Market Regulations.

Future considerations are based on reasonable assumptions and forecasts, and if there is a material difference between the matters previously disclosed to the public and actual matters, in the event of any deviations caused by unexpected risks and developments, announcements may be made to the public, including a statement on the reasons for such difference. Attention should be paid to the exclusion of matters on the Company's activities and strategies that are yet to be agreed upon by the Board of Directors, in disclosures of expectations by directors authorized to disclose information to the public.

In addition to material event disclosures, future considerations may be shared by using media organs, press meetings and/or press releases, national and international conferences or meetings or other means of communication, by persons to be authorized upon the Board's decision, pursuant to the principles specified in the Capital Market Regulations.

All questions on the principles and procedures governing the implementation of this Policy should be submitted to the Investor Relations Department.

## DONATION POLICY

Donations and aids may be made to universities, educational institutions, foundations, associations established for public benefit or other similar persons or institutions, provided the shareholders of ŞOK Marketler Ticaret A.Ş., are informed thereof during the Ordinary General Assembly, subject to the principles determined by the Law, CMB Communiqué on Dividends (II-19.1) and the Turkish Commercial Code, as well as other principles specified in the relevant Capital Market Regulations.

All donations and aids are to be made in line with the Company's vision, mission, policies, ethical principles and values, and annual budget appropriations. Donations and aids may be in kind and in cash. Donations that were made within the relevant financial year are added to the Company's distributable profit assessment.

The upper limit of donations and aids was determined as 0.2% (two per thousand) of the net sales amount disclosed in the latest annual financial statements. The General Assembly is authorized to change this limit. Under a separate agenda item, shareholders are informed at the General Assembly of the amount of donations and aids made in the relevant period and their beneficiaries.

## RISK MANAGEMENT

As part of the Company's sustainability efforts, a more comprehensive and systematic assessment of all financial and non-financial risks - along with traditional business risks such as security, product safety, supply chain, as well as occupational health and safety - is targeted.

In the past, risks were managed by individual departments; however, in line with the changes in the overall risk management concept, risks are now tackled as a whole and assessed on an institutional basis. At companies that adopt the principles of Corporate Risk Management, the risk assessment is carried out through the early risk detection committee, which ensures effective risk management as imposed by the Board of Directors, and thus risks can be measured.

### Capital Risk Management

The Company manages its capital to ensure the continuity of its operations while maximizing its profits through the optimization of the debt and equity balance.

The capital structure of the Company consists of debts, which also includes the loans disclosed in Note 6, non-commercial payables to parties not related to the Group disclosed in Note 8, 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 items composed of capital and reserves as disclosed in Note 20 of the annex to the financial statements.

For each period, the senior management regularly reviews capital based on the leverage ratio to be consistent with other companies in the industry. This ratio is calculated by dividing net debt into total capital. Net debt is calculated by deducting cash and cash equivalents from total debt amount (total debt consists of short- and long-term borrowing, the total receivable/payable balance between the Group companies and the Company, and the total of financial debts to parties outside the Group). As shown in the consolidated financial statements, the total capital is calculated by adding equity and net debt.

### Credit Risk Management

Credit risk refers to the risk that a counterparty of a financial instrument will default on its contractual obligations resulting in a financial loss to the Company.

The majority of the receivables due from sales consist of credit card slip receivables. Since the customers are final consumers, the Company has no credit risk for credit card slip receivables. The risk arising from the advances and deposits given in order to make investments by the Company is kept under control by obtaining letters of guarantee from various banks. Based on internal procedures, the Company does not pay any advance or deposit without obtaining a letter of guarantee from banks.



**Liquidity Risk Management**

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

**Market Risk Management**

Although to a very limited extent, the Company is subject to financial risks arising from changes in foreign currency exchange rates due to its field of activity. Market risk exposures of the Group are measured using sensitivity analysis. In the current period, there has been no significant change to the Company's exposure to market risks or the manner in which it manages and measures the risks with respect to the previous period.

**Foreign Currency Risk Management**

Transactions denominated in foreign currency expose the Company to foreign currency risk. The Company does not use any derivative financial instrument to preserve its foreign currency risk as a result of Company operations and cash flows under financial agreements.

The Company is not subject to interest rate risk, as the Group does not have any floating rate liability. The Company has no investment or liability that may expose it to share and/or bond price fluctuations.

**REMARKS ON POST BALANCE SHEET EVENTS**

It is given in Note 31- Subsequent Events in the footnotes of the independently audited financial statements for the period 01.01.2023 – 31.12.2023.

# REPORT ON COMPLIANCE OF THE ANNUAL REPORT



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

To the General Assembly of Şok Marketler Ticaret A.Ş.

### 1. Opinion

We have audited the annual report of Şok Marketler Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

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

### 3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 16 April 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

### 4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
  - events of particular importance that occurred in the Company after the operating year,
  - the Group's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

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

**Mert Tüten**, SMMM  
Independent Auditor

Istanbul, 16 April 2024

# STATEMENT OF RESPONSIBILITY

## Resolution of the Board of Directors on Approval of Financial Statements and Annual Reports

**RESOLUTION DATE: 16.04.2024**

**RESOLUTION NUMBER: 2024/08**

## STATEMENT OF RESPONSIBILITY SUBMITTED AS PER ARTICLE 9 OF COMMUNIQUE NO. II-14.1. ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS BY CAPITAL MARKETS BOARD

We hereby inform you that the consolidated financial statements together with the footnotes which have been prepared in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TMS/TFRS") and the formats determined by CMB in accordance with the Capital Markets Board's (CMB) "Communiqué on Principles of Financial Reporting in Capital Markets" (Series II.14.1.), CMB's decision dated 10.1.2019, numbered 2/49 and "Communiqué On Corporate Governance" (Series II.17.1), Annual Report, and Corporate Governance Reporting published on Public Disclosure Platform (KAP) pursuant to the templates provided for the Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF), Sustainability Principles Compliance Framework and Participation Finance Principles Information Form for the period between January 1 and December 31, 2023:

- a) Have been reviewed by us,
- b) Based on the information available to us as a result of our duty and responsibility at the Company, consolidated financial statements, and annual report do not contain any incorrect disclosure on material issues or any insufficiencies that may be misleading as of the date the disclosure is made,
- c) Based on the information available to us as a result of our duty and responsibility at the Company, the financial statements prepared in accordance with the applicable financial reporting standards, reflect fairly the truth about the Company's assets, liabilities, financial standing, and profit/loss for the relevant period together with those within the scope of consolidation, and the activity report, again together with those within the scope of consolidation, reflect fairly the development of the business, performance and the financial situation and the important risks and uncertainties faced by the Company,

And we hereby declare our responsibility for this statement.

Respectfully yours,  
ŞOK Marketler Tic. A.Ş.

**Ziya KAYACAN**  
CFO

**Ahmet BAL**  
Board Member  
Chairman of the Audit Committee



# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## ŞOK MARKETLER TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

### SECTION I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Company has provided in detail below the assessment and findings on the level of compliance with the Corporate Governance Principles and comments on the potential improvement areas related to compliance in terms of scope and quality:

In line with the article 17 of the Capital Markets Law dated December 6, 2012 and numbered 6362, and Corporate Governance Communiqué (II-17.1) released on January 3, 2014, compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST) by Capital Markets Board (CMB).

Accordingly, the Company has resolved that the requirements imposed by the CMB are strictly followed. Necessary efforts are undertaken to guarantee compliance with other principles described in those Communiqués.

Accordingly;

- The "Investor Relations Department" was established; the Independent Board Members in the number set forth in the Corporate Governance Principles Communiqué were determined and publicly announced, their résumés were shared, and the Board of Directors was formed,
- Female member was elected to the Board,
- Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committee were formed in a way to directly report to the Board of Directors,
- Working principles of the committees were published on the Public Disclosure Platform and corporate website,
- Committee chairs are elected from among the Independent Members of the Board of Directors,

- Information documents, meeting agenda, annual report, résumés of the nominees for Board Membership, and other matters to be announced were submitted for the information of the investors and shareholders three weeks prior to the General Assembly,
- The Investor Relations Manager was included in the Corporate Governance Committee to ensure compliance of committee members with the Corporate Governance Communiqué,
- Necessary arrangements were made regarding insider trading,
- The corporate website was arranged as stipulated in the principles.

Although full compliance with non-mandatory Corporate Governance Principles is a target, it has not yet been achieved due to difficulties regarding implementation of some principles and some principles failing to align with the existing structure of the market and the Company.

The principles that have not been implemented yet have not resulted in a conflict of interest among stakeholders up today. However, they are being worked on and the plan is to adopt them upon the completion of the administrative, legal and technical infrastructure works that would contribute to the Company's effective management.

The explanations within the scope of compliance with Corporate Governance Principles accompanying the Corporate Governance Communiqué in the accounting period that ended on 31 December 2023 are presented in the annual report, Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") announced on Public Disclosure Platform, as well as other relevant sections of the annual report. Related reports can be accessed at <https://www.kap.org.tr/en/sirket-bilgileri/ozet/3913-sok-marketler-ticaret-a-s>

Further works will be carried out in the future to operate the mechanisms of corporate governance practices of the Company more effectively as part of the said principles and to improve our corporate governance practices, including those voluntary principles not yet been implemented.

### Grounds for the Corporate Governance Principles Not Yet Implemented

No model or mechanism was created for the stakeholders to participate in the management. However, the independent members of the Board ensure that the Company and shareholders, as well as all stakeholders, are represented in the management. The Company takes the advice and opinions of the employees, suppliers, various non-governmental organizations, and all other stakeholders into consideration.

There is no written compensation policy for the employees that must be established in accordance with Article 3.1.2 of the Corporate Governance Principles and related works are in progress.

Due to the number of members in the Board of Directors, a member of the board assumes duties in a number of committees.

As per Article 4.6.5 of the "Corporate Governance Principles," the remuneration of the members of the board and executive senior managers as well as all other benefits granted are publicly announced via annual report. The wages paid and all other benefits provided are disclosed collectively, and no disclosure is made on an individual basis yet.

There are no provisions in the Articles of Association, giving the shareholders any personal right to ask for a private audit from the general assembly. The relevant regulations of the Turkish Commercial Code and the Capital Markets Board are deemed sufficient to appoint a private auditor. Every shareholder's right to ask for a private audit is recognized within the framework of the regulations of the Turkish Commercial Code no. 6102 that entered into force on 01.07.2012.

## SECTION II - SHAREHOLDERS

### 2.1. Investor Relations Department

The Investor Relations Department is managed by the Investor Relations Manager functioning under the CFO of the company.

The Department processes any and all written, verbal or online inquiries submitted by current and potential stakeholders. Investor Relations attends all local and international investor conferences and meetings regularly and holds meetings with domestic and foreign institutional investors.

The Investor Relations Department is in charge of disclosures required by the BIST, Capital Markets Board, and Central Registry Agency, to shareholders and stakeholders, and of other communications with these agencies. In addition to organizing the ordinary and extraordinary general assembly meetings, the Investor Relations Department may organize other ad-hoc meetings held at the request of shareholders.

The management attended a total of 4 events, including conferences, roadshows, group meetings and one-to-one meetings, in 2023, and held 116 meetings with existing and potential shareholders.

Information regarding the executives responsible for the Investor Relations Department is presented below.

#### Ziya KAYACAN (CFO)

Tel: 0850 221 6755

E-mail address:

yatirimciiliskileri@sokmarket.com.tr

#### Nihan Sena ALTINTAŞ (Investor Relations Manager and Corporate Governance Committee Member)

Tel: 0850 221 6755

E-mail address:

yatirimciiliskileri@sokmarket.com.tr

### 2.2. Shareholders' Right to Information

Except for information considered either commercial secret or insider information, all written or verbal requests from our shareholders for information within the period were responded to.

Our shareholders are provided with all the information as required to exercise their rights as shareholders in a healthy manner via quarterly reports and annual reports, material event disclosures, and investor presentations. The information necessary for shareholders is made available to shareholders at [www.sokmarket.com.tr](http://www.sokmarket.com.tr) and [www.sokmarketyatirimciiliskileri.com](http://www.sokmarketyatirimciiliskileri.com).

Article 15 in the Articles of Association presents information regarding principles and procedures of Company audits, and no request has been forwarded to appoint a private auditor.

### 2.3. General Assembly Meetings

Pursuant to Article 1527 of the Turkish Commercial Code no. 6102 dated January 13, 2011, which stipulates that online participation in general assembly meetings, making proposals and statements online, and online voting shall have the same legal effects in all aspects as participating and voting in any general assembly meeting in person; and that all companies traded on the stock exchange are required to set up and maintain a system allowing online participation in general assembly meetings and voting; the online General Assembly convenes on the same date and with a parallel agenda as the physical general assembly.

The Ordinary General Assembly meeting for 2022 was held on June 6, 2023. No press members attended the meeting. The invitation for the General Assembly was announced on the Company's official website [www.sokmarket.com.tr](http://www.sokmarket.com.tr) ([www.sokmarketyatirimciiliskileri.com](http://www.sokmarketyatirimciiliskileri.com)), e-GKS system of the CRA, and on the Public Disclosure Platform as specified by law and the Articles of Association, in such a manner to include the agenda. Announcements regarding the General Assembly meeting were made within the legal time limit by notifying the meeting date and agenda.

Prior to the General Assembly Meeting, agenda items, a sample proxy form, résumés of nominees for election as members to the Board, draft amendment to the Articles of Association, balance sheet and

profit-loss statements, independent auditor's report and footnotes, Board of Directors' resolution on dividend distribution, and the resolution on the selection of an independent audit company were published on the official website of the Company, [www.sokmarket.com.tr](http://www.sokmarket.com.tr) ([www.sokmarketyatirimciiliskileri.com](http://www.sokmarketyatirimciiliskileri.com)), e-GKS system of the CRA, and on the Public Disclosure Platform, and also made available for the examination of the shareholders at the head office and branches.

Items on the agenda were addressed in an unbiased and detailed manner, the relevant issues were conveyed in a clear and understandable way at the General Assembly Meeting; shareholders were provided with equal opportunity to express their opinions and raise any questions to create a healthy atmosphere for discussion.

The amount of aids and donations made during the fiscal period was discussed at the General Assembly Meeting as a separate agenda item and shareholders were informed about the same.

No request was sent to the Company by the shareholders regarding the agenda of the meeting.

With the attendance of a total 444,709,812.27 shares representing approximately 74.96% of the paid in capital amounting to TL 593,290,008, the Ordinary General Assembly Meeting for 2022 was held on 06.06.2023, at Kısıklı Mahallesi Hanımseti Sokak, No: 35 B-1 Üsküdar/ ISTANBUL.

According to the list of attendants, of the 593,290,008 shares corresponding to the Company's total capital of TL 593,290,008, 317,828,898.27 shares with a total nominal value of TL 317,828,898.27 were represented by proxy at the meeting, whereas 1 shares with a total nominal value of TL 1 were represented in person, and 126,880,913 shares corresponding to TL 126,880,913 by the representatives of depositors. In total, 444,709,812.27 shares, corresponding to TL 444,709,812.27 were represented at the meeting.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The decisions taken at the Ordinary General Assembly Meeting were published on the Public Disclosure Platform, the corporate website of the company and the e-company platform of CRA on 06.06.2023.

### 2.4. Voting and Minority Rights

According to the Articles of Association, each share carries the right to one vote.

The shareholders who have the right to attend the General Assembly meetings of the Company may also attend them by electronic means, pursuant to Article 1527 of the Turkish Commercial Code. The Company may set-up an electronic general assembly system allowing the shareholders to participate in general assembly meetings, express opinions, share suggestions, and vote as per the terms of the Regulation on the General Assembly Meetings to be held Electronically in Joint Stock Companies or may purchase services from the systems designed for this purpose. In all General Assembly Meetings, it shall be ensured that the beneficiaries and their representatives are able to exercise their rights specified in the provision of the aforementioned Regulation, through the system set-up as described under this provision of the Articles of Association.

The Articles of Association do not contain any provision prohibiting voting by proxy of those, who are not shareholders of the Company.

There is no company in which the Company holds reciprocal shares.

There is no privilege to share groups or other shares in the Company's capital. The Company does not implement a cumulative voting method.

### 2.5. Dividend Rights

The Articles of Association do not grant a privilege regarding participation in the Company's profit.

The "Dividend Distribution Policy" of the Company is made publicly available via annual reports and the corporate website.

Based on the decision dated 04.05.2023 as taken by the Board of Directors regarding dividend distribution;

In accordance with the relevant provisions of the Turkish Commercial Code ("TCC"), Capital Markets Legislation and Capital Markets Board ("CMB") Regulations, Corporate Tax Code, Income Tax Code and other applicable laws and regulations, the Company's Articles of Association, and the Company's Dividend Distribution Policy approved by the shareholders at the General Assembly dated 18.07.2018,

- Considering the long-term strategies, investment, cash and financing policies of our Company; a total of TL 300,000,000.00 ("gross"), and TL 270,000,000.00 ("net"), corresponding to 50.56549% gross and 45.50894% net of the "Paid-in Capital," "cash" dividend distribution will be made in line with the "fraction" rules of Merkezi Kayıt Kuruluşu A.Ş. ("MKK") in effect on the date of dividend distribution starts. The dividend distribution shall start on December 31, 2023, at the latest.
- After setting aside the aforementioned legal and special reserves according to the consolidated financial statements, prepared in compliance with TAS and TFRS and within the framework of CMB and POA regulations, to register the non-distributable amount of TL 2,020,025,706.92 in the "Retained Earnings or Accumulated Losses" account, and after setting aside the aforementioned legal and special reserves according to the Statutory Accounting Records, to register the non-distributable amount of TL 322,716,737.26 in the "Extraordinary Reserves" account.

- To authorize the Board of Directors within the framework of the company's cash projection, to determine the date of dividend distribution to be distributed until the end of the accounting period.

Dividend distribution started on August 22, 2023 and completed on August 24, 2023.

### 2.6. Transfer of Shares

Article 8 of the Articles of Association governs the transfer of shares. According to the aforementioned Article, Ordinary Shares, and Preferred Shares, unless specified otherwise, may be freely transferred pursuant to the Turkish Commercial Code, Capital Markets Law, these Articles of Association, and the provisions of the applicable law.

If any of the proprietors of Preferred Shares wishes to transfer his/her shares partially or wholly to third parties, he/she shall first extend a proposition to other proprietors of Preferred Shares, thereby determining a price in line with the market value of those shares and quantity and shall grant a reasonable time period. The proprietors of Preferred Shares shall be authorized to transfer the Preferred Shares to third party/parties, unless he/she consult the selling proprietor for the purchase of shares under the conditions set forth, within the designated time period.

If the proprietors of Preferred Shares transfer his/her shares to third party/parties, the Preferred Shares subject to such transfer will be immediately converted into Ordinary Shares. The Preferred Shares to be sold on the stock exchange are required to be converted into Ordinary Shares. If the proprietors of Preferred Shares apply to the Central Registry Agency (Merkezi Kayıt Kuruluşu A.Ş.) or any other competent authority serving in a similar nature for conversion into tradable shares, the shares subject to the said application will convert automatically into Ordinary Shares.

## SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Corporate Website and Its Content

Matters regulated by the Corporate Governance Principles of the Capital Markets Board are published on the corporate website of the Company, available both in Turkish and English, at [www.sokmarket.com.tr](http://www.sokmarket.com.tr) (<https://sokmarketyatirimciiliskileri.com/en/>). The majority of the information published on the website has an English version. The corporate website and annual report were reviewed in the year, and actions were taken to make necessary updates.

### 3.2. Annual Report

The annual report of the Company is prepared in conformity with the Corporate Governance Principles under Corporate Governance Communiqué (Serial No. II-17.1) and other issues stated in the legislation, as detailed as to allow the shareholders and public to access full and accurate information regarding the Company's activities.

## SECTION IV - STAKEHOLDERS

### 4.1. Information to Stakeholders

The "Disclosure Policy" of the Company is implemented within the framework of the rules set by statutory regulations, CMB legislation, and published Communiqués. The Company prepared a written document with regard to public disclosure and information, which was announced to the shareholders via the corporate website of the Company upon approval of the Board of Directors.

The Board of Directors has the mandate regarding the formulation of, and changes to, the disclosure policy of the Company. Disclosure Policy and any changes thereto are published on the corporate website upon the Board of Director's approval.

The Investor Relations Department is in charge of implementing the Disclosure Policy. The core principle is to transmit any and all public information to the relevant person promptly upon request. Information is provided to shareholders verbally or in writing upon request. In cases where material events take place, material event disclosures are made in time. The annual report is prepared in detail to enable the public, all shareholders, and stakeholders to access all kinds of information about the activities of the Company.

### 4.2. Participation of Stakeholders in Management

According to the Articles of Association, the Board of Directors is composed of six or eight members who are elected by the General Assembly upon nomination by the shareholders of different share classes in accordance with the Articles of Association. In the event that the ratio of the Preferred Shares equals 20% (inclusive) of the Company's total capital, or exceeds this ratio, half of the members of the Board of Directors of the Company shall be elected from among the candidates nominated by Preferred Shareholders. The Company does not have any practices related to stakeholders' participation in management.

### 4.3. Human Resources Policy

In our country-wide organization that rapidly grows every day, the Human Resources business processes are managed in full integration with our vision.

At the core of the Human Resources Policy lies building human resources processes by which all employees can amplify their success stories in their career journeys and maintaining continuity of these processes. It also has made it a principle to provide equal opportunities to all employees in this journey and adopt a fair management understanding.

Human Resources Policy is submitted to the information of shareholders via the corporate website and annual report.

## SECTION V - BOARD OF DIRECTORS

### 5.1. Structure and Organization of the Board of Directors

Members of the Board of Directors were elected at the Ordinary General Assembly Meeting held by the Company on May 26, 2021. The Company's Board of Directors consists of 8 non-executive members. Non-executive members include independent members, who satisfy all of the criteria set out in the Capital Markets Law, who have the capacity to perform their duties with impartiality, and who can devote their time to monitor the functioning of the Company and to fulfill all the responsibilities vested in them as independent members.

During appointment of Independent Board Members, the Corporate Governance Committee, which performs the tasks of the nomination committee, screens their independence, and submits them to the Board of Directors. The resumes of the Independent Members of the Board of Directors are available in the Board of Directors section of the annual report and on the corporate website of the Company.

Chairman of the Board of Directors and Chief Executive Officer (CEO) are different persons with separate duties.



## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

There are two female members on the Board. Details of the Members of the Board of Directors are as follows:

Name - Surname	Position	Term of Office/Remaining Term
Cengiz SOLAKOĞLU	Chairman of the Board of Directors	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Ali ÜLKER	Vice Chairman of the Board	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Erman KALKANDELEN	Board Member	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Murat ÜLKER	Board Member	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Mehmet TÜTÜNCÜ	Board Member	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Ahmet BAL	Board Member (Independent)	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Fatma Pınar ILGAZ	Board Member (Independent)	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.
Aytaç Saniye MUTLUGÜLLER	Board Member (Independent)	Elected to serve for three years at the Ordinary General Assembly Meeting held on May 26, 2021.

The resumes of the Members of the Board of Directors are provided in the Board of Directors section of the annual report and on the corporate website of the Company.

### Independent Board Members' Statement of Independence

#### Fatma Pınar Ilgaz – Statement of Independence

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Fatma Pınar Ilgaz

4.3.6- A member of the board of directors who meets the following criteria shall be referred to as an "independent member."

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than

5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities in which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the

candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.

#### **Ahmet Bal – Statement of Independence**

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Ahmet Bal

4.3.6- A member of the board of directors who meets the following criteria shall be referred to as an "independent member."

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties

and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities in which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university

provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.

#### **Aytaç Saniye Mutlugüller – Statement of Independence**

I hereby agree, represent, and undertake that I read and understood the Corporate Governance Principles under Capital Market Legislation, Articles of Association, and the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1; and that I meet all the criteria for Independent Board Membership as specified in principle no. 4.3.6 attached herein:

Aytaç Saniye Mutlugüller

4.3.6- A member of the board of directors who meets the following criteria shall be referred to as an "independent member."

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

a) Not to have a relationship in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or not to have established a significant commercial relation between the corporation, companies in which the corporation holds control of management or significant effect (in determining the control and significant effect, the provisions of TFRS 10 and Turkish Accounting Standards 28 should be referred to, respectively) and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities in which these shareholders hold control of management and himself/herself, his/her spouse and his/her relatives by blood or marriage up to second degree (In case that the corporations within the scope of this subparagraph are non-active in the last three accounting periods, there shall not be a violation of the independence criteria. In case that the ratio of the turnover/profit before tax obtained from the significant commercial relation is 20% or higher than the total turnover/profit before tax obtained from the same kind of business in respect to any of the candidates for an independent member or any person from the corporation, independence shall be deemed damaged).

b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of the board of directors within the last five years in companies that the corporation purchases from or sells to goods or services at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, in the time period when the corporation purchases or sells services or goods).

c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member.

d) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that it is in compliance with the relevant legislation.

e) To reside in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193.

f) To be capable to contribute positively to the operations of the corporation, to maintain his/her objectivity in conflicts of interest between the corporation and the shareholders, to have strong ethical standards, professional reputation, and experience to freely take decisions by considering the rights of the stakeholders.

g) To be able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties.

h) Not to have conducted membership of the board of directors more than a term of six years in the last ten years.

i) The same person shall not be the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management and in more than five corporations in total which are admitted to trading on the stock exchange.

j) Not to be registered and announced as a Board Member representing a legal entity.

### 5.2. Operating Principles of the Board of Directors

The Board of Directors took 33 decisions in 2023. (In 2022: 20 decisions).

In 2023, the Board held 5 meetings with an attendance rate of 100%. (In 2022: 5 meetings, 98% attendance rate)

### BOARD OF DIRECTORS' MEETINGS

The Board of Directors convenes at any time as required by the activities of the Company. The venue is the Headquarters of the Company. The Board of Directors may convene at any other convenient place in or outside of Turkey, subject to the Board of Directors' resolution.

Chairman or Deputy Chairman sets the agenda for the Board of Directors.

The presence of the majority of the total number of members of the Board of Directors is required for a resolution to be adopted, without prejudice to the provisions of the capital markets legislation. Resolutions shall be adopted by a majority of votes of members present at the meeting.

Meetings may be conducted through teleconference, video conference, or voice or video communication means and resolutions may be adopted upon signing the minutes related thereto. A resolution may be adopted without the need for a meeting in case that all of the members of the Board of Directors unanimously approved the resolutions by signing them.

Those who have the right to attend the Board of Directors' meetings may also attend them via electronic means, pursuant to Article 1527 of the Turkish Commercial Code. The Company may establish an Electronic Meeting System allowing beneficiaries to participate in Board of Directors' meetings and vote via electronic means, as per the terms of the "Communiqué Regarding the Meetings Other Than General Assembly Meetings to be Held in Electronic Environment in Joint Stock Companies" or may purchase systems designed for this purpose. It shall be ensured in those meetings that the beneficiaries exercise their rights set forth in the provisions of the relevant legislation within the framework of relevant Communiqué of the Ministry through the system set-up or through the system from which support will be received under this provision of the Articles of Association.

In the event of Board of Directors' meetings held in an electronic environment, the provisions related to the quorum in these Articles of Association shall be applicable in the same way.

Minutes of the meetings and reports of the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee were followed up by the Board of Directors in 2023.

No related party transactions or other transactions of significant nature were submitted to the approval of the independent board members during the year. Important decisions with regard to matters that must be disclosed to the public are announced to the public promptly at the end of the meeting.

### 5.3. Number, Structure, and Independence of the Committees formed by the Board of Directors

The Board of Directors have established the Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee. The established committees of the Board of Directors actively carry out their tasks.

Committee chairs are elected from among the Independent Members of the Board of Directors. Independent members assume tasks in multiple committees.

Committees generally convene a few days before, or on the same day as, Board of Directors' meetings.

Working principles of the committees formed under the umbrella of the Board of Directors were prepared and necessary arrangements were put in place regarding the monitoring of such principles by relevant units. The working principles of the committees are available on the Company's corporate website.

#### Audit Committee

Full Name	Description
Ahmet BAL	Committee Chairman (Independent Board Member)
Fatma Pınar ILGAZ	Committee Member (Independent Board Member)
Aytaç Saniye MUTLUGÜLLER	Committee Member (Independent Board Member)

The Audit Committee is in charge of assisting the oversight of Board of Directors regarding accuracy and quality of the financial statements and related disclosures of the Company; implementation and effectiveness of the accounting system of the Company; qualifications and independence of independent auditors; determination of the independent audit company; approval and review of the contract between the independent auditor and the Company; effective functioning of the independent audit system; and implementation and effectiveness of the internal audit practices at the Company.

The Audit Committee is composed of at least two members elected by the Board of Directors from among Independent Board Members. The Committee convenes four times a year, no less than once every three months. The Audit Committee convened six times in 2023 and presented reports involving opinions and comments of the committee to the Board of Directors. In 2023, the meeting attendance rate of committee members was 100%.

#### Corporate Governance Committee

Full Name	Description
Fatma Pınar ILGAZ	Committee Chairman (Independent Board Member)
Erman KALKANDELEN	Committee Member (Board Member)
Mehmet TÜTÜNCÜ	Committee Member (Board Member)
Nihan Sena ALTINTAŞ	Committee Member (Investor Relations Manager)

The duties of Nomination Committee and Remuneration Committee, as stipulated by the Corporate Governance Principles, have been assumed by the Corporate Governance Committee due to the structure of the Board of Directors.

The Corporate Governance Committee is tasked with monitoring the Company's compliance with Corporate Governance Principles, undertake improvement efforts, and submit proposals to the Board of Directors on this matter, in conformity with the CMB Legislation and the Corporate Governance Principles of the Capital Markets Board.

Corporate Governance Committee consists of at least 3 members, including 2 Board Members and the Investor Relations Department Manager.

In 2023, the Corporate Governance Committee convened six times and presented reports including opinions and comments to the Board of Directors. In 2023, the meeting attendance rate of committee members was 100%.

#### Early Detection of Risk Committee

Full Name	Description
Ahmet BAL	Committee Chairman (Independent Board Member)
Cengiz SOLAKOĞLU	Committee Member (Board Member)
Aytaç Saniye MUTLUGÜLLER	Committee Member (Independent Board Member)

The main objectives of the Early Detection of Risk Committee working under the Board of Directors are;

- Early detection of strategic, operational, financial, legal, and other risks of any nature that may jeopardize the Company's existence, growth, and business continuity; controlling and validating effective management of the detected risks via assessment within the scope of the corporate risk-taking limits of the Company;
- Prioritizing those risks above the corporate risk-taking limits by their impact and probability;
- Determining and implementing necessary measures against detected risks, and managing risks.



## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Early Detection of Risk Committee is composed of at least two members. The majority of the Committee members are non-executive Board Members. The Chief Executive Officer/CEO may not assume duties in the committees.

The committee convenes six times in a given year at maximum, no less than once every two months. The meetings of the Committee may be held with members attending in person or via technological communication means. The timing of the meetings is aligned with the timing of the Board meetings where possible.

The committee prepares a report on the findings and suggestions in their areas of duty and responsibility, as a result of the meetings held once every two months, and submits such reports to the Board of Directors.

In 2023, the Early Detection of Risk Committee convened six times and presented reports including opinions and comments to the Board of Directors. In 2023, the meeting attendance rate of committee members was 100%.

### 5.4. Risk Management and Internal Control Mechanism

The Company's risk management related activities are carried out by the Early Detection of Risk Committee. The Company is regularly audited by the audit units of its main partner Yıldız Holding A.Ş. and an independent audit firm. The findings derived in these audits are reported to the members of the board of directors along with the Audit Committee. The Company's workflows, procedures, and the authorities and responsibilities of employees have been placed under control and subjected to constant supervision within the framework of risk management.

### 5.5. Strategic Objectives of the Company

The strategic objectives, mission, and vision of ŞOK Marketler are to become the most preferred retail brand and the leading modern food retailer in Turkey while continuing to create value for our investors.

### 5.6. Remuneration

The remuneration of the members of the Board of Directors is determined by the General Assembly according to the financial situation of the Company.

At the Ordinary General Assembly meeting held on June 06, 2023, it was decided to pay a monthly net salary of TL 17,000 to Cengiz SOLAKOĞLU and Independent Members of the Board of Directors Ahmet BAL, Fatma Pınar ILGAZ, and Aytaç Saniye MUTLUGÜLLER, and not to pay any remuneration to Ali ÜLKER, Murat ÜLKER, Mehmet TÜTÜNCÜ, and Erman KALKANDELEN, who are the other members of the Board of Directors.

## OTHER INFORMATION REGARDING THE COMPANY'S ACTIVITIES

No administrative or penal sanctions were imposed on the company or the members of the Board due to practices in breach of applicable laws in 2023.

The Company reached the goals it had set in 2023. The general assembly decisions taken in 2023 were implemented.

In 2023, there were no legal proceedings launched in the interest of the Company or measures taken or refrained to be taken in the interest of an affiliated company.

There is no measure taken or refrained to be taken to the detriment of the Company in 2023.

There is no lawsuit filed against the Company which may affect its financial situation and activities in 2023. As detailed in Footnote 15, provisions have been reserved for pending lawsuits.

There were no conflicts of interest between the Company and other institutions of investment advisory and rating agency and no measures taken by the Company in order to prevent conflicts of interest.

# SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

## A. GENERAL PRINCIPLES

At ŞOK Marketler, environmental, social, and corporate governance matters are addressed by the Sustainability Committee that directly reports to the CEO. The Committee provides a direction to the strategic steps for the company so as to create value and raise awareness on sustainability while conducting efforts for decision-making processes aimed at disseminating the sustainability culture. The Committee convenes at least twice during the year to plan sustainability efforts. It is in charge of identifying and effectively managing the risks and opportunities relating to environmental, social, and corporate governance issues; determining the sustainability strategy, objectives, policies, and roadmaps; taking an active role for the adoption and internalization of sustainability; and effective communication with stakeholders, among others.

In addition to the CEO and CFO, managers from the key departments, including Investor Relations, Sales and Operations, Trade, Human Resources, Marketing, Quality, Construction, Investment, and Technical Procurement, play an active role on the Sustainability Committee. Established as a support structure for the Sustainability Committee in 2018, the Study Group implements the decisions taken at the Committee and is composed of managers and employees from the Quality, CEO Office, and Loss Prevention units.

Efforts undertaken are regularly reported to the CEO, always within the timeframes stipulated for the public disclosure of annual reports.

ESG Key Performance Indicators (KPIs) are provided on a comparative basis by years in the sustainability report. Some environmental and social KPIs are monitored regularly and evaluated as per the benchmarks in the domestic and international industry.

ŞOK Marketler continues its works on improving its sustainability performance in business processes, products, and services through innovation, while taking successful steps to implement and integrate them with operational activities. Within the scope of these activities, Advanced Planning and Demand Forecasting, Product Distribution Algorithm, Development of Order Suggestion System and Automatic Invoice Payment projects were completed. Improvements are made every year in the relevant projects within the scope of business processes.

Goals and action for sustainability performance are disclosed to the public via sustainability and annual reports. The position, performance, and development of the company is explained to stakeholders in interim and annual reports, as well as via the presentations available on the company's corporate website.

ŞOK Marketler is in compliance with a substantial part of CMB's "Sustainability Principles Compliance Framework" on a voluntary basis, and this compliance is demonstrated in the Sustainability Reports published since 2018. Under the "Sustainability Principles Compliance Framework," the following has not yet been implemented by the Company: the establishment of ESG policies; setting of and publicly announcing short and long term goals in alignment with the corporation's strategy and ESG policies; reporting of related efforts to the board; developing implementation and action plans in line with short and long term goals; providing of information on its activities that are related with the United Nations (UN) 2030 Sustainable Development Goals; strategies and action to fight climate crisis; action taken to reduce third parties' greenhouse gas emissions; increasing the use of renewable energies; efforts aimed at the transition to zero or low carbon electricity;

renewable energy generation and consumption data; whether or not its operations or activities are registered in a carbon pricing system; as well as studies on membership to international organizations. Efforts related to the principles cited above are ongoing. The plan is full implementation of these efforts after the administrative, legal, and technical infrastructure works are completed in a manner to contribute to the effective management of the Company.

Utmost care is taken to observe transparency and reliability in the preparation of the relevant reports under the Corporate Governance Principles. All developments on priority matters are disclosed in an impartial manner in these reports prepared and disclosures made, following a balanced approach.

There is no lawsuit filed against the Company in relation to its environmental, social, and corporate governance activities.

Within the scope of its sustainability efforts in 2023, the Company received independent assurance services for environmental performance indicators such as energy and water consumption, greenhouse gas emissions and waste amount as well as social performance indicators such as number of employees by gender, category and working hours, OHS performance, number of subcontracted employees and training hours, and plans to expand the scope of these services in the coming years, starting from priority issues. The independent assurance statement is available in Annex-4 Independent Assurance Report section of the 2022 sustainability report. <https://kurumsal.sokmarket.com.tr/uploads/2023083118250751126.pdf> Sustainability performance measurements are disclosed to the public via the Sustainability Report.

## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### B. ENVIRONMENTAL PRINCIPLES

Believing that its most important duty is to protect the natural capital that will be needed by future generations, ŞOK Marketler strives to become an ethical and environmentally friendly company by managing its environmental impacts. The Company's environmental priorities include reducing its carbon footprint, ensuring energy efficiency, treating waste and packaging effectively, managing water use, and protecting biodiversity.

ŞOK Marketler continues its strategic activities to increase the value produced in environmental, social, and corporate governance areas. All the teams, Sustainability Committee and the Study Group, in particular, continue their efforts to raise the sustainability performance throughout the year. On the environmental performance side, it was focused on improving the operations within the scope of ISO 14001 in order to reduce carbon emissions and fight against climate change. Accordingly, an Environmental Policy and Integrated Management System Policy were developed and published on the corporate website of the Company. As part of these policies and activities, the Company seeks compliance with the laws on environmental management.

<https://kurumsal.sokmarket.com.tr/en/environmental-policy>

<https://kurumsal.sokmarket.com.tr/en/integrated-management-system-policy>

The scope, reporting period, data collection process, conditions of reporting, and relevant limitations of the environmental report under the Sustainability Report, prepared in line with Sustainability Principles, are explained in the same report. The Annual Report and sustainability report of the Company also describes the roles and responsibilities of the Sustainability Committee, where sustainability matters are examined, as well as high-level executives serving at relevant committees.

<https://kurumsal.sokmarket.com.tr/uploads/2023083118250751126.pdf>

ŞOK Marketler is a socially responsible company that strives to contribute to the resolution of social issues in Turkey and develops corporate social responsibility projects aimed at these issues. So as to meet the goals determined in this area, employees are encouraged to take part in social activities relating to the environment, health, education, and sports.

Efforts in connection with energy management, packaging and waste management, and use of water are managed in line with the business model, while targets are determined and strategies are developed in this regard.

We assess the latest sustainability issues with the members of the Sustainability Committee and the Working Group on an annual basis.

ŞOK Marketler has adopted the motto, "sustainability is our promise for future generations," which involves a holistic management approach. The motto adds to the performance of the Company in three areas - product, people, and the planet - which constitutes the basis of all sustainability activities.

Accordingly, the Company's corporate goals are as follows:

#### **Inspire**

To inspire customers to adopt a healthy diet and lifestyle, and to make customer safety a focal point and ensure that products are delivered to customers at the highest standards with transparency and under attractive terms.

#### **Empower Together**

To empower together with the community, by engaging in efforts that will contribute to social and economic development for employees and society and embracing business models that improve social equality.

#### **Restore the World**

To restore environmental conditions for future generations by protecting natural resources and prioritizing energy efficiency and savings.

Activities developed to serve this approach also contribute to the achievement of Sustainable Development Goals.

ŞOK Marketler extends the quality and safety-driven approach not only in its own operations but also throughout the value chain of the Company.

The Company works to inspire a healthy life and contribute to it through the products offered to its customers. The Company works with suppliers that meet national and international food safety, quality standards and Integrated Management Policy conditions to ensure that various products brought to customers on the shelves are safe and of high quality. The Company also contributes to suppliers' development by raising their working conditions to its own standards. ŞOK Marketler partners with over 1,000 suppliers on average. Product safety and quality processes are managed in accordance with the Integrated Management System, certified with the ISO 9001: 2015 Quality System Management standard. The Company requires suppliers to obtain at least one of the certificates, such as BRC Global Standard for Food Safety and FSSC 22000 Food Safety System certifications; and relevant audits are carried out accordingly. Existing suppliers are audited at least twice a year, while support is extended to help them improve their performance and address certain requirements as per the findings of these audits. The audits include inspections on compliance with the Ministry of Food, Agriculture and Livestock, Turkish Food Codex Legislation; halal food inspections; and inspections in other areas, depending on the type of product, such as weight, packaging, labeling, etc. Suppliers are divided into certain categories.



In 2023, the Company made an environmental capital expenditure of approximately TL 335.2 million to improve its environmental performance. While approximately TL 148.3 million was allocated for energy efficiency projects, the following investments were also made: TL 94.2 million for replacement of fluorescents rated at 38.1 Wh with LED fluorescents rated at 15 Wh across 4,050 stores; TL 13.2 million for the cooling systems purchased to reduce the electricity consumption of cold storage rooms in 2 warehouses with high electricity consumption; TL 36.3 million for the replacement of 100 refrigerated cabinets that consumed too much electricity due to reaching the end of their useful economic life; TL 4.8 million for the replacement of 100 air conditioners that consumed too much electricity and were nearing the end of their useful economic life.

#### **Product Safety and Quality**

For ŞOK Marketler, it is a priority to offer products that care for the health of millions of customers who shop in its stores and not compromise on national and international quality standards so as to ensure product safety from the farm to the table and to provide reliable products to customers.

Product safety and quality processes are managed in accordance with the Integrated Management System, certified with the ISO 9001: 2015 Quality System Management standard. The Company requires suppliers to obtain at least one of the certificates, such as BRC Global Standard for Food Safety and FSSC 22000 Food Safety System certifications; and relevant audits are carried out accordingly. The current suppliers are audited twice a year or more

frequently as needed. These audits also contribute to suppliers' performance development. Moreover, the audits include inspections on compliance with the Ministry of Food, Agriculture and Livestock Turkish Food Codex Legislation; halal food inspections; and in other areas, depending on the type of product, such as weight, packaging, labeling, etc. ŞOK Marketler manufactures all of its private label products in international food safety management certified facilities and controls the conformity of the products with the principles of customer health and safety.

In addition to audits conducted with suppliers, product safety checks are performed in the stores and warehouses, ensuring compliance with international quality standards.



## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### Effective Communication in Operations: Call Management

Thanks to the Call Management System set-up on ŞOK NET, products with physical and organoleptic quality problems originating from the supplier are prevented from reaching customers. With this system, stores can easily report defective products to the Quality Department. The quality team performs product control following the calls, and the suppliers take the necessary actions to correct the product problems arising from production through the same system. Thanks to this system, the Company protects the health and safety of customers, reduces customer complaints and product disposal rates, and improves suppliers' quality and food safety systems.

For ŞOK Marketler, the sustainability of the business and leaving an inhabitable world for future generations is only possible with good and effective environmental management. The Company strives to minimize its environmental impact and improve its performance on a daily basis for a healthy world. Although it is not a member of an environmental foundation, the Company regularly attends the conferences, congresses, seminars, and similar events organized by non-governmental and professional organizations.

Natural resources and ecosystems are fundamental for the continuation of life. The severity of the climate crisis, scarce natural resources, ever-rising environmental pollution, and an eroding biodiversity all bring along direct negative consequences for agricultural activity. Therefore, conservation of the natural capital requires all stakeholders the businesses and public institutions to take on responsibility. ŞOK Marketler evaluates the environmental impact of its operations and strives to manage this impact in the best manner to become an environmentally sensitive and responsive company. In this regard,

the Company makes investments to fight against the climate crisis, reduce carbon emissions, and increase energy efficiency, and develops effective water, waste, and packaging management practices to minimize the impact on the environment and natural resources.

### Energy Management

Due to the negative impact of climate change, natural resources get scarce and ecosystems are damaged. As a result of this, productivity in agricultural activities decreases. The business world needs to take responsibility for the protection of natural capital to minimize the effects of climate change.

ŞOK Marketler values energy management to reduce its carbon footprint by managing its environmental impact and have effective resource management. Practices to reduce environmental impact play an important role in strengthening corporate perception and providing a competitive advantage. ŞOK Marketler strives to achieve the goal of creating a better world for all stakeholders with the effective environmental management, which is part of its corporate citizenship approach.

The basis of the environmental management approach are the impacts of this approach within the sector and the Environmental Policy adhered to under all circumstances. ŞOK Marketler entered the ISO 14001 certification process in 2018 in order to manage the environmental impacts of its activities in accordance with international standards, and awarded with ISO 14001 certification in 2019 specifically for the head office and stores.

Under the In-Store Energy Efficiency Project, launched in 2019 and adopted across 10,750 stores by the end of 2023, energy consumption per store was reduced by 12-15% on average thanks to Energy Efficient Stores.

In 2023, the Company made an environmental capital expenditure of approximately TL 335.2 million to improve its environmental performance. While approximately TL 148.3 million was allocated for energy efficiency projects, the following investments were also made: TL 94.2 million for replacement of fluorescents rated at 38.1 Wh with LED fluorescents rated at 15 Wh across 4,050 stores; TL 13.2 million for the cooling systems purchased to reduce the electricity consumption of cold storage rooms in 2 warehouses with high electricity consumption; TL 36.3 million for the replacement of 100 refrigerated cabinets that consumed too much electricity due to reaching the end of their useful economic life; TL 4.8 million for the replacement of 100 air conditioners that consumed too much electricity and were nearing the end of their useful economic life.

In 2023, within the scope of energy efficiency, efforts were made on the replacement of devices with high electricity consumption that completed their lifecycle in air conditioning and refrigerated cabinet systems.

Efforts are ongoing for increased use of renewable energy and transition to zero or low carbon electricity.

The Company is not involved in any carbon pricing system for operational activities. During the reporting period, no carbon credit has been accumulated or purchased and no carbon pricing has been implemented.

### Effective Waste Management and Environmental Sustainability

To minimize the impact of its products and services on the environment, ŞOK Marketler pays special attention to packaging and waste management and prefers packaging made with environmentally friendly raw materials, aiming to reduce the materials used in packaging.

Within the scope of the green world, use of under-desk garbage bins in office areas, including especially those in the head office, was eliminated, which reduced the use of plastic bags and the need to sort waste on-site. Waste separation bins for paper/cardboard, glass, metal, plastic, organic waste and other waste were placed in all floors, corridors and office areas. Locations of these waste separation bins were equipped with posters and information boards to facilitate separate collection of waste. Additionally, environmental awareness training was provided through Academy ŞOK.

In line with ŞOK Marketler's responsible production and consumption approach, waste generated in all stores is sorted. ŞOK Marketler also continues to pursue its goal of obtaining a Zero-Waste Certificate for stores and ensures recycling of packaging waste. By the end of the year, zero-waste certificates were obtained for 10,219 stores and 35 distribution centers across Turkey.

Under the lead of the zero-waste project, an investment of TL 930,000 was made for stores and distribution centers as part of environmental sustainability activities. Improvements were made to hazardous, non-hazardous and metal waste sites in five locations for testing purposes and understanding suitability of the sites. The Company also aimed to improve the waste sites in all locations to ensure suitability of the geographical structure and waste sites.

As part of a sustainable distribution system, the products to be sold in stores are gathered at distribution centers and delivered from warehouses to stores. In line with the central management's approach, waste is sent to recycling.

The TS EN ISO 14001 Environmental Management Systems audit was successfully completed. The aim is to raise awareness among all personnel with this standard, which is intended to reduce the use of natural resources and minimize the harmful impact on water, soil and air.

With the project "Carrying Fruit and Vegetables in Reusable Boxes," the Company aims to reduce packaging waste and its environmental impact, achieve standardization in product display, and make improvements in handling and transportation processes in line with its goals to minimize food waste and other types of waste.

One of the main goals of ŞOK Marketler is to ensure that the products it offers are produced under the most hygienic conditions and to offer these products to its customers under the most suitable conditions. To this end, the Company perform controls via regular audits, meetings, training sessions, e-mail information, and social media. Efforts are ongoing to reduce third parties' greenhouse gas emissions.

Branch Operations Control Managers undertake active efforts to reduce waste by preventing food waste within the scope of achieving operational excellence by preventing any kind of loss in business processes.

### **Deposit**

The Deposit Management System is based on accepting return of containers of certain products after consumption/use which are sold by pre-collecting a certain amount of deposit as defined by the Ministry of Environment, Urbanization and Climate Change and providing refund of such pre-collected deposit amounts. The Deposit Management System is an effective tool used to collect materials

that are otherwise difficult to collect and could potentially lead to negative impact on the environment and human health upon turning into waste, and it helps create a successful collection system and increase the quantity of collection. Approximately 45 first-class beverages sold at ŞOK Marketler, which are put on the market by suppliers and need to be registered, have begun to be registered in the Deposit Management System. Negotiations were held with the Turkish Environment Agency (TÜÇA) and the Food Retailers Association (GDP) to ensure clean collection of empty returnable bottles of all glass, aluminum and PET beverage groups put on the market. Plans have been made to establish the necessary infrastructure to send empty reusable packages on deposit for recycling. Thanks to the savings and emission reductions resulting from the use of recycled materials, emission reductions resulting from disposal of packaging waste in regular landfills and reduced waste disposal costs of local governments, ŞOK Marketler contributes to the country's economy, increases employment opportunities, and assists in the efforts to reduce the amount of product containers thrown away by the customers/society, promotes direct participation of the society in waste separation/collection systems, and supports Turkey's global sustainable development actions by contributing to the prevention of environmental pollution caused by waste bottles.



## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### Water Management

ŞOK Marketler implements strategies to reduce water consumption at every point of operation. The Company's practices in the field of water conservation include promptly fixing leaks upon detection and raising awareness among employees about water consumption. Continuous training is given to ensure that employees understand the value of water and use it economically.

ŞOK Marketler focuses on raising awareness about water management both within its organization and among the society. The Company participates in events organized on sustainable water use and supports awareness campaigns on water saving.

ŞOK Marketler is aware that its efforts in the field of water management are part of its responsibility towards the environment and society. Based on this view, ŞOK Marketler will continue to build a more sustainable future by fulfilling its responsibility in conserving water resources and passing down a clean environment to future generations.

While ŞOK Marketler manages its activities within the framework of sustainability principles, it also maintains its commitment to minimizing its environmental impact and protecting the nature. The company aims to reduce its carbon footprint by making continuous improvements in the field of energy efficiencies. ŞOK Marketler is committed to minimizing its environmental impact by transitioning to renewable energy sources and implementing decisive strategies to monitor and reduce energy consumption.

ŞOK Marketler is focused on minimizing its waste by setting high standards in waste management. The company strives to reduce the effects of waste through practices such as recycling programs, waste separation systems and the use of recyclable materials along the supply chain.

ŞOK Marketler prioritizes use of environmentally friendly materials and low-waste packaging starting from the early design process of products. The Company tries to minimize the environmental impact of products throughout their life cycle and implement innovative solutions in this field.

### C. SOCIAL PRINCIPLES

#### Human Rights and Employee Rights

Focusing on customer experience is critical to have a distinctive place in the highly competitive retail industry. The most important factor in the satisfaction of customers with their experience is competent and happy employees. The company aims to always provide a happy shopping experience to its more than 46 thousand employees and its customers both at its headquarters and at its more than 10 thousand stores across Turkey. It continuously invests in its employees and develops practices to boost their know-how, commitment, motivation, and happiness so as to reach this goal.

ŞOK Marketler stands against all forms of discrimination in line with its Human Resources Policy, which covers equal opportunities in recruitment, impacts of supply and value chains, a workforce based on fairness, improved working standards, women's employment, and inclusion (namely, no discrimination on the grounds of gender, religious belief, language, race, ethnic origin, age, disability status, refugee status, etc.). ŞOK Marketler Human Resources Policy was made available to the public and all stakeholders via the corporate website of the Company.

<https://kurumsal.sokmarket.com.tr/en/human-resources/our-hr-policy>

A Corporate Human Rights and Employees Rights Policy committed to full compliance with the Universal Declaration of Human Rights, ILO conventions that Turkey is a party to, as well as the legal framework and legislation that govern human rights and working life in Turkey, has not yet been developed, and efforts in this regard are ongoing.

Believing that making a difference in a highly competitive retail industry centered on customer satisfaction is deeply connected with the satisfaction of employees, ŞOK Marketler strives to foster an equal, fair, and healthy working environment, embracing diversity for employees' comfort and satisfaction, and offering training opportunities that allow employees to develop professionally within the sector.

In order to manage its team growing every year in the most effective way, ŞOK Marketler reviews and improves its human resources practices. The Company not only contributes to the employment of the country ceaselessly but also contributes to the national economy with the added value it creates. Providing employment to 46,867 employees in its 10,725 stores located in 81 provinces of Turkey, ŞOK Marketler enlarges its family by creating new employment every year.

Measures have been taken within the value chain to guarantee equal opportunities and minority rights for certain economically, environmentally, and socially vulnerable groups (low-income groups, women, etc.). Accordingly, ŞOK Marketler attaches great importance that women join the workforce and return to their jobs after taking a break. With this perspective, the Company provides suitable working conditions for female employees to return to their jobs after having children. At ŞOK Marketler, approximately 78% of employees who have been on maternity leave in the last three years returned to their jobs.

ŞOK Marketler implemented the “From Housewives to Employees” project in order to facilitate engagement of housewives in business life and to empower them socio-economically. This project aims to increase employment by enabling high school graduate housewives aged up to 50 years to work in stores in close proximity to their homes.

### **Performance and Career Management**

Employees can evaluate their performances, set future goals, and identify their fields of development only by means of effective performance management. ŞOK Marketler not only increases the competencies and motivation of its employees, but also strengthens their sense of belonging through the Performance Management System it has put into practice.

ŞOK Marketler applies the Performance Management System to all its white-collar employees. Accordingly, employees’ business results are evaluated based on their targets and competencies. As of 2023, head office employees began to use the OKR (Objectives and Key Results) methodology. On the other hand, white-collar employees in the field continue to use the Balance Scorecard approach in the Annual Performance System.

OKR is intended to support a high performance culture, promote a more agile approach in which targets are adapted according to changing conditions, and to increase communication and collaboration. This approach aims to strengthen internal relations within the Company by prioritizing employee-manager communication and feedback. OKR is viewed not only as a performance management tool, but also as a means of cultural change. ŞOK Marketler aims to implement the new generation performance system in new generation working models.

Taking great pride in being a company preferred by professionals, ŞOK Marketler supports its employees with long-term and accurate career planning. In this regard, employees are offered career journeys which allow them to unlock their potential in the most effective way. Career planning processes are handled in a holistic manner along with performance management and training processes.

### **Career Planning and Succession Plan**

The Human Resources Career Planning process is carried out on a yearly basis to make the organization and human resources plans in advance, to prepare the ŞOK Marketler organization for the future, and to position the employees’ talents and skills at the right time, in the right place and in the right way, in line with their career growth plans. In this context, meticulous succession plans are created for critical positions (managers and above).

### **Employee Development**

The retail industry has to quickly adapt to technological developments and changes in customer habits. In an environment where customer expectations and demands are constantly changing, ŞOK Marketler believes that it can adapt to the changing conditions in the sector, focus on strategic goals and demonstrate exemplary practices only through dedication and development of its employees. Based on its understanding of equal opportunity and fair management, the Company aims to offer training, development and career planning opportunities to its employees.

### **Need-Based Training Sessions**

ŞOK Marketler offers personalized training to each of its employees based on their competencies and job descriptions and continues to lead with innovations. All employees working in the head office have the opportunity to choose from a wide range of special training catalogs by focusing on their own competencies. These training programs are intended to not only develop general social skills, but also to strengthen individual competencies. Training programs on leadership, communication, effective presentation techniques, time management and problem solving are designed according to each employee’s job description.

Senior managers have the opportunity to add value to their careers by integrating special leadership training in the same catalog into their duties and responsibilities. Thus, ŞOK Marketler aims to evaluate and develop the potential of each employee in the best way possible.

### **Academy ŞOK**

ŞOK Marketler follows digital transformation processes meticulously and constantly re-defines its practices and services. Academy ŞOK, which has been implemented as per this vision, stands out as a prominent e-learning and development platform. Academy ŞOK supports development of all employees, including head office and store employees, and lays the foundation of a corporate culture in which “everyone learns from each other.”



## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Academy ŞOK offers a user-friendly structure with easy to understand contents that can be accessed anytime, anywhere. Academy ŞOK platform can be accessed from any computer, tablet and smart mobile device, and gives employees the opportunity to take training on various subjects. Academy ŞOK offers training content on store processes as well as on other various subjects, such as basic management skills, and contributes to the career development of employees.

Academy ŞOK has powerful features such as the ability to reach all employees in the field, to offer position-based development opportunities, and to increase engagement through gamification. Academy ŞOK, which is also used as a social platform, was made available to all employees upon successful completion of a pilot project. Academy ŞOK received the TEGEP 2019 Learning and Development Award and is actively used by 93% of the Company employees. This success contributes significantly to the creation of a strong company culture by effectively supporting development paths specific to employees in the field. Academy ŞOK was awarded the Gold Award in both the Training category and the Training/Orientation category at the Stevie Awards in 2022.

### **Human Resources Career Planning for Employees**

ŞOK Marketler carries out Human Resources Career Planning every year for its employees at the head office and branch offices. Employees' strengths and areas for improvement are analyzed and a career roadmap is created to provide resources for the next year. The Company also put into use development tools, covering processes such as coaching, mentoring, class training, rotation, and project ownership compatible with Human Resources processes, in this case, the 70-20-10 model.

On the other hand, Store Managers are determined based on their position in the monthly success ranking. Store Managers, who rank in the top 10% of all branch stores according to success, are included in the evaluation center application. After case studies, individual presentations, and Q&A sessions, the process is terminated and candidates for promotion are identified and self-development plans are provided for them.

### **Leadership Development Program**

The leadership development program called "Taktik Burada" is carried out so that field managers, who are in critical positions, consisting of regional directors, regional managers and branch managers, can progress the operation smoothly. During this program, regional directors received four days, regional managers three days, and branch managers six days of classroom training. The program was extended to include training content for the development of eight leadership skills in the qualifications required for field managers. In addition, branch managers were offered a one-day coaching training session.

### **First Step Executive Leadership Program**

The main goal of the First Step Executive Leadership Program is to provide trainees with guidance on how to develop their practical leadership skills. This program, which includes current leadership approaches, supports the careers of trainees by focusing on strengthening individual skills, team skills and business management skills. The First Step Executive Leadership Program offers a strategic knowledge set that includes up-to-date information in the field of management and the business world and prepares participants for future business trends.

The program focuses on developing effective communication and feedback skills. In this way, trainees can contribute to the creation of a reliable and collaborative working environment. The First Step Executive Leadership Program aims to increase leadership competencies by strengthening team management, goal-oriented management and motivation skills.

The program provides trainees with the ability to identify areas for improvement both on an individual and a team level and to set goals in these areas, and contributes to trainees' personal and professional progress. The First Step Executive Leadership Program, which provides a perspective that leads to collective success by equipping trainees with basic management competencies, supports trainees in demonstrating more effective and successful leadership both on an individual and team basis.

### ŞOK Yellow Book Program

ŞOK Marketler developed the "ŞOK Yellow Book" program to adopt a corporate culture in which everyone learns from each other and to further strengthen this culture. This program is designed to create a common language by encouraging engagement of all field employees and to effectively reflect the corporate culture in the field work. The "ŞOK Yellow Book" program aims to create a community that learns from each other by emphasizing acquisition of basic knowledge as well as collaboration and knowledge sharing within teams.

In the "ŞOK Yellow Book" program, special roles and responsibilities are assigned to all managerial positions. Acting with the motto of "Learn While Teaching," managers adopt the core values of the company culture and strive to transform these values into behavior by training their team on the identified training topics in order to incorporate these values. The management's ownership of the process not only inspires employees, but also brings with it the responsibility of leading the development of a culture in which everyone learns from each other.

The "ŞOK Yellow Book" program aims to strengthen the culture of collaboration and solidarity among employees by encouraging information sharing. In this way, the transfer of knowledge is ensured and the opportunity to evolve into a stronger corporate structure is achieved by creating a culture of continuous learning from each other within the team.

### Manager Training Program

With the Manager Training Program launched in 2020, new university graduates or persons with 1 year of experience were selected through the evaluation center practices and included in the program in order to train regional managers. Manager candidates participated in a 6-month orientation program in stores. We appointed as Regional Managers those who completed the training process among the candidates who served as a store sales representative, store assistant manager and store manager, respectively.

In 2023, 100 manager candidates were introduced into the system through Manager Training Programs. In order to strengthen the talented retail manager candidates pool that the sector needs, the Manager Training Program will continue to prepare new manager candidates for the sector in 2024.

### Compensation Policy Based on Merit

The compensation system of ŞOK Marketler is managed by a common hierarchical structure, based on the content of the job. The company pays an equal and competitive wage consistent with the market, according to annual market wage research reports, upon assessing employees' performance through this system. As well, the Company provides employees with fringe benefits that vary in content based on their position.

Employees in managerial and other senior positions at the Head Office are awarded an annual performance bonus based on Performance Management System assessment results. A sales premium system is in place for encouraging the sales team members. The "Instant Reward" system in which employees who have a significant contribution to ŞOK Marketler are rewarded as soon as possible has been launched. Using the "Instant Reward" system, managers can nominate employees and, if the recommendation is appropriate, the employee is rewarded.

### Employee Loyalty and Satisfaction

Events and special occasion celebrations, determined with dates announced to the head office and branch offices as per an annual internal communication calendar, play an important role in supporting employee loyalty.



Blue Collar

97%

White Collar

3%



Female

54%

Male

46%

## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### Occupational Health and Safety

The Branches Operations Control Group Director is the highest-ranking senior executive in charge of Occupational Health and Safety and reports directly to the CEO. The Company manages Occupational Health and Safety issues with a risk-based, systematic approach and operates in compliance with relevant legal regulations.

Occupational Health and Safety issues are handled by 40 Branch Operation Managers directly reporting to the Branch Operations Control Directorate. An increased number of occupational safety field inspections and visits were performed in 2023. The Company places great importance to Occupational Health and Safety principles in order to provide a safe, healthy, and peaceful work environment to its employees and a similar shopping experience to its customers.

The board meetings at the hazardous class distribution centers and the less hazardous class fruit and vegetable enterprises were held in full with the participation of the Branch Operations Control Managers, deficiencies were eliminated, and occupational health and safety awareness was raised. During the board meetings, deficiencies requiring investment are centrally evaluated, and appropriate actions are planned by submitting them to the senior management for approval.

Under the leadership of Stock Control Managers, inventory counting plans are prepared and monitored in warehouses and stores and reported to the management. In this context, 171 inventory count controls were carried out in 42 warehouses, while 7,044 inventory count controls were carried out in 5,123 stores. Field inspections are actively carried out by branch operation control managers as part of active and dynamic processes. During the year, 476 inspections were carried out in warehouses, while a total of 13,241 inspections were carried out in 7,023 stores and a total of 190 inspections were carried out

in production facilities and fruit and vegetable warehouses, and the results of these inspections were reported to senior management.

Occupational safety and workplace physicians continued to provide classroom Occupational Health and Safety training to head office, distribution centers, fruit and vegetable warehouses, and production facilities in 2023, too. ŞOK Marketler employees received a total of 63,512 hours of Occupational Health and Safety training.

Training programs on Occupational Health and Safety, Safe Cepte ŞOK Vehicle Usage, Safe Pallet Truck Usage, Utility Knife Usage, Epidemics, and Emergencies are assigned to employees over our digital training platform in order to maintain their awareness on store risks and their progress is tracked.

Hazards and risks were analyzed and assessed in 1,719 stores, that are classified as less hazardous enterprises, and emergency plans were revised. While the identified deficiencies are corrected in order of priority, remote occupational health and safety training is also provided to employees in order to report such deficiencies and raise awareness.

In 2023, monthly inspections of the fire extinguishing systems at the stores and the fire extinguishing devices of 10,636 stores were completed through the ŞOK.net system.

TS EN ISO 45001 occupational health and safety management system audit was successfully completed. In this context, employees and subcontractor employees in the head office, distribution centers, stores, fruit and vegetable warehouses, and production facilities were included in the TS EN ISO 45001 occupational health and safety management system.

The Company continued its investments within the scope of OHS practices in distribution centers in order to eliminate risks on-site and reduce them to acceptable risk levels.

Employees who will participate in the physical inventory counts, which are carried out every quarter throughout the year, undergo special training and health examinations and participate in the inventory counts by obtaining a medical fitness certificate for working at height.

Within the year, practical exercises and trainings were performed by competent fire instructors at locations that fall within the scope of the legislation. After the earthquake, which caused great destruction and loss of lives, quick coordination was achieved with AFAD regarding the actions to be taken. During the second half of the year, AFAD awareness training was given to all warehouse and headquarters employees by AFAD trainers, and practical evacuation drills were carried out. Earthquake station points have been developed in all warehouses. Additionally, earthquake containers were put into operation for three warehouses with an investment of TL 241,000.

Within the scope of Vocational Qualification in Industrial Transportation, industrial transportation certification applications were submitted for 105 employees operating forklifts, reach trucks and battery-powered transpallets, and relevant records were created. 88 employees successfully completed the process and were certified. Certification processes continue with the aim of making the personnel more qualified.

### ŞOK Marketler Code of Conduct

#### Regulatory Compliance and Responsibilities

We conduct all activities and operations in Turkey and abroad in compliance with applicable laws and international law. We value accurate and timely communication in our relations with regulatory authorities. We conduct business in compliance with the laws, regulations, and professional standards, as well as the Yıldız Holding Code of Conduct.

### Human and Employee Rights

We respect human rights, individual differences, and the personal traits of individuals. We are committed to providing equal opportunities to our employees and candidates who apply for a position in the Company. We protect the confidentiality of their personal information. We do not discriminate with regard to gender, race, religion, language, marital status, political opinion, age, and disability.

We provide our employees with a working environment where they feel safe, comfortable, and valued, and that fits the nature of the job performed.

As ŞOK Marketler, we reject the use of child labor other than in those cases permitted by law. We do not work with any supplier or contractor that uses children as a means for labor. We utilize impartial methods and practices to measure our employees' performance and ensure, looking at their results, that they are offered opportunities for improvement in the related areas. We promote a system where solidarity and collaboration are fundamental, and achievements are shared, rather than tolerating a negative environment based on competition. We encourage off-time social activities that enrich our employees' social lives.

We consider it fundamental to stand in solidarity with employees and their families in extraordinary situations such as natural disasters.

### Mobbing

Mobbing is defined as intimidation of employees by psychological violence, pressure, obstruction, and harassment. We develop measures to prevent mobbing attempts – which are considered a crime in Turkish Criminal Law – that will protect our employees against such treatment.

We care about protecting our employees' dignity and we do not tolerate any breach of their personal values or allow them to be terrorized by emotional attacks of any kind, including psychological pressure and harassment, from any person or organization.

### Environment, Health and Safety

As an environment-friendly company, we conduct our activities in full compliance with environmental legislation. We work to prevent the pollution of air, water, and soil while implementing recycling and re-use processes to minimize the amount of waste. We develop methods to protect natural resources including energy and water conservation and undertake efforts for efficient use of energy and materials.

We identify risks for urgent environmental issues and take measures to minimize them. We provide employees and subcontractors with courses on environmental protection to raise their awareness. We observe all laws and regulations on occupational health and safety. We implement the principles of 'Risk Management' in order to create a safe and healthy working environment. We ensure and require that adequate personal protective equipment is used and that safety measures are taken.

We prohibit the use of alcohol and drugs at work, and/or in a manner to impact work performance, and we prohibit smoking in areas other than designated smoking areas.

We ensure that our employees are aware of their important responsibility and role in the implementation of corporate policies and regulations on workplace health and safety. We value the health of society and consumers as a retail company.

### Our Responsibilities to Shareholders

We manage the resources and assets of our company with efficiency and foresight, in favor of the interests of our shareholders. We also consider shareholders' opinions in decision-making processes. We regulate our relations with them in the context of financial discipline and transparency. Any share sales and purchase transactions regarding our public company are conducted in accordance with legal procedures.

We invest in areas that will boost our competitive power and generate high returns by taking into account sustainable profitability. Our announcements to the public and shareholders provide timely, accurate, and comprehensible information regarding our financial statements, strategies, investments, and risk profile within the scope of the applicable laws.

### Political Activities

ŞOK Marketler does not engage in collaborative or supportive actions with political parties or groups acting for their interests and does not conduct activities on behalf of political parties. Any decisions by our employees to contribute to any political or social activity are entirely personal decisions. However, we request that our employees conduct their political activities outside working hours and that they do not solicit their colleagues regarding these topics. Furthermore, our employees are strictly prohibited from using the Company name, their position, their title, or the Company's resources for any political activities.

### Social Responsibility, Volunteering, Donations and Sustainability

In line with our social awareness, we participate in projects to contribute to the development of society and we make donations. We require that our corporate donations and social support are carried out for projects, organizations, and institutions in compliance with our internal regulations, the Yıldız Holding Code of Conduct, and the Company's reputation. We do not provide donations for private accounts and for-profit organizations. We encourage employees to participate in social activities in fields such as environment, health, education, and sports, provided that their individual volunteering efforts are undertaken with own resources, take place outside the workplace, and do not interfere with their work performance. We pursue human and social healthcare and protect the environment in our own activities and in the activities of our suppliers and business partners.



## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### Our Responsibilities to Third Parties

#### Relations with Public Organizations and Institutions

In conducting our activities and operations, we treat public institutions, organizations, civil society organizations, and political parties equally, without seeking interest. We avoid any relation, influence, and action that may interfere with making fair and impartial decisions regarding our activities. We do not provide any benefits of pecuniary and non-pecuniary value to public officials. We provide timely, accurate, correct, and comprehensive information to the public and our shareholders. We provide the public with any kind of information, including developments and changes, that might have an effect on the value of the investments traded in the capital markets, within the legally defined terms. We protect the confidentiality of insider information that has not yet been made public. We hold employees who are involved in bids, tender preparations, and negotiations accountable for the accuracy and truth of all their statements, correspondence, and declarations to relevant parties.

#### Relations with Suppliers and Business Partners

Honest and fair treatment in our relations with suppliers and business partners is always essential for us. We expect suppliers and business partners to comply with ŞOK Marketler's Code of Conduct and Working Principles, to share these values, and act accordingly. We make it mandatory for our suppliers and business partners to maintain compliance with laws and regulations, to respect their employees' rights, and to observe standards in fields such as environmental protection.

#### Relations with Customers and Consumers

The satisfaction and comfort of our customers is a top priority. We abstain from practices that are unfair or misleading in our relations with them. We handle customers' opinions, requests, and complaints and take them into account in our decisions. We promptly solve any and all supplier-related problems from the time of shipment to delivery and work to make sure product quality exceeds customers' expectations. We aim at providing the best service by focusing on changing customer and market needs.

#### Relations with Competitors and Compliance with Competition Laws

We are committed to acting in full compliance with applicable fair competition rules and applicable laws and regulations in effect in Turkey. We require our employees to comply with these laws and regulations. We do not deliver statements against our competitors and their directors and abstain from any remarks that may lead to speculations about them. We do not resort to unethical means to access information about other companies. We also have practices in place that prevent employees from resorting to such means. We prohibit employees from delivering remarks on information that shapes or impacts our competitive actions. Furthermore, we do not tolerate industrial espionage by our employees, nor bribery and/or theft.

#### Media Relations

We follow an open and transparent communication model with the media. We ensure that our corporate messages, information, and announcements do not mislead public opinion. We treat all media organizations equally and impartially. We respond to the requests from the media regarding ŞOK Marketler's financial data or the industry in coordination with the Corporate Communication Department in charge of these matters. We forward inquiries and requests from the media to the relevant departments. We prefer to have written communications with the media.

#### Distinction of Corporate and Personal Interests

##### Definition of Conflict of Interest

A situation in which employees, family members, and close relatives benefit from commercial activities conducted with the suppliers of ŞOK Marketler is defined as a conflict of interest. We do not permit employees to work in the position of the Company's supplier. Similarly, neither their family members nor relatives may be suppliers of the company our employees are affiliated with. We prohibit employees from investing in, or lending money to, our suppliers in a manner that conflicts with corporate interests. Similarly, we do not allow our employees to benefit from special advantages and conditions provided by the supplier to the Company for their personal interests. We advise employees to consult Yıldız Holding's Ethical Board and their supervisors to determine whether actions of this nature constitute a conflict of interest.

### **Accepting or Giving Gifts or Benefits (Credit, Discount, etc.)**

We prohibit employees from giving or receiving cash or redeemable gifts from ŞOK Marketler's suppliers that might have an impact on their impartiality and decisions. Our employees are rewarded with gifts through the internal reward system in place at the Company. Employees are obliged to comply with relevant corporate regulations on accepting and giving gifts.

### **Investments by Employees**

We compel the employees of our public companies and their employees who have access to insider information to act in accordance with the Disclosure Policy and regulation of the relevant company. We prohibit our employees from investing in or lending money to the parent company or branch of any supplier affiliated with the Company without the permission of the Chair; or demanding profit from special benefits and conditions introduced to the Company for the suppliers or customers, for personal interest.

### **Purchase and Sales Policy of the Company's Equity Shares**

We compel our employees to comply with legal regulations and the Company's internal procedures regarding the trading of Company equity shares to avoid any conflict of interest.

### **Duties Outside the Company**

We expect our employees to comply with their employment agreements and loyalty rules. In accordance with the Company's regulations in force, we do not permit our full-time employees to work for any other organization outside our Company. We do not permit our employees to conduct activities directly or indirectly defined as "tradesman" or "artisan." Likewise, our employees are not permitted to be employed by competitors or companies that have business relations with the Company. We allow our part-time employees, or employees with consultant status, to conduct outside activities, with the exception of competitors, provided that they inform the management of the company they are affiliated with.

### **Participation by Employees as Speakers in Events**

According to the Company information policy, appointed Company spokespersons/representatives may share information approved by the corporate communication and other relevant departments with the public. Any charges incurred due to any duty representing the Company, conducted in any kind of association, employer union, or similar non-governmental organization shall be covered by the relevant organization. Any payments made by third parties to the employees of ŞOK Marketler in exchange for a seminar speaker fee or similar service shall also be covered by the relevant organization. With the exception of gifts with pecuniary value, our employees may accept symbolic mementos such as awards, shields, plaques, etc.

### **Relatives and Friends**

Managers authorized for employment decisions may not hire their first-degree relatives and their relatives. We require our employees to notify the Company in written form within one month in the case that any of their first-degree relatives are employed in critical positions by any competitor.

### **Representation and Entertainment**

We have representation funds available for supplier entertainment and expenses for business meeting costs. We prefer representation costs to be used only in the relevant areas. We don't allow their transfer from one budget spending area to another. It is essential that all expenditures are documented by invoices; invoices from other entities may not be obtained for expenditures that are not invoiced. We require legally compliant notes of expenses where necessary. Non-deductible expenses are kept in non-deductible expense accounts and are recorded to the receivable accounts of the relevant companies. Business-related entertainment activities are carefully examined according to corporate standards and relevant internal regulations and are approved by the Company's senior management. Any entertainment expenses other than these are not permitted.

### **Insider Information**

Our employees are prohibited from disclosing any publicly undisclosed information to third parties, either for their personal interest or for the interest of anyone outside the Company. It is strictly prohibited for any employee with access to insider information to profit and/or provide profit to third parties by using such information (insider trading). Persons with access to insider information include the Chair and the Members of the Board of Directors of the public company, managers (directors and senior management), auditors, those who may have access to insider information during the execution of their professions and duties, and those who directly or indirectly may have access to insider information because they are known to have contact with the persons mentioned above. We compel the employees of the publicly held ŞOK Marketler, and our employees with access to corporate information, to comply with the obligations indicated in the relevant Communiqué of the Capital Markets Board and Company policies. Employees of ŞOK Marketler, other than those indicated above, may freely purchase and sell ŞOK Marketler equity shares, by assessing publicly disclosed information without any time limitation. The practices indicated above are also applied to first-degree relatives of the persons mentioned above, and any procedures conducted by first-degree relatives shall be considered to have been conducted by the persons mentioned above.

### **Anti-Money Laundering and Anti-Corruption**

Any kind of aiding and abetting of a person committing a crime or breaking the law by means of legitimizing the sources of income or merchandise, providing direct or indirect profit using deceptive means and tools, participation in any process aimed at investment, or concealment or laundering of the resources obtained by means of such activities, are defined as money laundering. We compel our employees to take great care to fight against money laundering and corruption. For this purpose, our employees are obliged to comply with all provisions of the enforced laws, regulations, and Company policies. ŞOK Marketler is committed to fighting against money laundering activities and supporting efforts regarding the prevention of money laundering activities.

## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

### Protection of Company Assets and Data Confidentiality

#### Protection of Corporate Assets

Our employees are responsible for the proper use of all active assets and resources of the Group, including intellectual property rights, technology, computer hardware, and support, software, immovable properties, machinery and equipment, raw materials, company vehicles, and cash reserves. The equipment, systems, facilities, and assets of ŞOK Marketler may be used solely to execute the operations of the Company, or for purposes permitted by the management. Unless it is otherwise specified in the regulations published by the Company, Company assets may not be used by our employees for personal purposes or for the benefit of any person outside the Company. We expect our employees to use Company assets in compliance with corporate principles and regulations. We take preventive measures against the use of Company assets by unauthorized third parties or damage to Company assets.

#### Use of IT Resources

The IT resources of ŞOK Marketler contain all computer hardware owned, leased by, or leased to the company. The hardware in question covers any kind of software, PCs, laptops, network servers, internet access, intranet, and e-mail access devices. All IT resources of ŞOK Marketler, any information created, stored, or transmitted using these resources are the property of ŞOK Marketler. Our employees are required to use these resources properly and responsibly for work purposes in accordance with the laws and company regulations and take necessary precautions to protect these resources and prevent access by unauthorized third parties.

### Confidential Information and Principles of Protection of Confidential Information

#### The scope of the confidential information of ŞOK Marketler includes, but is not limited to, the following:

"Commercial information, technical data, financial data, production data, customer information, personal information, product information, equipment and application information, technical formulas and drawings, system and program information, purchase information, engineering information, regulations, work plans and all information not disclosed to the public."

This information is not defined as confidential but is confidential. While performing their duties, our employees protect all confidential information/documents they have access to. The confidential information they access is used only for the benefit of the work they conduct for the Company, within the framework of legal and ethical rules. Our employees are strictly prohibited from disclosing any publicly undisclosed information to third parties for personal gain or for the benefit of anyone outside the Company.

Even when our employees terminate their employment, they are strictly prohibited from directly or indirectly using or allowing the use of any confidential information or documents of the Company that are indicated above, either in writing or verbally, for personal gain or for the benefit of third parties, without the written permission of the Company.

We expect our employees to pay utmost attention to matters of data confidentiality and security while using any kind of IT resources and electronic communication tools. We expect our employees to comply with the Company's policies and instructions without exception, and to take the necessary precautions to prevent access by unauthorized parties to confidential information or any leakage of confidential information.

### Intellectual Property Rights

#### The scope of the "Intellectual Property Rights" of ŞOK Marketler includes, but is not limited to, the following:

"Intellectual rights of ŞOK Marketler such as brands, patents, databases, printed communication materials, processes, advertisements, product packages, labels and plans (marketing, production, technique), product designs, know-how and any information, including any kind of innovations written, invented, developed, produced or implemented by employees."

Any commercial/financial rights of intellectual properties generated by our employees during their employment and execution of their duties using Company resources, such as products, designs, programs, etc., are the property of the Company and no person or party may make any claims against the Company regarding this matter.

We expect our employees to be aware that any correspondence, written material, documents or records, special process information, regulations, and the Company's private workflow information – confidential or not confidential – are the property of Yıldız Holding and its affiliated companies and must remain within the Company.

We stipulate that our employees comply with all rules and laws regarding software licenses, patents, and copyrights and, in order to enable them to conduct their work, we legally supply all necessary software and copyrights. Employees may not use our account illegally.

### **Product and Service Quality**

We act in accordance with the legislation of the countries where we conduct our activities and contribute to the establishment of legal regulations aimed at providing product quality and consumer wellbeing.

We conduct our activities in accordance with such international quality standards as ISO 90001,14000, and 450001, and implement all our quality certificates together with our employees. We provide our customers with easily accessible high-quality products and strong brands, along with the best service.

### **Abuse and Irregularity**

We abstain from bribery, deception, or any other unethical conduct in the countries and business areas where we conduct activities.

In business relations where our employees are responsible, we compel our employees to act in accordance with relevant laws or regulations, to avoid deliberate partnerships with parties that violate such laws and regulations, and to abstain from any means that are deceptive, dishonest, or unethical.

We prohibit our employees from using their authority for their personal gain and/or for the benefit of their relatives, and from exercising their agency beyond the due care expected of them, which could cause harm to ŞOK Marketler.

We do not permit our employees to gain any direct or indirect personal profit from any purchase and sale activities, transactions, and agreements to which ŞOK Marketler is a party.

We expect our employees to immediately notify their managers and/or the Yıldız Holding Ethical Board in the case of any irregularities of such nature in any business relations.

### **Accuracy in Records and Financial Reporting**

#### **Accurate and Complete Bookkeeping**

It is essential at ŞOK Marketler that all records are kept in accordance with the legislation. The documents of commercial and financial transactions must reflect the real situation. No payment used outside its intended purpose shall be made or approved.

#### **Presenting Accurate Information and Financial Reports to All Necessary Parties**

In all their services and transactions, ŞOK Marketler provides accurate, complete, and timely information transfer to all investors, customers, suppliers, and official authorities in accordance with the legislation.

#### **Advertising and Promotion**

ŞOK Marketler does not give deceptive or misleading advertising or make false statements in their sales and marketing activities. The advertising does not contain any gender, religion, or race discrimination or any elements of individual humiliation and violence.

#### **Compliance Responsibility and Notification of Violations**

If and when the ŞOK Marketler employees need guidance with respect to the Code of Conduct and Working Principles, they should consult the relevant ethical conduct guide, a senior manager, the relevant human resources manager, and the Ethics Committee (bildirim@sokmarket.com.tr). Employees are required to report any action or situation they consider to be in violation of ethical rules, as follows: In writing, to ŞOK Marketler's CEO, or to the Ethics Board via e-mail (bildirim@sokmarket.com.tr). Although signed notifications of ethical violations are preferred, anonymous notifications of ethical violations are also taken

into consideration. The evaluation of violations is conducted by the Ethics Board. The opinion of the relevant support department (Legal, Audit, HR, etc.) is solicited when necessary. All notifications are kept confidential. Notifications are reviewed by the Ethics Board and appropriate actions/measures are taken in accordance with the Board's decision. ŞOK Marketler is committed to protecting the rights of employees who submit reports to the Ethics Board. Retaliation against employees who report ethical violations is prohibited, and necessary actions are taken against persons who attempt to retaliate. We expect our employees to adopt attitudes in accordance with an awareness of their responsibilities and work ethics, and to act in line with the meaning and the purpose of the Code of Conduct.

Employees are notified of Environmental, Social, and Corporate Governance policies and practices via internal informative e-mails, Academy ŞOK, meetings, ŞOK.net (intranet system), surveys, social media, the Sustainability Report, and annual report.

#### **Stakeholders, International Standards and Initiatives**

ŞOK Marketler conducts sustainability activities by considering the needs and priorities of all stakeholders including but not limited to employees, customers, suppliers, service providers, public institutions, shareholders, society, and non-governmental organizations. Efforts conducted with Stakeholder Groups are summarized in the table below.



## SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Stakeholder Group	Method of Communication	Communication Frequency
Employees	Internal notification emails, ŞOK Academy, meetings, ŞOK.net (intranet system), surveys, social media, sustainability report	Continuously
Shareholders, Investors	The Investor Relations department's communications, annual report, sustainability report, website, Public Disclosure Platform, conference attendance, other meetings and webcasts	Continuously
Customers	Website, Cepte ŞOK, Communication Center, product catalogs, notification emails and short messages, social media, surveys, and meetings	Continuously
Suppliers	Audits, Chain (intranet system), B2B meetings, emails, social media	Continuously
Public Institutions	Visits, annual report, sustainability report	At least once a month
Business Partners and Consultants	Joint projects	Continuously
Media	Press releases, press meetings, social media	Continuously
Non-Governmental Organizations and Professional Associations	Events such as congresses, conferences, seminars, etc. and joint projects	Continuously
Universities and Research Centers	Joint projects, conferences, training	Continuously
International Organizations	Events such as congresses, conferences, seminars, fairs, etc.	Continuously
International Certification Agencies	Visits (system monitoring audits)	At least once a year

Focusing on customer satisfaction across all operations, ŞOK Marketler aims to provide a comfortable and easy shopping experience in stores across 81 provinces of Turkey, as well as on its online channel. The Company closely follows consumer trends in Turkey and designs its stores taking into consideration five fundamental factors: proximity, price, product variety, private label products, and convenient shopping experience. ŞOK Marketler fully renovated the store concept and diversified its product range in 2015 and opened 674\* new stores in 2023, increasing the total number of stores in 81 provinces to 10,725 stores.

ŞOK Marketler's product portfolio, which determines the prices of its products to suit every budget and contributes to the purchasing power of its customers with various promotions, consists of both national and private label products. The company delivers fresh fruits and vegetables to its customers at affordable prices thanks to its direct supply method.

Featuring a store design that creates a pleasant atmosphere for customers and provides them with a convenient shopping experience, ŞOK Marketler offers customers the opportunity to purchase almost all of their basic needs from the ŞOK store closest to their homes.

Renovated shops, with wide and bright corridors and regular shelves in which products are separated by categories, offer customers the opportunity to easily find all the products they seek in a comfortable shopping environment. Along with the opportunity to purchase quality products at an affordable price, customers also benefit from promotions that offer advantages in various product groups. Activities that have been carried out to improve the shopping experience also positively affect the number of sales transactions.

"Cepte ŞOK" application, from which it is possible to make orders both from the application, from the website and over the phone in 81 provinces,

will increase the current customer experience with an understanding of operational excellence. The company aims to offer its customers a comfortable and easy experience through different channels. ŞOK Marketler constantly expands the scope of support provided to agriculture and farmers through projects launched and strategic partnerships. Under the project, "Fair Agriculture from Farm to Table," ŞOK Marketler implements subcontracted agricultural practices and direct procurement methods, providing a procurement guarantee to protect farmers and promote production. Efforts to support agriculture, which is one of the sectors most affected by the pandemic, continue with this project. Thanks to the vertical integration in agricultural products, ŞOK Marketler is able to produce the raw materials it produces in-house instead of supplying them from other manufacturers, thus contributing to the budgets of its customers by offering quality products at the right prices.

\* During the period from 01 January to 31 December 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including the 230 stores which were closed due to the earthquake.

### Customer Relations Management

While carrying out research in order to create a better shopping experience, ŞOK Marketler also establishes dedicated communication channels with its customers by managing consumer expectations. In this context, it is among the priority issues that customers communicate their requests, opinions and expectations through ŞOK communication channels. Responding to customer feedback through the call center of ŞOK Marketler Customer Services at 0850 808 00 00, the company quickly takes actions regarding customer complaints.

Aiming to manage the customer experience in the most effective way, ŞOK Marketler conducts customer satisfaction surveys in order to follow changing customer trends and respond them in a timely manner. In this way, ŞOK Marketler aims to continuously review its stores in terms of product, fruits and vegetables aisle, personnel's service quality, store physical and Cepte ŞOK service, and to increase customer satisfaction by continuously improving these areas.

The company discloses the international reporting standards it has adopted to the public through the Sustainability Report and the Annual Reports and Audit Reports published quarterly.

Currently, the Company is not a signatory or member of international organizations or principles, nor has it adopted international principles.

ŞOK Marketler releases Sustainability Reports on a voluntary basis since 2018 and has been listed on Borsa Istanbul's Sustainability Index since 2019.

### D. CORPORATE GOVERNANCE PRINCIPLES

In line with the article 17 of the Capital Markets Law dated December 6, 2012 and numbered 6362, and Corporate Governance Communiqué (II-17.1) released on January 3, 2014, compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST) by Capital Markets Board (CMB). In this regard, it has been accepted that the provisions stipulated by the CMB to be mandatory should be complied with; work continues to ensure compliance with other principles specified in the Communiqué, which are not mandatory.

Although full compliance with non-mandatory Corporate Governance Principles is a target, it has not yet been achieved due to difficulties regarding implementation of some principles and some principles failing to align with the existing structure of the market and the Company.

The principles that have not been implemented yet have not resulted in a conflict of interest among stakeholders up today. However, they are being worked on and the plan is to adopt them upon the completion of the

administrative, legal and technical infrastructure works that would contribute to the Company's effective management.

Sustainability, the environmental impact of operations, and principles to this end are taken into account while establishing the corporate governance strategy.

As provided for in the Corporate Governance Principles, the Company takes necessary measures to comply with principles regarding stakeholders and strengthen communication with them.

ŞOK Marketler conducts social responsibility projects such as "ŞOK'ta Ben de Varım/Count Me In" while performing activities to raise awareness via different platforms.

The Company substantially complies with international sustainability standards, while continues efforts aimed at membership in related initiatives and contributions to these activities.

Thanks to the Code of Conduct developed, ŞOK Marketler is engaged in efforts related to Anti-Corruption and Anti Bribery, as well as tax integrity.





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

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

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





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

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Şok Marketler Ticaret A.Ş

**A . Audit of the consolidated financial statements**

**1. Our opinion**

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

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

**2. Basis for opinion**

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



### **3. Other information**

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

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

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

### **4. Key audit matters**

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



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



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





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

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

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

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

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

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



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

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

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

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



#### **B. Other responsibilities arising from regulatory requirements**

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

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



Mert Tüten, SMMM  
Independent Auditor

Istanbul, 16 April 2024

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# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

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

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

### ASSETS

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

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

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

### LIABILITIES AND EQUITY

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

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

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

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

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

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

	Share capital	Share capital adjustment differences	Treasury shares	Defined benefit plans remeasurement losses	Restricted reserves	Retained earnings / accumulated losses		Shareholder's equity	Non-controlling interest (**)	Equity
						Retained earnings / accumulated losses	Profit / (loss) for the period			
<b>Reported as of 1 January 2022</b>	611.928.571	3.979.237.687	(964.677.084)	--	17.958.515	7.212.609.274	--	10.857.056.963	(11.246.525)	10.845.810.438
Transfer to retained earnings	--	--	--	--	20.090.055	(20.090.055)	--	--	--	--
Capital increase and share issue (*)	(18.638.563)	(80.850.935)	964.677.084	--	--	(808.591.376)	--	56.596.210	--	56.596.210
Total comprehensive income/(loss)	--	--	--	(16.911.525)	--	--	6.954.039.535	6.937.128.010	11.246.525	6.948.374.535
<b>Balance as of 31 December 2022</b>	<b>593.290.008</b>	<b>3.898.386.752</b>	<b>--</b>	<b>(16.911.525)</b>	<b>38.048.570</b>	<b>6.383.927.843</b>	<b>6.954.039.535</b>	<b>17.850.781.183</b>	<b>--</b>	<b>17.850.781.183</b>
<b>Reported as of 1 January 2023</b>	<b>593.290.008</b>	<b>3.898.386.752</b>	<b>--</b>	<b>(16.911.525)</b>	<b>38.048.570</b>	<b>6.383.927.843</b>	<b>6.954.039.535</b>	<b>17.850.781.183</b>	<b>--</b>	<b>17.850.781.183</b>
Transfer to retained earnings	--	--	--	--	45.087.911	6.908.951.624	(6.954.039.535)	--	--	--
Total comprehensive income/(loss)	--	--	--	(270.565.445)	--	--	4.446.245.751	4.175.680.306	--	4.175.680.306
Dividend paid (***)	--	--	--	--	--	(427.124.278)	--	(427.124.278)	--	(427.124.278)
<b>Balance as of 31 December 2023</b>	<b>593.290.008</b>	<b>3.898.386.752</b>	<b>--</b>	<b>(287.476.970)</b>	<b>83.136.481</b>	<b>12.865.755.189</b>	<b>4.446.245.751</b>	<b>21.599.337.211</b>	<b>--</b>	<b>21.599.337.211</b>

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

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

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

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



# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

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

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

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

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

## Notes to the Consolidated Financial Statements as at December 31, 2023

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

### 1. GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Approval of consolidated financial statements:

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

### 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of the presentation

##### Statement of Compliance

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

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

## Notes to the Consolidated Financial Statements as at December 31, 2023

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

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

#### **Restatement of financial statements in hyperinflationary periods**

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

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of IAS 29 to their annual financial statements for the accounting periods ending on December 31, 2023. Restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute. As at 31 December 2023, the indices and adjustment factors used in the restatement of the financial statements are as follows:

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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## Notes to the Consolidated Financial Statements as at December 31, 2023

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

### 2.1 Basis of the presentation (Continued)

#### Restatement of financial statements in hyperinflationary periods (Continued)

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

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

### 2.2 Functional and Reporting Currency

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

### 2.3 Going Concern

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



# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

## Notes to the Consolidated Financial Statements as at December 31, 2023

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, 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 31 December 2023 and 31 December 2022 are as follows:

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

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

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

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

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

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

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

#### 2.5 Changes in Accounting Policies

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

#### 2.6 Changes in Accounting Estimates and Errors

Following changes in key estimates:

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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## Notes to the Consolidated Financial Statements as at December 31, 2023

(Amounts are expressed in Turkish Lira ("TL") based on purchasing power as of December 31, 2023, 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 31 December 2023:*

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

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

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

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

#### 2.8 Summary of Significant Accounting Policies

##### Revenue

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

The Group recognizes revenue from the following main sources:

i) Retail revenues

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

ii) Turnover premiums and discounts from sellers

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

iii) Wholesale revenues

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

##### Financing component of revenue

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

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

##### Revenue recognition

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Revenue recognition (Continued)

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

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

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

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

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

##### Inventories

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

##### Property and Equipment

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

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

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

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



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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Intangible assets

##### Intangible assets acquired separately

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

##### Intangible assets acquired in a business combination

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

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

##### Business combinations

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

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

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

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

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

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

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Shares in Other Entities

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

##### Goodwill

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

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

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

##### Leasing

##### The Group – as a lessee

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

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

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

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

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



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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Impairment of tangible and intangible assets other than goodwill

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

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

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

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

##### **Financial Instruments**

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

##### Financial assets

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Financial assets (Continued)

##### Classification of financial assets

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

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

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

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

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

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

##### (i) Amortised cost and effective interest method

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

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

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

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

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

##### (ii) Financial assets at FVTPL

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Financial assets (Continued)

##### Foreign exchange gains and losses

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

##### Impairment of financial assets

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

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

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

##### Measurement and recognition of expected credit losses

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

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

##### Derecognition of financial assets

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Financial liabilities

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

A financial liability is subsequently classified at amortized cost except:

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

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

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

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

##### Derecognition of financial liabilities

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

##### Earnings per share

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

##### Foreign Currency Transactions

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

##### Events After the Reporting Period

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

##### Related Parties

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

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

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

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

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

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



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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Business combinations under common control

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

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

##### Current tax

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

##### Deferred tax

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

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

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Deferred tax (Continued)

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

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

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

##### Current and deferred tax for the period

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

##### Employee Benefits

##### Termination and retirement benefits

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

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

#### 2.8 Summary of Significant Accounting Policies (Continued)

##### Statement of Cash Flows

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

##### Share capital and dividends

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

#### 2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

##### Allowance of inventory

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

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

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

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

##### Provisions

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

##### Useful life of property and equipment and intangible assets

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

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

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

##### Extension and termination options

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

### 3. TRANSACTIONS UNDER COMMON CONTROL

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

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### 4. SEGMENT REPORTING

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

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

### 5. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

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

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

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

### 6. BORROWINGS

<b>Financial Borrowings</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Other Financial Debts	6.302.050.590	7.045.410.283
	<b>6.302.050.590</b>	<b>7.045.410.283</b>

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



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### 6. BORROWINGS (Continued)

#### Lease Liabilities

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

#### Reconciliation of liabilities arising from financing activities:

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

	1 January 2023	Financial cash flow	Non-cash changes Other	31 December 2023
Lease liabilities	7.045.410.283	(4.192.432.853)	3.449.073.159	6.302.050.590
	<b>7.045.410.283</b>	<b>(4.192.432.853)</b>	<b>3.449.073.159</b>	<b>6.302.050.590</b>

	1 January 2022	Financial cash flow	Non-cash changes Other	31 December 2022
Financial leasing payables	1.926.999	(1.926.999)	--	--
Lease liabilities	8.145.624.780	(4.316.251.990)	3.216.037.492	7.045.410.283
	<b>8.147.551.779</b>	<b>(4.318.178.989)</b>	<b>3.216.037.492</b>	<b>7.045.410.283</b>

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### 7. TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

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.

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

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

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

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

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### 8. OTHER RECEIVABLES AND PAYABLES

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

	31 December 2023	31 December 2022
<b>Other long-term receivables</b>		
Guarantee and deposits given	73.143.581	97.030.879
	<b>73.143.581</b>	<b>97.030.879</b>

	31 December 2023	31 December 2022
<b>Other long-term payables</b>		
Deposits and guarantees	586.330	531.587
	<b>586.330</b>	<b>531.587</b>

### 9. INVENTORIES

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

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

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

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### 10. PREPAID EXPENSES AND DEFERRED INCOME

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

### 11. RIGHT OF USE ASSETS

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

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### 12. PROPERTY, PLANT AND EQUIPMENT

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

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



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### 13. OTHER INTANGIBLE ASSETS

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

Assumptions used for brand impairment are explained in Note 2.9.

### 14. GOODWILL

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

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

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### 14. GOODWILL (Continued)

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

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

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

### 15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Other short-term provisions

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Lawsuits	526.399.774	331.026.080
	<b>526.399.774</b>	<b>331.026.080</b>

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

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

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

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### 16. COMMITMENTS

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

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

### 17. EMPLOYEE BENEFITS

#### Liabilities within the scope of employee benefits:

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

#### Provisions for short-term employee benefits

<u>Provisions for employee benefits</u>	31 December 2023	31 December 2022
Short-term unused vacation liability	309.609.098	216.871.834
	<b>309.609.098</b>	<b>216.871.834</b>

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

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

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### 17. EMPLOYEE BENEFITS (Continued)

#### Provisions for long-term employee benefits:

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

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

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

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

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

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

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

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### 18. EXPENSE BY NATURE

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

*Fees for Services Received from Independent Auditor / Independent Audit Firms*

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

### 19. OTHER ASSETS AND LIABILITIES

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

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



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### 20. EQUITY

#### a) Capital Structure

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

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

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

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

#### b) Restricted Reserves

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

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

#### c) Actuarial Loss / Gain

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

#### d) Retained Earnings

Details of retained earnings are as follows:

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

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

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

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

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### 21. REVENUE AND COST OF SALES

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

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

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

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

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

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

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

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

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

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

### 24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

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

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

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

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

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### 25. FINANCIAL EXPENSES AND INCOME

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

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

(\*) 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)

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

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

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

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

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

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

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

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

##### *Deferred tax:*

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

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

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



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

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

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

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

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

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

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### 27. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

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

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

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

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	57.988.357	53.849.216
	<b>57.988.357</b>	<b>53.849.216</b>

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

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

#### (a) Capital Risk Management

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

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

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

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

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

(\*) 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

#### 31 December 2023

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

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

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



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

(c) Credit Risk Management (Continued)

#### The credit risks exposed because of financial instrument types

31 December 2022	Trade receivables			Receivables		
	Related Party	Other	Related Party	Other	Deposits in banks	
Maximum net credit risk as of balance sheet date (i)	189.843.007	9.665.925	--	398.194.708	670.683.912	
The part of maximum risk under guarantee with collateral (ii)	--	--	--	--	--	
A. Net book value of neither past due nor impaired financial assets	149.167.505	4.799.527	--	398.194.708	670.683.912	
B. Book value of restructured otherwise accepted as past due and impaired financial assets	--	--	--	--	--	
C. Net book value of past due but not impaired assets	40.675.502	4.866.398	--	--	--	
D. Impaired asset net book value	--	--	--	--	--	
- Past due (gross amount)	--	14.375.210	--	--	--	
- Impairment (-)	--	(14.375.210)	--	--	--	
- Net value collateralized or guaranteed part of net value	--	--	--	--	--	
- Not over due (gross amount)	--	--	--	--	--	
- Impairment (-)	--	--	--	--	--	
- Net value collateralized or guaranteed part of net value	--	--	--	--	--	
E. Off-balance sheet items bearing credit risk	--	--	--	--	--	

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

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

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

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

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

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

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

(d) Liquidity risk management (Continued)

31 December 2023	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	Over 5 years (IV)
<b>Financial liabilities</b>						
Lease liabilities	6,302,050,590	13,094,976,673	673,391,274	1,838,559,440	7,161,534,317	3,421,491,642
Trade payables	19,513,194,719	19,603,742,637	19,603,742,637	--	--	--
Other payables	76,812,353	76,812,353	--	76,226,023	586,330	--
<b>Total liability</b>	<b>25,892,057,662</b>	<b>32,775,531,663</b>	<b>20,277,133,911</b>	<b>1,914,785,463</b>	<b>7,162,120,647</b>	<b>3,421,491,642</b>
<b>31 December 2022</b>						
<b>Financial liabilities</b>						
Lease liabilities	7,045,410,283	8,644,285,648	373,896,783	1,188,046,840	4,797,176,036	2,285,165,989
Trade payables	18,504,430,690	18,504,430,690	18,504,430,690	--	--	--
Other payables	1,537,216	1,537,216	--	1,005,629	531,587	--
<b>Total liability</b>	<b>25,551,378,189</b>	<b>27,150,253,554</b>	<b>18,878,327,473</b>	<b>1,189,052,469</b>	<b>4,797,707,623</b>	<b>2,285,165,989</b>

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

#### (e) Market Risk Management

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

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

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

#### Foreign currency risk management

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

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

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

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

#### (e) Market Risk Management (Continued)

##### Foreign currency risk management (Continued)

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

##### Foreign currency sensitivity

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

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

##### Interest rate sensitivity

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

##### Other price risks

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



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### 29. FINANCIAL INSTRUMENTS

Categories of financial instruments:

#### Categories of financial instruments and fair values

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

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

### 30. EARNINGS PER SHARE

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

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

### 31. EVENTS AFTER THE REPORTING PERIOD

None.

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## Supplementary Information

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### SUPPLEMENTARY INFORMATION

#### APPENDIX-1 - EBITDA

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

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

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

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### APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE TFRS 16

#### TFRS 16 Leases

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

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

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

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### APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE TFRS 16

#### TFRS 16 Leases

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

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

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







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