



ŞOK MARKETLER  
ANNUAL REPORT 2022

SEVİYORUZ (LOVE IT TO)



**We have been visiting homes and touching lives across Turkey with the love of our business since the day we were founded.**

With over 45 thousand employees in more than 10 thousand stores, we offer our customers products and services that fulfill consumers' needs. While controlling every stage from the field to the table in both fruit and vegetable products and agricultural products with the right agricultural practices; we also support the economic development of our country with our private label products with national value. As we improve our digital and operational processes from end to end with the goal of constant progress, we continue to touch the hearts of consumers with our attractively-priced and high-quality products.

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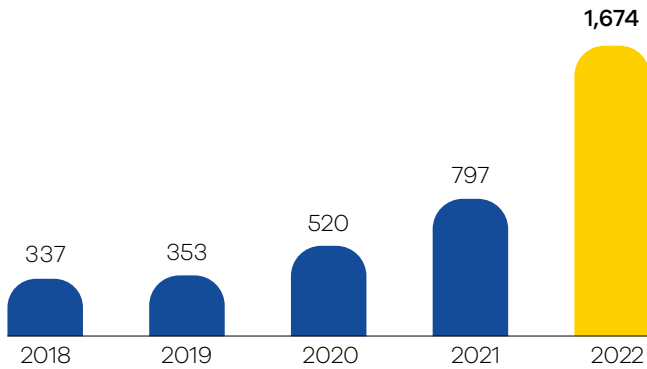
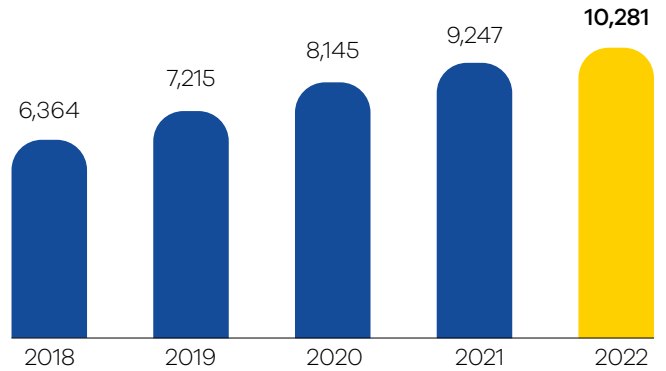
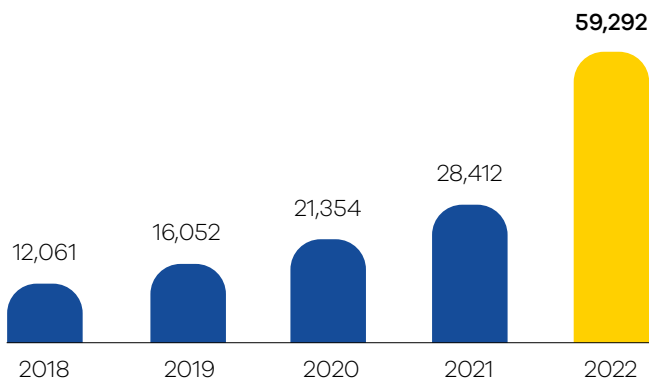
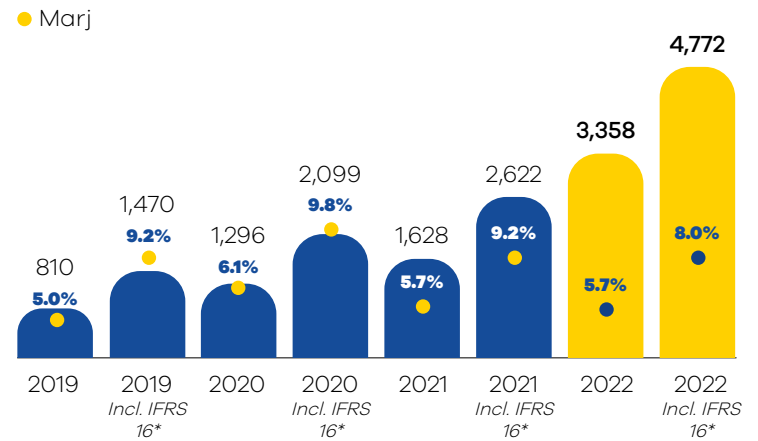
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### Contact Information

**Capex (TL Million)****Number of Stores****Net Sales (TL Million)****EBITDA (TL Million)**

**1.7**  
TL billion

**Capex**



**10,281**

**Number  
of Stores**



**59.3**  
TL billion

**Net Sales**



**4.8**  
TL billion

**EBITDA  
(Incl. IFRS 16)**

### Highlights

- ŞOK Marketler opened 1,034 new stores in 2022, 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.









**Our new stores and warehouses create jobs  
and increase our contributions to Turkey's  
economic development.**

We are proud and pleased to have opened our 10 thousandth store this year. Our valuable family is growing with the new store and warehouse openings. Our Academy ŞOK platform offers digital learning and development opportunities to our employees and solidifies the value of our family for us.

**Total number of stores  
10,281**

**Number of employees  
45,293**





**While diversifying our product portfolio with our private label products and national brands; we continue to reassure our customers by delivering the best product at the cheapest price.**

While offering many alternatives to meet consumer needs, we offer more than 1,800 different products in food and non-food categories to meet all the needs of our customers. We embrace the products that have become national brands in the past and are deeply rooted in consumers' memories and continue to bring brands with a long history such as Mis, Piyale, Mintax, Evin and Amigo to our customers.

**Number of products  
1,800+**











CEPTE  
ŞOK  
KAPINA  
GELSİN

ARA 0 850 808 00 0

TIKLA WWW

İNDİR



İSTER  
ONLINE  
ÖDE



**The Cepte ŞOK application that we launched in 2017 made us the first retail discounter in Turkey with a mobile app.**

We constantly invest in and improve the service quality of the Cepte ŞOK app. We differentiate from the competition by offering pay-at-the-door and free of charge, same-day delivery options. With our electric vehicle fleets, we are reinforcing our green and clean environmental approach credentials.

**Increase in number of members  
1.7x**



**As ŞOK Marketler, we position supply chain management as one of the priority areas in achieving our sustainable growth targets. In this context, we focus on supply chain efficiency, digitalization, and collaboration with suppliers and business partners.**

We provide end-to-end support to our suppliers without a middleman, particularly regarding their financial needs, within our trust-based approach. Within the scope of our "Fair Agriculture from Farm to Table" project and through direct procurement processes, we provide a procurement guarantee to support farmers and encourage production.

**Number of warehouses**  
**38**







## **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.**





## Exclusive Brands

# Only at ŞOK you can find exclusive brands inspired by history



### Mis

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



### Piyale

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



### Mintax

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





**ŞOK Marketler enriches shopping experience with its own brands that are in the memory of the consumer from past to present.**

**AMIGO**

### **Amigo**

As one of Turkey's first packed nut producers and known as the country's most well-known peanut brand, Amigo continues to satisfy customers.



**ANADOLU MUTFAĞI**  
SOFRA LEZZETLERİ

### **Anadolu Mutfağı**

Anadolu Mutfağı brand offers wide range of products to our customers in the legumes and spices product groups.



## Exclusive Brands

# Wide product range



### Deren Çay

Among the products of Deren Çay, which we brought under the umbrella of ŞOK Marketler in 2018, there are cold tea varieties as well as the tea group.



### Mon Amour

An indispensable make-up brand of women shoppers 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 consumers at ŞOK Marketler.





**ŞOK Marketler increases customer satisfaction with its high quality exclusive brands.**



### **Bebeland**

With dermatologically tested Bebeland products, we continue to offer healthy and quality baby cosmetic products, at attractive prices.



# KARMEN

### **Karmen**

We prepare Karmen chocolate in a variety of flavors and offer it to our 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 our customers with intense chocolate flavors.



*and many other brands...*



# **ŞOK Marketler at a Glance**





## ŞOK Marketler in Brief

# Offering quality products for our customers.

**Introducing approximately 1,800 different products onto its shelves, ŞOK Marketler also offers various alternatives for consumers' needs in food and non-food categories.**

ŞOK Marketler carries out its activities in 10,281 stores across 81 provinces, with 38 warehouses, and 45,293 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, and 1,102 in 2021. 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 1,034 new stores opened in 2022.

Introducing approximately 1,800 different products onto its shelves, ŞOK Marketler also offers various alternatives for consumers' 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 consumers' 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 points for their Cepte ŞOK purchases and can redeem these points for future purchases.

ŞOK Marketler leaves a mark in the industry for vegetables 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.

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, its campaigns, and its motto, "ŞOK Is More Than Enough."

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.

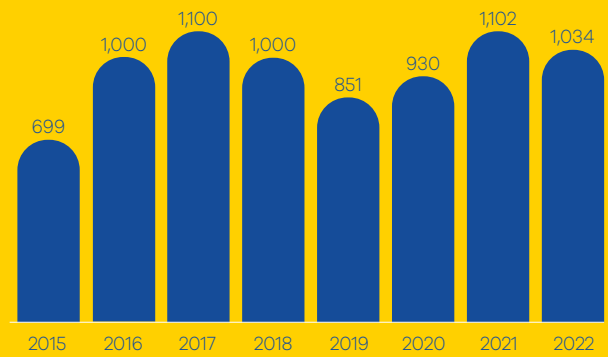
ŞOK Marketler draws its strength from its tightly coupled family of nearly 46 thousand employees.

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





### New Store Openings



**45,293**

**Employees**



**10,281**

**Stores**



**59.3**  
TL billion

**Net Sales**

## Our Business Model

# “Everyday low price” strategy

**ŞOK Marketler boasts a wide range of products and a direct procurement approach. In the meantime, ŞOK’s stores have become an attractive center for shoppers owing to both its private label products and equivalent, domestic brands.**

### 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, 2022, ŞOK Marketler has a total of 10,281 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, 2022, 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 shoppers 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 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.





**10,281** stores  
**across**  
**81** provinces

**Easy Shopping Experience...**

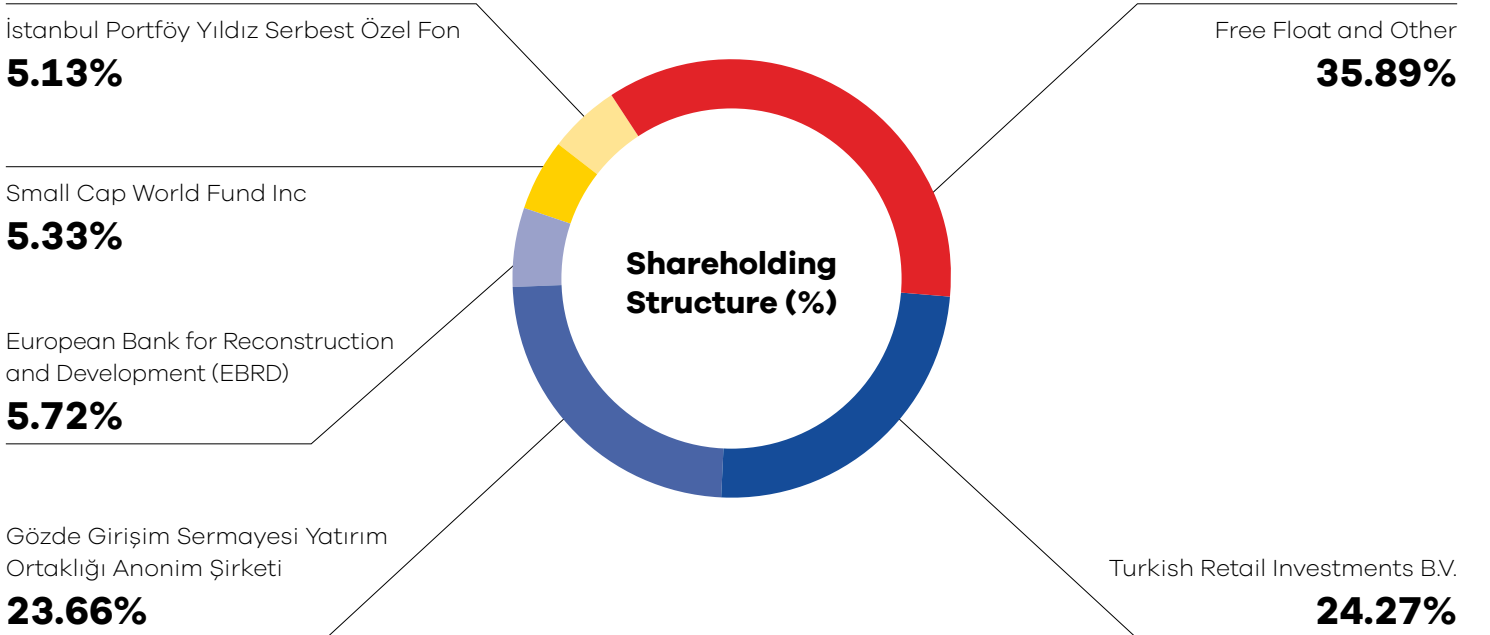
## Shareholding Structure

**ŞOK Marketler continues to grow with its strong partnership structure.**

**The partnership structure of ŞOK Marketler includes the leading companies of Turkey and the world.**

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, 2022)	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%
Small Cap World Fund Inc	31,602,962.00	5.33%
İstanbul Portföy Yıldız Serbest Özel Fon	30,428,571.00	5.13%
Free Float and Other	212,908,147.73	35.89%
<b>Total</b>	<b>593,290,008.00</b>	<b>100.00%</b>







## Key Financial and Operational Indicators

# Successful financial results were achieved in 2022 as well.

**ŞOK Marketler achieved successful results in 2022, increasing its net profit to TL 2.4 billion.**

### Financial Statement Summary (TL Million)

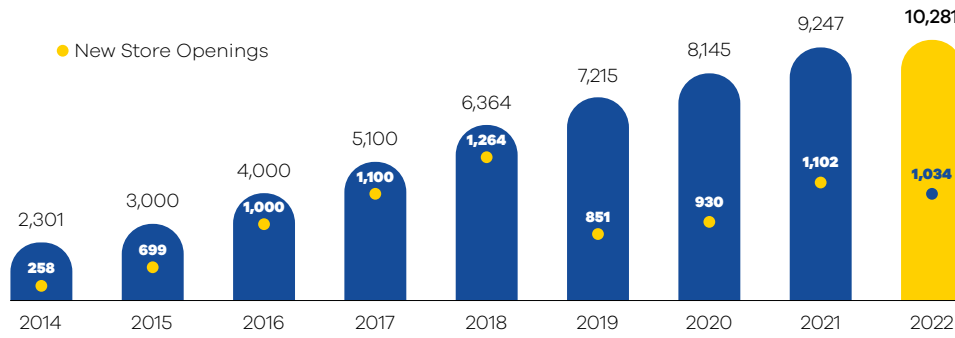
Consolidated Income Statement - Summary (TL Million)	2019	2019 Including IFRS 16*	2020	2020 Including IFRS 16*	2021	2021 Including TRFS 16*	2022	2022 Including TRFS 16*
Net Sales	16,052	16,052	21,354	21,354	28,412	28,412	59,292	59,292
Gross Profit	3,740	3,740	5,036	5,036	6,644	6,644	14,097	14,097
EBITDA	810	1,470	1,296	2,099	1,628	2,622	3,358	4,772
Net Profit/(Loss) for the Period	-181	-298	388	272	445	319	2,529	2,380

Consolidated Balance Sheet (TL million)	2019	2019 Including IFRS 16*	2020	2020 Including IFRS 16*	2021	2021 Including IFRS 16*	2022	2022 Including TRFS 16*
Cash and Cash Equivalents	431	431	1,149	1,149	1,344	1,344	859	859
Total Current Assets	1,863	1,860	3,379	3,377	4,374	4,370	10,463	10,458
Tangible Assets	1,101	1,101	1,353	1,353	1,829	1,829	3,044	3,044
Total Non-Current Assets	1,995	3,847	2,212	4,385	2,710	5,365	4,546	8,319
Total Assets	3,858	5,708	5,591	7,762	7,085	9,735	15,009	18,777
Total Short-Term Liabilities	3,689	4,290	5,001	5,746	6,107	7,066	11,333	12,797
Total Long-Term Liabilities	79	1,444	103	1,762	122	2,173	302	3,114
Total Shareholders' Equity	90	-27	487	254	855	496	3,374	2,865

\*IFRS 16 Leases was implemented for the first time in 2019.

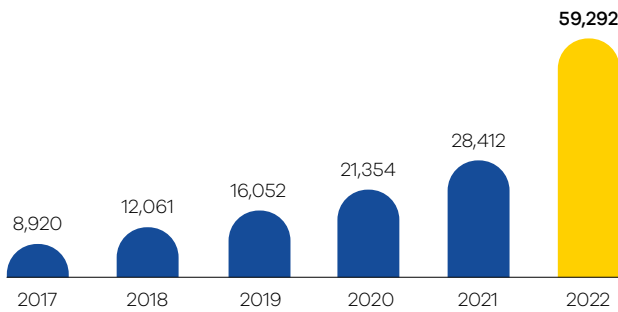


### Number of Stores



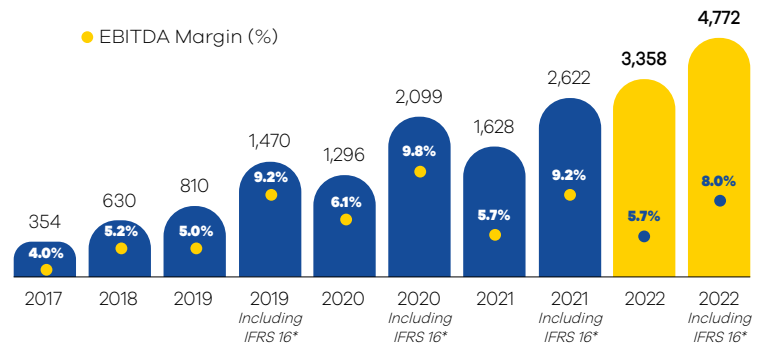
### Net Sales (TL Million)

ŞOK Marketler announced net sales of TL 59.3 billion in 2022 by consistently increasing its business volume.



### EBITDA (TL Million)

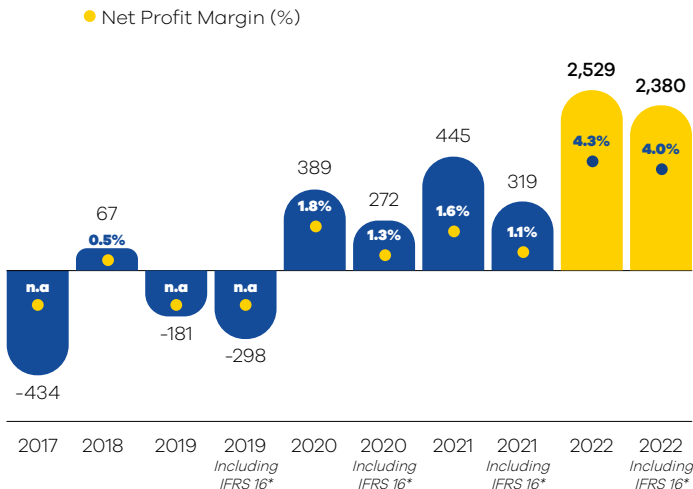
ŞOK Marketler announced an EBITDA of TL 4.7 billion with a 82.0% YoY increase, having maintained sustainable profitability in the 2022 fiscal period as well.



\*IFRS 16 Leases was implemented for the first time in 2019.

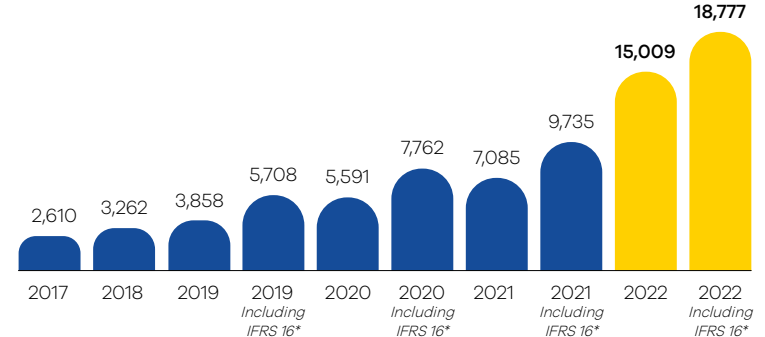
### Net Profit (TL Million)

ŞOK Marketler has continued to increase its net profit representing TL 2.4 billion.

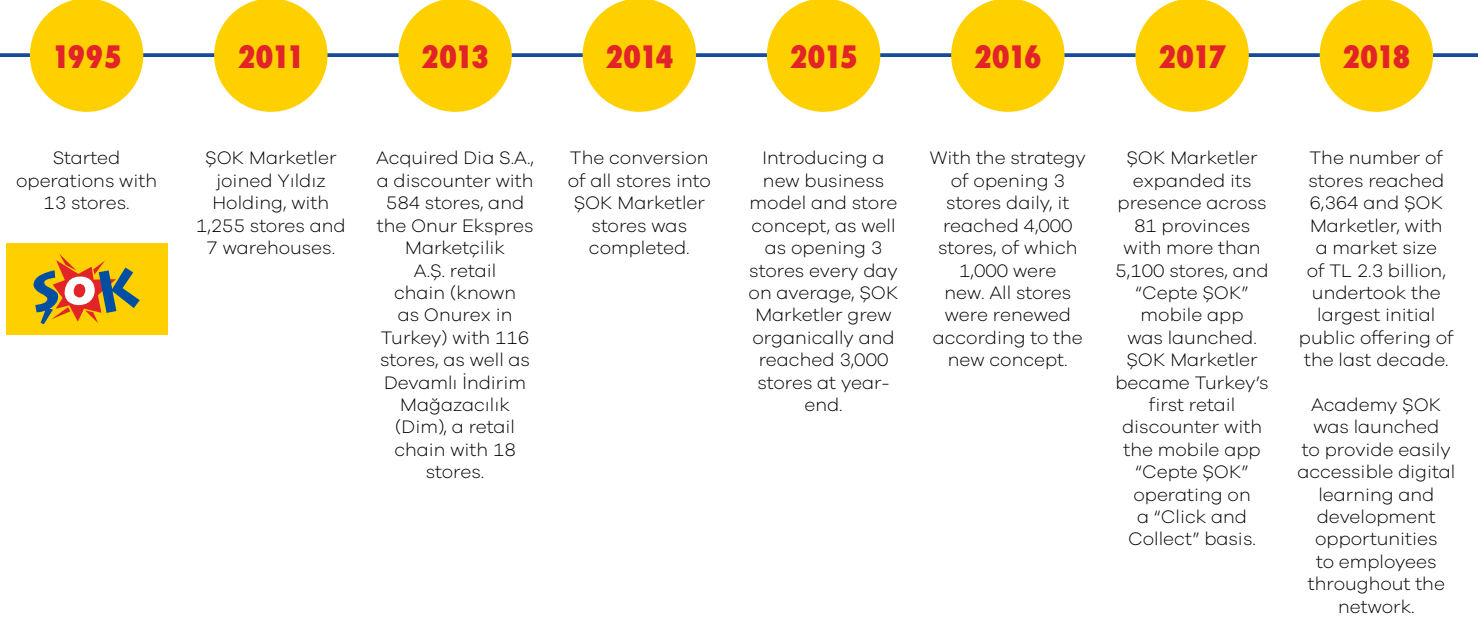


### Total Assets (TL Million)

ŞOK Marketler has consistently continued to increase its total assets, with a YoY increase of 92.9%, representing TL 18.8 billion.



## The Success Story of ŞOK Marketler



## Uninterrupted services with new warehouses

**To provide uninterrupted services in 81 provinces of Turkey, 7 new warehouses were opened in 2022 and the total number of warehouses reached 38.**



## 2019

Operating 7,215 stores with some 30 thousand employees, ŞOK Marketler launched ŞOK Smart Digital Services, which involves money transfers to bank accounts and credit cards at stores 7 days a week, and provided customers with the capacity to pay utility bills.

Some 12,500 bags made by 2,000 housewives were made available for customers as part of the social responsibility project "Ben de Varım," initiated to encourage women's participation in economic life.

## 2020

Throughout the coronavirus pandemic, ŞOK Marketler promptly and consistently took action to protect employees' health and its product stocks, continuing to provide customers with uninterrupted services.

Cepte ŞOK was enriched with the home delivery feature, with the orders of all customers delivered to their homes, free of charge.

Under the "Fair Agriculture from Farm to Table" project, ŞOK Marketler implemented direct procurement processes and provided a procurement guarantee to support farmers. With direct, end-to-end agricultural practices, the Company supplies the products needed by its customers in a timely fashion.

## 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 10,000th 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.



## Investor Relations

# We build long term relationships with investors

**ŞOK Marketler organizes live web conferences promptly after the disclosure of financial results for every quarter.**

### 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 2022, the Company held 196 meetings, attended by senior executives, with 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 2022, ŞOK Marketler attended 13 conferences and group meetings.

The Company's corporate website ([www.sokmarket.com.tr](http://www.sokmarket.com.tr)) is available in two languages, 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**

**Date of Initial Public  
Offering**

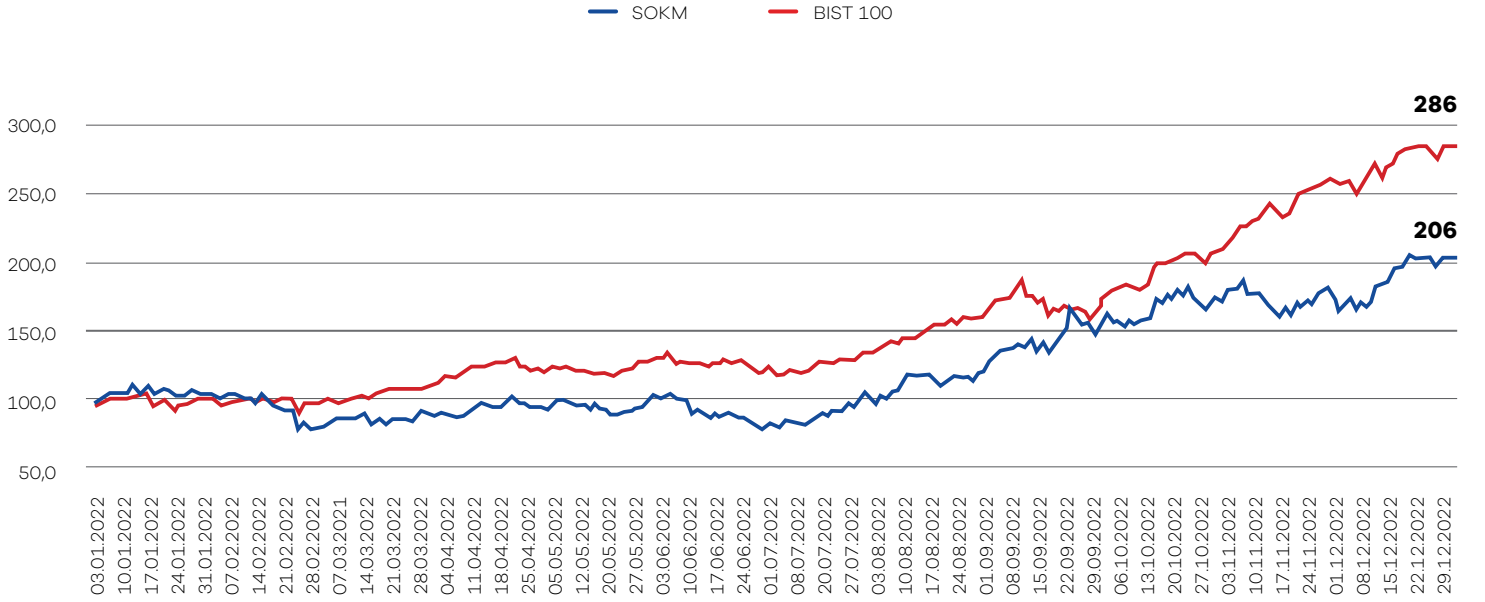


**16.6  
TL billion**

**Market Cap**



## Share Performance



The public offering of ŞOK Marketler Ticaret A.Ş. took place on May 18, 2018. SOKM shares' value increased by 119.6% in 2022. The Company's total market cap is TL 16.6 billion as of December 31, 2022.

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 2022, 63.65% of the shares of ŞOK Marketler in the free float are held by foreign investors. In the same period, the foreign investor share on BIST index was 30.0%.

### CFO

**Ziya Kayacan**

yatirimciiliskileri@sokmarket.com.tr  
0850 221 1100

### Investor Relations Manager

**Nihan Sena Altıntaş\***

yatirimciiliskileri@sokmarket.com.tr  
0850 221 6755

*\* As Çağrı Demirel left his role, Nihan Sena Altıntaş has been appointed as Investor Relations Manager as of January 24, 2022.*

A person wearing a white lab coat is shown from the chest down, gesturing with their right hand. They are standing behind a desk that has a laptop and a clipboard on it. The entire image is overlaid with a semi-transparent yellow filter. In the center of the image is a large white circle containing the title text.

# **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)

## Cengiz 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 Projects at De Boccard & Yorke Consultancy (1992) and on IESC Sales System Development and Internal Organization Projects (1997).

Mr. Ülker joined the group 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 rose to Vice Chairman of the Food Group and in 2005 Chairman of the Group. After working as Vice Chairman of the Yıldız Holding Board of Directors for nine years, as of January 29, 2020, Ali Ülker became the Chairman of Yıldız Holding.

Having a deep expertise and experience in marketing and sales, Ali Ülker is especially interested in innovation and supports teams working on this subject in the Group. He enjoys providing consultancy to young people, and loves being in open air and nature, and engaging in sports. Fluent in English and German, Ali Ülker is married with three children.

**MURAT ÜLKER****Board Member**

Murat Ülker was born in 1959. He 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 Yıldız Holding 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 received his master's degree in Industrial and Organizational Psychology at Maltepe University and completed his bachelor's degree in Mechanical Engineering at Gazi University.

Mehmet Tütüncü started his career as an engineer at the Ministry of Education, Construction Works Department in 1981 and worked as a Domestic Industry Specialist at the Ministry of Industry and Trade between 1983-1987. After 1987, he worked as the General Manager of Best Rothmans Entegre Sigara ve Tütün Sanayi A.Ş.

In 1996, Mehmet Tütüncü joined Ülker Gıda A.Ş. and served as the Business Coordinator and served as General Manager of Ülker Biscuit and Chocolate plants, Ülker Group Vice President, Chief of Foods and Beverages Group, Chief of Foods Group and Ülker International Group. In 2017, he continued to serve by taking the responsibility of Global Information Systems and Business Models Transformation. In October 2018, he was appointed as Yıldız Holding Vice Chairman of the Board of Directors and Yıldız Holding CEO. Tütüncü is also the Chairman of Yıldız Holding Information Security Board. In addition to his duties at Yıldız Holding, he serves as a Board Member and Chairman of the Board at several companies.

Being a Member of the Board of Directors of TÜGİS, Tütüncü serves as a member in many Turkish and foreign sectoral organizations along with TÜSİAD. He is also a member of the Liaison Committee of FoodDrinkEurope.

Having a good command of English, Tütüncü received 6 months of Production, Quality Control, and Maintenance Practices training in Italy with an IRI scholarship. He attended Boğaziçi University Business Administration Training Program and received training on Marketing Techniques, International Marketing, Factory Organization, and Management. Having studied Strategic Marketing at Harvard Business School, he attended various trainings in IMD/Switzerland and Insead/Singapore.

**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, Bizim Tiptan, 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 Sinai Yatırım Ticaret A.Ş. in charge of Anadolu Group's overseas Coca Cola operations, as General Manager from 1998 to 1999 at Efes Sinai 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 İzmir 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	Chairman of the Board of Directors	Board Membership in Group Companies
Ali Ülker	Vice Chairman of the Board	Board Membership in Group Companies
Murat Ülker	Board Member	Board Membership in Group Companies
Mehmet Tütüncü	Board Member	Board Memberships in Group Companies
Erman Kalkandelen	Board Member	Board Membership in Group Companies
Ahmet Bal	Board Member (Independent)	Board Member
Fatma Pınar Ilgaz	Board Member (Independent)	Vice Chairwoman of the Board of Directors of the Argüden Governance Academy Foundation, Vice Chairwoman 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 have become one of Turkey's largest 50 companies

**We ranked among the 10 companies that provide the most employment in Turkey.**

Esteemed Shareholders, Business Partners, and Employees,

In 2022, a year in which we achieved successful results and met our strategic goals, we also witnessed global developments such as war, an energy crisis, and a supply chain crisis. As crises seemed to escalate, companies developed road maps for worst-case scenarios. Despite these challenges, as ŞOK Marketler, we continued to invest in and meet the objectives outlined in our strategic roadmap.

In our current circumstances, it is more important than ever to redesign institutional resilience to cope with uncertainties and increase the capacity to withstand crises; we too are developing strategies within this framework. In addition to resilience, adapting to new trends – and pioneering trends – is critical to success. In the coming years, one of the greatest challenges facing companies will be their ability to effectively deploy digital capabilities to stay ahead of the competition. Understanding and continuously improving the customer experience will also play an important role in moving forward.

From this perspective, we prioritize the continuation of investments into digital infrastructure directed towards improving customer experience and service quality.

The years 2021 and 2022 illustrated the need to adapt to change and create new opportunities amid great uncertainty. The pandemic and its aftermath had significant consequences on all levels; as ŞOK Marketler, we are reaping the results of our work during this period, which included combining our technological infrastructure and corporate sustainability principles, and improving the shopping experience. Reaching our customers through every channel, and offering payment options, we were able to make a difference in 2022 as well. Our net sales rose by 108.7%, reaching TL 59.3 billion. With our consistently improving financial performance, we became one of Turkey's largest 50 companies. As ŞOK Marketler, we have continued – and will continue – our affordable pricing policy.

In making and implementing the operational and strategic decisions that deliver our successful financial results, we also focus on sustainability. In addition to our digital transformation projects, sustainability is among the

Company's most important agenda items, as it is indeed for the entire world. Sustainability will shape competitiveness in the near future.

As ŞOK Marketler, we act in alignment with a human-centered approach, aiming to add value to our country and, by extension, the world in which we live. In line with our vision to become Turkey's most preferred modern food retailer, we touch the hearts of our 3.5 million customers every day by offering quality and affordable products. In 2022, we achieved another ambitious goal by increasing our total number of employees to 45,293 and the number of stores to 10,281. As we and our stakeholders enjoyed the pride and satisfaction of opening our 10,000th store, we also take pride in our ranking among the top 10 companies with the most employment in Turkey, thanks to the number of our employees.

In 2023, we will continue to work to provide continuous service to all our customers across the country and to deliver quality products at the most affordable prices.

I would like to thank all our colleagues and stakeholders, who contribute to our achievements. With the strength that you give us, we will continue to work with the same enthusiasm and motivation in the coming period to achieve our goals.

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



**10,281**

**Number of Stores**



**59.3**  
TL billion

**Net Sales**



**18.8**  
TL billion

**Total Assets**



## Message from the CEO

# We maintained our growth uninterruptedly.

## We had the pleasure of opening our ten thousandth store in 2022 by continuing our investments and bringing all of our employees and stakeholders together.

Dear Stakeholders,

As one of Turkey's leading food retail chains, we maintained our growth uninterruptedly, with more than 10 thousand stores and a workforce approaching more than 45 thousand in 2022. We continued to provide consistent and high-quality service in 2022, serving customers from the nearest point from their homes, across 81 provinces of Turkey. In addition, we opened new stores and warehouses and expanded our workforce.

In 2022, even as the impact of the Covid-19 pandemic subsided, the world faced problems that included food and energy problems, triggered by international conflicts and natural disasters such as droughts or flooding. While volatility around the world also affected our country, we were able to take pride in the opening of our ten thousandth store, achieved by continuing our investments and bringing all our employees and stakeholders together.

In addition to operating an extensive ecosystem consisting of supply, production and logistics, we also continued to contribute to the economy of our country during the year through the employment we created and the investments we made. Thanks to our innovative and customer-oriented business model, our net sales rose by 108.7% compared to 2021, reaching TL 59.3 billion.

In 2022, we made an investment of TL 1.7 billion, including opening new stores and warehouses. We opened 1,034 new stores and seven new warehouses. The total number of our stores reached 10,281 and the total number of warehouses reached 38.

We are ranked among the companies that provide the most employment in Turkey, with the total number of our employees more than 45 thousand. Opening an average of one thousand new stores every year, we provide nearly four thousand new jobs.

While touching the hearts of millions of customers every day with the quality and affordable products we offer, we strive to ensure that our stores are not just shopping points but vibrant spaces where consumers can discover new experiences. We establish a sincere and trusting relationship with our customers. Making every effort to provide exemplary customer satisfaction and adapt to rapidly changing trends, we continuously invest in digital infrastructure, human resources and stores.

We attach great importance to e-commerce and digitalization to provide our customers with the best shopping experience. With our Cepte ŞOK application, we offer our customers who prefer online shopping, easy to pay at the door at market prices and free home delivery service. We continue to invest in Cepte ŞOK to meet the increasing demand and expand our delivery capacity. We will continue to improve our services in the digital field and work to meet the changing needs of our customers.

While contributing to the country's economy through the widespread ecosystem we have established, we maintain 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 products end-to-end. We consistently offer quality and reliable products to our customers at the most affordable prices and, in 2022, continued to support our customers' economic wellbeing.

In 2022, we celebrated with pride the 100th anniversary of Piyale, known as the brand, that introduced pasta to Turkey. With our wide product range, we invite the next generations to experience the Piyale difference.

In line with our goal of delivering reliable and quality products to our customers at the most affordable prices, we are proud to support domestic production. Through our "Fair Agriculture from Farm to Table" project, we bring the bounty produced by farmers all over Turkey to our customers at the most advantageous prices. In 2023, we will steadfastly continue to provide our customers with quality products at affordable prices and to support their savings.

Our new advertising campaign, spotlighting the slogan "ŞOK Seviyoruz", launched in 2022 and attracted great interest. We win the hearts of our customers via campaigns that showcase fresh and quality products at affordable prices at ŞOK Marketler, and we cherish their happiness as they share their cost savings with their families.

As a large family with strong bonds, we strive to achieve our targets with the sum of our strength. As ŞOK Marketler, we will continue to provide constant service to all our customers across the country, and to open new stores and make quality service accessible to everyone. We will maintain our activities with the aim of leaving a more livable world to future generations.

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



**1,034**

**Store  
Openings**



**45,293**

**Employees**



**108.7%**

**Sales  
Growth**



**1.7**  
TL billion

**Capex**



# Sector





## Turkey's Food Retail Market and the Position of ŞOK Marketler

# Discounters are leading in terms of the number of stores.

**According to sales growth, discounters are the leaders of the market.**

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.

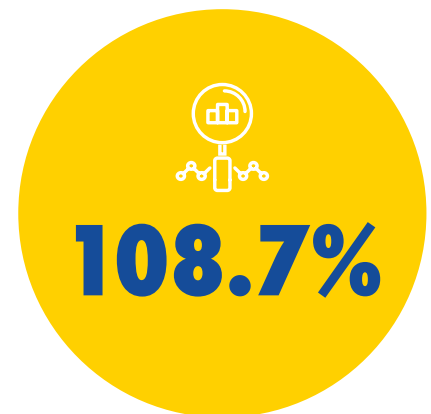
According to sales growth in 2022, discounters are leaders of the market. The organized retail industry grew by 106.8%\* as of the end of 2022, driven by discounters. Delivering robust growth for the past few years, discounters are leading in terms of the number of stores. Gaining market share on a yearly 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 133.4%\* as of the end of 2022. Observations indicate that, in the same period, discounters grew by 110.5%\* and supermarkets by 107.5%\*.

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



**Growth of Organized Retail Sector in 2022**



**Sales Growth of ŞOK Marketler in 2022**

# NE ARARSAN ŞOK MARKET FİYATINA CEPTE ŞOK'TA

TESLİMAT  
ÜCRETİ  
YOK!\*



 **ARA**  
0 850 808 00 00

 **TIKLA**  
sokmarket.com.tr

 **İNDİR**  
App Store'dan  
Google Play'den

\*50 TL ve üzeri alışverişlerde CepTe Şok teslimatı ücretsiz gerçekleştirilir.





# **OPERATIONS**





## Our Stores

# Sustainable growth with unique business model

**Blazing a trail in Turkey's food retail sector, ŞOK Marketler combines the best features of supermarkets and discounters.**

ŞOK Marketler provides service in two different store types, namely ŞOK and ŞOK Mini. With pioneering steps thanks to its sustainable financial and operational achievements and pursuing the goal of continuous development, ŞOK Marketler opened 1,034 new stores in 2022, increased the number of stores to 10,281, and expanded its workforce to over 45 thousand employees.

ŞOK Marketler manages supply processes for its stores across 81 provinces of Turkey through 38 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 2022 when the pandemic continued, 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 consumers compare the Company's private label products with the leading national brands in line with the pricing policy.

ŞOK Marketler has a wide selection of approximately 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 consumer 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 consumer. 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.





**1,034**

**# of New Stores**



**10,281**

**Total Number of  
Stores**

	Number of ŞOK Stores	Net Store Openings
2013	2,043	199
2014	2,301	258
2015	3,000	699
2016	4,000	1,000
2017	5,100	1,100
2018	6,364	1,000
2019	7,215	851
2020	8,145	930
2021	9,247	1,102
2022	10,281	1,034

## Cepte ŞOK

# The number of orders of Cepte ŞOK continues to increase.

**ŞOK Marketler delivers on the same day, at the preferred time, from among its store network across Turkey with Cepte ŞOK application.**

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 increasingly in 2022 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. With the loyalty program ŞOK Cüzdan and Yıldız, which is included in the "Cepte ŞOK" app, customer numbers increased, and through operational perfection the customer experience also increased.

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. Consumers 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 2022. In 2022, 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 2023 as well, within the aims determined.





## Fair Agriculture from Farm to Table

# Support to farmers and the agricultural sector

**ŞOK Marketler guarantees product quality, ensures product continuity, and secures product traceability with direct procurement.**

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 10,281 stores across Turkey, while supporting the development of farmers.

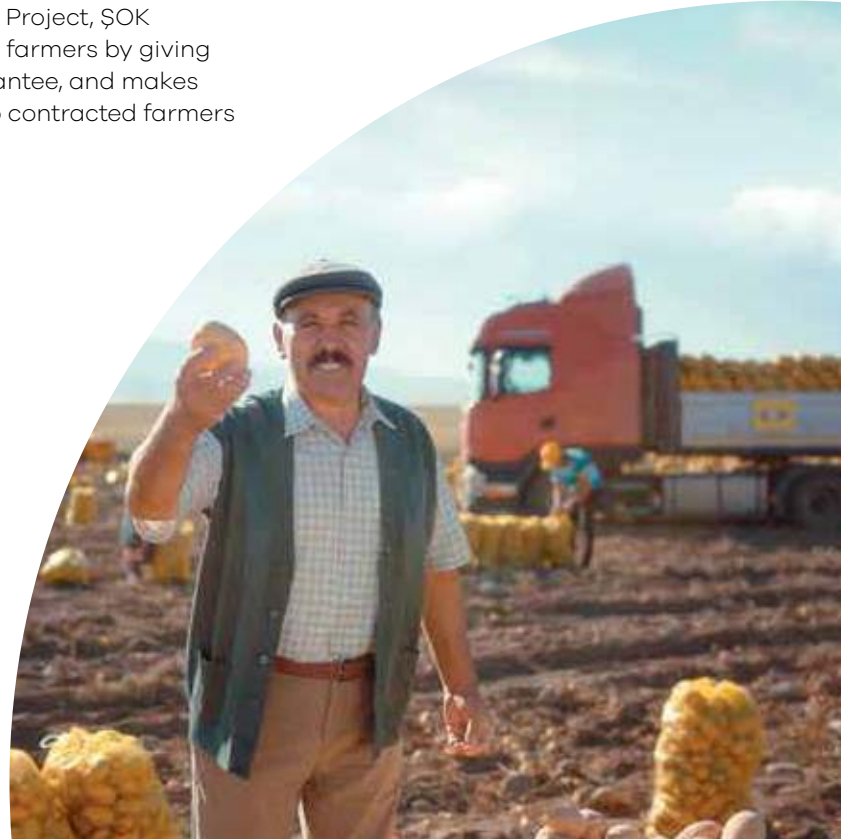
As part of its direct procurement activities, the Company provides a procurement guarantee to support farmers and encourage production. Thus, products are traceable, product quality is guaranteed, and product continuity is ensured.

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 Services

# ŞOK Smart Digital Services facilitates money transfers.

**The affordable priced home internet ŞOK NET provides internet connection up to a rate of 16 Mbps ADSL, 35 Mbps, and 100 Mbps Fiber.**

### ŞOK Smart Digital Services

Boasting a network of 10,281 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 Marketler 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 Policy

The Dividend 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 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 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 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 profit 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 Communique 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's field of activity is subject to financial risks arising from 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 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 01.01.2022 – 31.12.2022.

# 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 year ended at 31 December 2022.

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

### 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") 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 Standards on Independence) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated 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 10 March 2023 on the consolidated financial statements at 31 December 2022 and for the year then ended.

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

The 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:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) 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.
- c) 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 consolidated financial statements in the annual report are consistent with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit and presented fairly, in all material respects.

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 consolidated financial statements in the annual report are consistent with the audited consolidated financial statements and with the information obtained in the course of audit and presented fairly, in all material respects.

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

Adnan Akan, SMMM  
Partner

Istanbul, 10 March 2023

# Statement of Responsibility

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

**RESOLUTION DATE: 10.03.2023**

**RESOLUTION NUMBER: 2023/03**

### **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, 2022:

- 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 2022 are presented in the annual report, Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") 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/tr/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 13 events, including conferences, roadshows, group meetings and one-to-one meetings, in 2022, and held 196 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](mailto: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](mailto:yatirimciiliskileri@sokmarket.com.tr)

\* As Çağrı Demirel left his role, Nihan Sena Altıntaş has been appointed as Investor Relations Manager as of January 24, 2022.

## 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 2021 was held on May 12, 2022. 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 profit 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 469,260,491.27 shares representing approximately 76.69% of the paid in capital amounting to TL 611,928,571, the Ordinary General Assembly Meeting for 2021 was held on 12.05.2022, at Kısıklı Mahallesi Hanımseti Sokak, No: 35 B-1 Üsküdar/İSTANBUL.

According to the list of attendants, of the 611,928,571 shares corresponding to the Company's total capital of TL 611,928,571, 317,828,898.27 shares with a total nominal value of TL 317,828,898.27 were represented by proxy at the meeting, whereas 8,941 shares with a total nominal value of TL 8,941 were represented in person, and 151,422,652 shares corresponding to TL 151,422,652 by the representatives of depositors. In total, 469,260,491.27 shares, corresponding to TL 469,260,491.27 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 12.05.2022.

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

Pursuant to the resolution by the Board of Directors on 07.04.2022, the proposal not to distribute profits for the 2021 operating period in order to further strengthen the financial structure of our Company was unanimously approved by the shareholders present at the Ordinary General Assembly Meeting dated 12.05.2022.

## 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://sokmarketyatirimciliskileri.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.

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.



# Corporate Governance Principles Compliance Report

## Independent Board Members' Statement of Independence

### Fatma Pinar 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 Pinar 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:

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.

# Corporate Governance Principles Compliance Report

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 20 decisions in 2022. (In 2021: 24 decisions).

In 2022, the Board held 5 meetings, with an attendance rate of 98%. (In 2021: 4 meetings, 93% 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 market 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 Risk Committee were followed up by the Board of Directors in 2022.

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

Name and Surname	Description
Ahmet BAL	Committee Chair (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 2022 and presented reports involving opinions and comments of the committee to the Board of Directors.

#### Corporate Governance Committee

Name and Surname	Description
Fatma Pınar ILGAZ	Committee Chair (Independent Board Member)
Erman KALKANDELEN	Committee Member (Board Member)
Mehmet TÜTÜNCÜ	Committee Member (Board Member)
Nihan Sena ALTINTAŞ*	Committee Member (Investor Relations Manager)

\* As Çağrı Demirel left his role, Nihan Sena Altıntaş has been appointed as Investor Relations Manager as of January 24, 2022.

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 2022, the Corporate Governance Committee convened six times and presented reports including opinions and comments to the Board of Directors.

#### Early Detection of Risk Committee

Name and Surname	Description
Ahmet BAL	Committee Chair (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.

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 2022, the Early Detection of Risk Committee convened six times and presented reports including opinions and comments to the Board of Directors.

#### 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 May 12, 2022, it was decided to pay a monthly net salary of TL 8,000 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

As a result of the repurchasing of 18,638,563 shares with a nominal amount of TL 18,638,563 arising from the transactions made within the scope of price stability transactions according to Capital Markets Board (CMB) Communiqué Serial VII-128.1 ("CMB Communiqué on Shares") and Borsa İstanbul A.Ş. ("BİAŞ") Implementation Procedures and Principles Regarding the Operation of Share Market and presented under "Repurchased Shares" in the financial statements, the capital of the Company was reduced from TL 611,928,571 to TL 593,290,008 as of June 1, 2022.

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 2022.

The Company reached the goals it had set in 2022. The general assembly decisions taken in 2022 were implemented.

In 2022, 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 2022.

There is no lawsuit filed against the Company which may affect its financial situation and activities in 2022. 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, Commercial, 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 (KPI) 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.

Sustainability data has not been verified yet. It is planned to expand and secure the scope starting from the priority matters in the coming years. 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/20200727144834301.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 2022, the Company made an environmental capital expenditure of approximately TL 3.5 million to improve its environmental performance. While nearly TL 9.5 million was allocated for energy efficiency projects, it was planned to purchase a new cooling system to reduce the electricity consumption of cold rooms in 2 warehouses with high electricity consumption, and an investment of TL 6.2 million was made.

### **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 consumer 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 10,279 stores by the end of 2022, energy consumption per store was reduced by 12-15% on average thanks to Energy Efficient Stores.

In 2022, the Company made an environmental capital expenditure of approximately TL 3.5 million to improve its environmental performance. While nearly TL 9.5 million was allocated for energy efficiency projects, it was

planned to purchase a new cooling system to reduce the electricity consumption of cold rooms in 2 warehouses with high electricity consumption, and an investment of TL 6.2 million was made.

In 2022, 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.

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.

As part of the green office application, the use of plastic bags has been greatly reduced by removing the container bins under the desks in the offices. Besides, the aim is to reduce the consumption of single-use plastic used in the Head Office building by 100% until 2024. As of December, 9,129 wastes per month for 0.33 lt pet bottles were reduced by switching to the use of carboy water and 8,000 wastes per month by removing the use of cardboard cups.

Within the scope of our responsible production and consumption approach, we separate our wastes in all our stores, and accordingly, we recycle our packaging waste by maintaining our goal of obtaining a Zero Waste Certificate in our stores. In 2022, zero waste certificates were obtained for about 9,600 stores and 38 distribution centers across Turkey.

Under the lead of the zero waste project, we made an investment of TL 4,272,602.50 for stores and distribution centers as part of our environmental sustainability activities.

As part of our sustainable distribution system, we gather the products to be sold in stores at our distribution centers and deliver them from the warehouse to the store. We continue to reduce carbon emissions thanks to the "Cepte ŞOK" electric vehicle project.

The "Transporting Fruit and Vegetable Products Using Reusable Crates Project" intends to reduce, to a great extent, the amount of waste and cut the costs associated with the use of crates. The Company has begun to use special reusable crates that are disinfected in accordance with food safety standards. These crates are beneficial in terms of reducing packaging waste and environmental impacts, achieving a standard in terms of product display, facilitating ergonomic carriage and transportation, and reducing costs. As part of the project, we began to use nearly 7 million recyclable, and reusable, after disinfection, boxes to ship almost all of our fruit and vegetable products in 2022. The use of these recyclable boxes allows us to eliminate the potential environmental impact of single-use boxes. These boxes also help us reduce food waste

by keeping the products fresh thanks to their good ventilation properties.

Efforts are ongoing on environmental indicators such as greenhouse gas emissions, energy, air quality, energy management, water and wastewater management and biodiversity, and information on environmental impacts is reported through the sustainability report on an annual basis and comparable to the previous year. Standards, protocols, methodologies, and the details of the base year - which are all used for the data and calculations in reports - are also provided in the relevant year's sustainability report.

Efforts to set short- and long-term goals to reduce environmental impacts are ongoing though no goal has been announced up to date.

Strategies to fight against the climate crisis are examined in the relevant periods, and details of the relevant action plan are provided in the sustainability report.

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.

### **Water Management**

Decreased precipitation due to climate change and increased consumption and production increase the need for effective management of water resources. Water is amongst the most important natural resources. The inability to develop practices that reduce consumption or increase efficiency in water resources increases the risk of lack of water in regions where water is scarce, while it causes new risks to emerge in regions where water is abundant. ŞOK Marketler uses tap water in its stores and head office. The company develops applications that reduce consumption and increase efficiency to manage its water consumption. Use of water at the head office, stores, and warehouses are monitored, while employee awareness is raised via communications and statistical information on unnecessary use of water.

With its service network extending across Turkey, ŞOK Marketler attaches great importance to contributing to the socio-economic development of Turkey. To create this contribution for its employees and society, the company develops business models that improve social equality and thus grows stronger together with the society. Opportunities provided by the Company to its employees also contribute to a stronger society target.



# Sustainability Principles Compliance Statement

## 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 45 thousand employees and its customers both at its headquarters and at its more than 10,000 stores spread all over 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 45,293 employees in its 10,281 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 58% of employees who have been on maternity leave in the last three years returned to their jobs.

ŞOK Marketler implemented the "Ben de Varım" project in order to empower housewives socio-economically. With this project, the aim is to provide financial support to women by selling their handmade cloth bags at ŞOK stores.

### 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.

Determined by Yıldız Holding as the umbrella system, the Company implements the Performance Management System for all head office employees. Accordingly, employees' business results are evaluated in terms of targets and competencies.

The performance system consists of three main periods repeated annually: goal setting, mid-term assessment, and assessment period. The assessments include evaluations of employees' self-determined targets, as well as the responsibilities of their particular position.

Following an employee's self-assessment at the end of the year, they are also assessed by their first and second managers, completing the process. The performance of all employees is measured against a Company achievement coefficient.

ŞOK Marketler strives to be a preferred employer and invests in its employees' professional and personal development and well-being. In this way, employees are offered a career journey that will enable them to use their potential in the most effective way. This planning process is handled in a holistic manner together with performance management and training processes.

### Employee Development

Retail companies have to quickly adapt to the change against constantly changing technological developments, changing shopping habits and constantly changing expectations and demands of customers. Believing that adapting to innovations in the sector, advancing in line with strategic goals and putting forward exemplary practices can only be possible with the devotion and development of employees, ŞOK Marketler offers its employees training, development and career planning opportunities based on equal opportunity and fair management approach.

### Need-Based Training Sessions

The Company offers tailored training opportunities to employees to enhance their professional and personal skills and support their career development.

Employees at the Head Office can also participate in training sessions across a wide range of fields. These courses cover topics such as leadership, communication, presentation techniques, time management, and problem-solving, all of which contribute to social skills development. Employees in managerial and other senior positions can participate in the leadership courses available in the same catalog.

#### **Academy ŞOK**

ŞOK Marketler closely monitors the digital transformation process and redetermines its applications and services according to the innovations and developments in this process. Academy ŞOK application is an e-learning and development platform offered by ŞOK Marketler in the field of education. Through this platform, ŞOK Marketler supported the development processes of all employees in the headquarters and stores simultaneously, laying the foundation for a corporate culture that "learns from each other." Removing the time and place limits, Academy ŞOK has been designed as a user-friendly platform with high accessibility, and easy and understandable content. Employees can access the Academy ŞOK application via computers, tablets, and smart mobile devices. Academy ŞOK application provides the opportunity to attend trainings on many topics such as store processes and basic management.

Academy ŞOK aims to promote strong company culture and update employees in the most rapid and appropriate manner, making our operational processes more effective. Following a successful pilot stage, the platform was made available to all employees. 92% of the employees actively use Academy ŞOK which received the TEGEP (the Learning and Development Platform Association of Turkey) 2019 Learning and Development Award.

#### **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.

#### **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 executive training 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.

As of 2022, a total of 10 Manager Training Programs were launched.

#### **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.



# Sustainability Principles Compliance Statement

## 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  
**51%**

Male  
**49%**

## Occupational Health and Safety

Committed to providing a safe, healthy, and peaceful work environment to its employees and a similar shopping experience to its customers, ŞOK Marketler pays regard to Occupational Health and Safety principles.

The Branches Operations Control Group Manager is the highest-ranking senior executive in charge of Occupational Health and Safety and regularly submits 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.

While Occupational Health and Safety issues are managed by 17 Branch Operations Managers under the Branches Operations Control Group Department, Branch Operations Control Managers were assigned to each branch in 2022, and occupational safety field inspections and visits were increased.

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.

In 2022, occupational safety and workplace physicians provided a total of 27,659 hours of OHS service to distribution centers, fruit and vegetable warehouses, and production enterprises.

Hazards and risks were analyzed and assessed in 2,370 stores, that are classified as less hazardous enterprises, and emergency plans were revised. Deficiencies found were eliminated in order of priority.

In 2022, under the lead of digitalization, the monthly controls of the fire suppression systems and fire extinguishers of the stores were activated with the screens opened on the ŞOK.net system.

TS EN ISO 45001 occupational health and safety management system pre-audit was successfully completed, and it has been aimed to complete the certification process in the first month of 2023. In this context, 45,293 employees and 680 subcontractors within 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.

Revision works were carried out in the battery charging areas and electrical panels in the distribution centers, and the area restrictions were increased. All battery charging areas were equipped with automatic fire suppression systems and all electrical panels with fire suppression systems with a lifecycle of 40 years. Warning centers were augmented by activating the second warning screens of the automatic suppression systems in the battery areas. An investment of TL 3 million was made in the distribution centers under OHS.

As part of the efforts to prevent accidents that may occur due to the increasing work equipment intensity in the growing and developing distribution centers, a safe area LED lighting was applied to the work equipment.

Within the year, practical exercises and trainings are performed by competent fire instructors at our locations within the scope of the legislation.

Within the scope of Vocational Qualification Industrial Transportation, 151 forklifts and 57 battery powered pallet truck operators were certified in the first stage. Certification processes continue with the aim of making the personnel more qualified.

In order to keep store risks dynamic, trainings on Safe Cepte ŞOK Usage, Safe Pallet Truck Usage, Utility Knife Usage, Epidemics, and Emergencies are assigned to our employees over our digital training platform.

Within the year, it was agreed with competent auditors to audit sites as an uninformed second eye and to include new formations. The reports prepared after the audits were shared with the senior management and central measures to be taken were determined. In addition, investment studies are discussed with the relevant departments at committee meetings.

### **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.

# Sustainability Principles Compliance Statement

## **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.

## **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 spokespeople/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	Communication Method	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 in 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 1,034 new stores in 2022, increasing the total number of stores in 81 provinces to 10,281 stores.

ŞOK Marketler determines the prices of its products so that they are affordable for every budget and contributes to the purchasing power of its customers with various promotions. 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 shoppers 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.

With the effect of the pandemic, it has become one of the focal points to develop the shopping experience that meets the rapidly changing expectations and needs of customers with innovative and digital solutions. ŞOK Marketler launched its online shopping service with its mobile application, Cepte ŞOK, a first in its field. With products that are suitable for all budgets, the Company aims to be accessible in all regions of Turkey. "Click and collect," which was launched 3 years ago as part of Cepte ŞOK, was enhanced with a "Home delivery" feature to address the needs of those customers, who lived alone, were prohibited to leave home and thus not able to do shopping during COVID-19 pandemic. The home delivery service that ŞOK Marketler has been working on for about a year was quickly implemented during the pandemic period, and cheap and reliable products were offered to customers at market prices. With "Cepte ŞOK", users' orders are delivered to their door free

of charge on the same day upon online payment of ordered products on the app. "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.

#### **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).

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 "Ben de Varım," 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.**

**CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE PERIOD  
1 JANUARY - 31 DECEMBER  
2022 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. 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 2022 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including 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 2022, 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 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 Standards on Independence) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA 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. 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 our audit addressed the key audit matter
<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 59,292 million for the year ending 31 December 2022 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>

## 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 skepticism 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 2022 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 10 March 2023.

#### **C. Additional explanation for convenience translation into English**

As disclosed in Note 2.1 to the accompanying consolidated financial statements Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2022 and for the year then ended. Therefore, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position of the Group as of 31 December 2022 and the results of its operations and cashflows for the year then ended in accordance with IFRS.

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

Adnan Akan, SMMM  
Partner

Istanbul, 10 March 2023

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# ŞOK MARKETLER TİCARET A.Ş.

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

## CONSOLIDATED BALANCE SHEET FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

### ASSETS

		Audited 31 December 2022	Audited 31 December 2021
<b>Current Assets</b>	<b>Note</b>		
Cash and cash equivalents	5	859.080.628	1.343.778.022
Trade receivables	7	135.975.765	99.962.387
<i>Trade receivables from related parties</i>	27	100.454.374	57.553.754
<i>Trade receivables from third parties</i>		35.521.391	42.408.633
Other receivables	8	182.775.077	10.822.198
Inventories	9	8.828.538.186	2.849.358.576
Prepaid expenses	10	43.793.810	15.797.639
Other current assets	19	408.274.446	50.036.159
<b>Total Current Assets</b>		<b>10.458.437.912</b>	<b>4.369.754.981</b>
<b>Non Current Assets</b>			
Other receivables	8	58.049.442	34.667.958
Property, plant and equipment	12	3.044.194.402	1.828.765.126
Right of use assets	11	3.640.989.376	2.565.326.249
Intangible assets		724.142.696	703.674.386
<i>Goodwill</i>	14	579.092.596	579.092.596
<i>Other intangible assets</i>	13	145.050.100	124.581.790
Deferred tax assets	26	851.184.382	232.641.139
<b>Total Non-Current Assets</b>		<b>8.318.560.298</b>	<b>5.365.074.858</b>
<b>TOTAL ASSETS</b>		<b>18.776.998.210</b>	<b>9.734.829.839</b>

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## CONSOLIDATED BALANCE SHEET FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

### LIABILITIES AND EQUITY

		Audited 31 December 2022	Audited 31 December 2021
<b>Current Liabilities</b>	<b>Note</b>		
Short-term lease liabilities	6	1.464.436.220	958.494.362
Short-term portion of long term borrowings	6	-	711.932
Trade payables	7	10.269.151.517	5.321.360.305
<i>Trade payables to related parties</i>	27	799.847.397	558.094.914
<i>Trade payables to third parties</i>		9.469.304.120	4.763.265.391
Payables related to employee benefits	17	539.005.969	202.283.910
Other payables	8	610.312	9.131.172
Current tax liabilities	26	6.641.768	-
Deferred income	10	48.074.753	38.749.807
Other short-term provisions		332.516.968	412.816.552
<i>Provision for short-term employee benefits</i>	17	131.618.615	49.094.657
<i>Other provisions</i>	15	200.898.353	363.721.895
Other current liabilities	19	137.495.277	122.233.241
<b>Total Current Liabilities</b>		<b>12.797.932.784</b>	<b>7.065.781.281</b>
<b>Non current liabilities</b>			
Long-term lease liabilities	6	2.811.394.021	2.050.915.733
Provision for long-term employee benefits	17	301.854.711	100.705.867
Other payables	8	322.618	575.099
Deferred income	10	58.067	20.962.021
<b>Total Non-Current Liabilities</b>		<b>3.113.629.417</b>	<b>2.173.158.720</b>
<b>EQUITY</b>			
Share capital	20	593.290.008	611.928.571
Treasury shares	20	-	(180.724.551)
Effect of transactions under common control	20	(567.113.629)	(567.113.629)
Accumulated other comprehensive income or expense that will not be reclassified to profit or loss:			
Defined benefit plans reameasurement losses	20	(23.336.571)	(13.050.781)
Restricted reserves	20	8.919.271	5.156.924
Retained earnings / (Accumulated losses)		473.843.108	319.995.612
Net profit / (loss) for the year		2.379.833.822	324.323.116
<b>Shareholder's equity</b>		<b>2.865.436.009</b>	<b>500.515.262</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>(4.625.424)</b>
<b>Total Equity</b>		<b>2.865.436.009</b>	<b>495.889.838</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18.776.998.210</b>	<b>9.734.829.839</b>

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



# ŞOK MARKETLER TİCARET A.Ş.

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Note	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
Revenue	21	59.292.346.817	28.411.812.112
Cost of sales (-)	21	(45.195.271.733)	(21.767.673.133)
<b>Gross profit</b>		<b>14.097.075.084</b>	<b>6.644.138.979</b>
Marketing and sales expenses (-)	22	(9.949.091.007)	(4.682.929.637)
General administrative expenses (-)	22	(522.844.369)	(172.889.056)
Other income from operating activities	23	45.830.934	19.077.199
Other expenses from operating activities (-)	23	(575.461.405)	(839.555.800)
<b>Operating profit</b>		<b>3.095.509.237</b>	<b>967.841.685</b>
Income from investing activities	24	67.496.845	135.337.174
Expenses from investing activities	24	(8.861.672)	(3.638.871)
<b>Profit before finance expenses</b>		<b>3.154.144.410</b>	<b>1.099.539.988</b>
Finance expenses (-)	25	(1.209.202.077)	(798.638.967)
<b>Profit from continuing operations before taxation</b>		<b>1.944.942.333</b>	<b>300.901.021</b>
Current tax expense	26	(181.076.364)	(17.047.518)
Deferred tax income	26	615.967.853	35.070.172
<b>PROFIT FOR THE PERIOD</b>		<b>2.379.833.822</b>	<b>318.923.675</b>
Attributable to:			
Equity holders of the parent		2.379.833.822	324.323.116
Non-controlling interests		-	(5.399.441)
<b>Profit per share</b>	30	<b>4,0112</b>	<b>0,5467</b>
Earnings per share from continuing operations		4,0112	0,5467
<b>OTHER COMPREHENSIVE INCOME /(LOSS)</b>			
Items that will not be reclassified to profit or loss:			
Define benefit plans remeasurement gains / (losses)	17	(12.863.041)	258.253
Deferred tax income / (expense)	26	2.575.390	(50.043)
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>		<b>(10.287.651)</b>	<b>208.210</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>2.369.546.171</b>	<b>319.131.885</b>
<b>Allocation of Total Comprehensive Income / (Loss)</b>			
Non-controlling interests		4.625.424	(5.404.266)
Equity holders of the parent		2.364.920.747	324.536.151
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2.369.546.171</b>	<b>319.131.885</b>

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Share capital	Repurchase of share	Effect of transactions under common control (*)	Accumulated other comprehensive income or expense that will not be reclassified to profit or loss	Defined benefit plans reameasurement losses	Restricted reserves	Retained earnings	Profit for the year	Shareholder's equity	Non-controlling interest (***)	Total Equity
<b>Reported as of 1 January 2021</b>	<b>611,928,571</b>	<b>(180,724,551)</b>	<b>(567,113,629)</b>		<b>(13,263,816)</b>	<b>260,000</b>	<b>129,419,773</b>	<b>272,612,688</b>	<b>253,119,036</b>	<b>778,842</b>	<b>253,897,878</b>
Transfer to retained earnings	-	-	-	-	-	4,896,924	267,715,764	(272,612,688)	-	-	-
Total comprehensive income/(loss)	-	-	-	-	213,035	-	(77,139,925)	324,323,116	324,536,151	(5,404,266)	319,131,885
Dividend paid	-	-	-	-	-	-	-	-	(77,139,925)	-	(77,139,925)
<b>Balance as of 31 December 2021</b>	<b>611,928,571</b>	<b>(180,724,551)</b>	<b>(567,113,629)</b>		<b>(13,050,781)</b>	<b>5,156,924</b>	<b>319,995,612</b>	<b>324,323,116</b>	<b>500,515,262</b>	<b>(4,625,424)</b>	<b>495,889,838</b>
<b>Balance as of 1 January 2022</b>	<b>611,928,571</b>	<b>(180,724,551)</b>	<b>(567,113,629)</b>		<b>(13,050,781)</b>	<b>5,156,924</b>	<b>319,995,612</b>	<b>324,323,116</b>	<b>500,515,262</b>	<b>(4,625,424)</b>	<b>495,889,838</b>
Transfer to retained earnings	-	-	-	-	-	3,762,347	320,560,769	(324,323,116)	-	-	-
Capital decrease (**)	(18,638,563)	180,724,551	-	-	-	-	(162,085,988)	-	-	-	-
Total comprehensive expense (loss)	-	-	-	-	(10,285,790)	-	(4,627,285)	2,379,833,822	2,364,920,747	4,625,424	2,369,546,171
<b>Balance as of 31 December 2022</b>	<b>593,290,008</b>	<b>-</b>	<b>(567,113,629)</b>		<b>(23,336,571)</b>	<b>8,919,271</b>	<b>473,843,108</b>	<b>2,379,833,822</b>	<b>2,865,436,009</b>	<b>-</b>	<b>2,865,436,009</b>

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

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

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

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Note	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
<b>A. OPERATING ACTIVITIES</b>			
Profit for the period		2.379.833.822	318.923.675
<b>Adjustments related to reconciliation of net profit / (loss) for the period</b>			
-Depreciation and amortisation expenses	11-12-13	1.147.307.442	833.823.468
-Provision for employee benefits	17	372.363.798	103.255.796
-Provision for impairment on receivables	7	62.238	80.289
-Provision for litigation	15	138.683.637	318.541.867
-Deferred financial expense arising from forward purchases		34.802.030	50.515.025
-Allowance for / reversal of impairment on inventories, net		38.390.402	22.387.709
-Loss on sale of property, plant and equipment	24	8.373.857	80.206
-Tax expenses		(434.891.489)	(18.022.654)
-Interest income	24	(67.009.030)	(132.637.928)
-Interest expenses	25	1.209.202.077	798.638.967
<b>Cash generated by / (used in) operations before changes in working capital:</b>		<b>4.827.118.784</b>	<b>2.295.586.420</b>
Changes in trade receivables		(36.321.405)	5.805.552
Changes in inventories		(6.017.570.012)	(781.492.628)
Changes in other receivables and current assets		(553.572.650)	(44.531.090)
Changes in trade payables		4.624.712.404	670.096.252
Changes in other payables and expense accruals		6.488.695	43.999.944
Changes in employee benefits		336.722.059	46.438.161
Changes in prepaid expenses and deferred income		(39.575.179)	(14.361.797)
<b>Cash used in operations</b>		<b>3.148.002.696</b>	<b>2.221.540.814</b>
Income taxes paid		(174.434.596)	(20.624.776)
Other cash inflow	7	245.789	243.039
Other provision paid	15	(13.230.401)	(8.536.677)
Employee benefits paid	17	(101.554.037)	(55.070.118)
<b>Net cash generated by operating activities:</b>		<b>2.859.029.451</b>	<b>2.137.552.282</b>
<b>B. INVESTING ACTIVITIES</b>			
Interest received (*)	24	67.009.030	132.637.928
Purchases of property, plant and equipment	12	(1.642.149.195)	(777.008.730)
Purchases of intangible assets	13	(32.231.669)	(19.870.899)
Cash inflows from the sale of property, plant and equipment	12-13-24	2.600.518	3.097.410
<b>Net cash used in investing activities</b>		<b>(1.604.771.316)</b>	<b>(661.144.291)</b>
<b>C. FINANCING ACTIVITIES</b>			
Cash outflows from finance leases	6	(711.932)	(32.724.357)
Interest paid		(324.213.265)	(173.487.749)
Cash outflows from interest payments of lease liabilities	25	(884.988.812)	(625.151.218)
Cash outflows lease payments related to debt payments	6	(529.041.520)	(373.216.152)
Dividend paid (**)		-	(77.139.925)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1.738.955.529)</b>	<b>(1.281.719.401)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(484.697.394)</b>	<b>194.688.590</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
	5	<b>1.343.778.022</b>	<b>1.149.089.432</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>			
	5	<b>859.080.628</b>	<b>1.343.778.022</b>

(\*) The Group revalued its tangible and intangible assets and their depreciation as of 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. The tax payment was made amounting to TL 18.525.249.

(\*\*) As a result of the decision taken at the Group's General Assembly Meeting held on May 26, 2021, a dividend payment of TL 79.565.667 was made between 1 and 5 July 2021. Total dividend amount includes TL 2.425.742 corresponding to the Group's own shares.

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts are expressed as Turkish Lira ("TL") 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 45.293 as of 31 December 2022 (31 December 2021: 39.659).

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

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

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

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

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

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

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

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

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

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

As of 31 December 2022 the Group has a total of 10.281 stores (31 December 2021: 9.247); 9.845 units ("Şok" sales store), 436 units ("Şok Mini" sales store) (31 December 2021: "Şok" sales store: 8.852, "Şok Mini" sales store: 395).

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

#### Approval of consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 10 March 2023.

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

#### 2.1 Basis of the presentation

##### Statement of Compliance

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

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

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



# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

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

#### 2.1 Basis of the presentation (Continued)

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

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

#### Statement of Compliance

The consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS. The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

On January 20, 2022, the Public Oversight Authority ("POA") made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these consolidated financial statements, no further announcement has been made by POA on this subject. Consequently, TAS 29 has not been taken into account and no inflation adjustments were made for the year ended and as of 31 December 2022.

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2022 and for the year then ended. Therefore these consolidated financial statements are not intended to present fairly the consolidated financial position of the Group as of 31 December 2022 and the consolidated results of its operations and consolidated cashflows for the year then ended in accordance with IFRS.

#### 2.2 Functional Currency

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

#### 2.3 Going Concern

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

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

#### 2.4 Basis of Consolidation

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

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<u>Subsidiaries</u>	<u>Direct Ownership Rate %</u>		<u>Group Efficiency Rate %</u>	
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	100%	80%	100%	80%
UCZ Mağazacılık Tic. A.Ş.	100%	100%	100%	100%

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

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

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

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

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

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

#### 2.5 Changes in Accounting Policies

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

#### 2.6 Changes in Accounting Estimates and Errors

Following changes in key estimates:

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

# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

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

#### 2.7 Application of new and revised TFRSs

##### a) Standards, amendments, and interpretations applicable as of 31 December 2022:

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. These amendments have no material impact on the Group's consolidated financial statements.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
  - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'. 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 2022:

- **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 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 TFRS 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.
- **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. These amendments have no material impact on the Group's consolidated financial statements.

# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

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

#### 2.8 Summary of Significant Accounting Policies

##### Revenue

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

The Group recognizes revenue from the following main sources:

##### i) Retail revenues

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

##### ii) Turnover premiums and discounts from sellers

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

##### iii) Wholesale revenues

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

##### Financing component of revenue

Approximately 50% - 60% of total revenue was made in cash and 40% - 50% in credit card in the financial reporting period ending on 31 December 2022 (2021: 50% - 60% in cash and 40% - 50% in credit card).

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

##### Revenue recognition

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

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



# ŞOK MARKETLER TİCARET A.Ş.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

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

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

##### Revenue recognition (Continued)

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

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

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

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

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

##### Inventories

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

##### Property and Equipment

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

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

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

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

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

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

##### Business combinations

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

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

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

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

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

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

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

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

##### Shares in Other Entities

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

##### Goodwill

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

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

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

##### Leasing

##### The Group – as a lessee

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

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

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

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

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

##### Leasing (Continued)

##### The Group – as a lessee (Continued)

Right of use asset

The right of use asset is initially recognized at cost 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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### 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:

- There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- 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:

- 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.
- 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:

- The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- 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 TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

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

##### Derecognition of financial liabilities

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

##### Earnings per share

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

##### Foreign Currency Transactions

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

##### Events After the Reporting Period

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

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



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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" ("TAS 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 103.429.372 is recognized for net realizable value of inventories (31 December 2021: TL 65.038.970).

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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 2022 and 31 December 2021 the Group evaluated the current risks and booked the required provisions (Note 15).

##### Useful life of property and equipment and intangible assets

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

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

The brand value is determined by the calculation amount generated from the operations. These calculations are based on estimates of cash flows after tax based on the financial budget covering five-year period. Estimates of EBITDA (earnings before interest, tax, depreciation and amortization) are an important part of these calculations. As a result of estimations and calculations made by the Group management, Group management concluded that there is no impairment on brand value as of 31 December 2022.

##### Extension and termination options

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

### 3. TRANSACTIONS UNDER COMMON CONTROL

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



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### 4. SEGMENT REPORTING

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

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

### 5. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021
Cash on hand	452.045.347	196.941.526
Cash at banks	171.610.081	1.077.377.664
Time deposits	75.599.806	1.072.211.021
Demand deposits	96.010.275	5.166.643
Credit card deposits	235.425.200	69.458.832
<b>Cash and cash equivalents</b>	<b>859.080.628</b>	<b>1.343.778.022</b>

There are no restrictions on bank deposits of the Group as at 31 December 2022 (31 December 2021: None). As of 31 December 2022 the Group's average interest rate on TL time deposits is 19,60 % and average interest rate on US Dollar time deposits is 2,50 % (31 December 2021: 26,24%). Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 28.

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

### 6. BORROWINGS

	31 December 2022	31 December 2021
<b>Financial Borrowings</b>		
a) Financial Leasing Liabilities	-	711.932
b) Other Financial Debts	4.275.830.241	3.009.410.095
	<b>4.275.830.241</b>	<b>3.010.122.027</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.

#### a) Financial Leasing Payables

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

As of 31 December 2022 net book value of property and equipment acquired by financial lease is TL 19.280.484 (31 December 2021: TL 40.253.252).

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### 6. BORROWINGS (Continued)

#### b) Lease Liabilities

Lease liabilities	31 December 2022	31 December 2021
Short-term lease liabilities	1.464.436.220	958.494.362
Long-term lease liabilities	2.811.394.021	2.050.915.733
	<b>4.275.830.241</b>	<b>3.009.410.095</b>

As of 31 December 2022, the net book value of the right of use assets arising from lease liabilities is TL 3.640.989.376 (31 December 2021: TL 2.565.326.249) (Note 11).

#### Reconciliation of liabilities arising from financing activities:

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

	1 January 2022	Financial cash flow	Non-cash changes	
			Other	31 December 2022
Financial leasing payables	711.932	(711.932)	-	-
Lease liabilities	3.009.410.095	(529.041.520)	1.795.461.666	4.275.830.241
	<b>3.010.122.027</b>	<b>(529.753.452)</b>	<b>1.795.461.666</b>	<b>4.275.830.241</b>

	1 January 2021	Financing cash flow	Non cash changes	
			Other	31 December 2021
Financial leasing payables	33.436.289	(32.724.357)	-	711.932
Lease liabilities	2.404.322.761	(373.216.152)	978.303.486	3.009.410.095
	<b>2.437.759.050</b>	<b>(405.940.509)</b>	<b>978.303.486</b>	<b>3.010.122.027</b>

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### 7. TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
<b>Current trade receivables</b>		
Trade receivables from related parties (Note 27)	100.454.374	57.553.754
Trade receivables	44.245.646	51.316.439
Allowance for doubtful receivables (-) (Note 28)	(8.724.255)	(8.907.806)
	<b>135.975.765</b>	<b>99.962.387</b>

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

There are no guarantee letters obtained for trade receivables as of 31 December 2022 and 31 December 2021. As of 31 December 2022 the Group provided allowance for doubtful receivables amounting to TL 8.724.255 based on reference to past default experience (31 December 2021: TL 8.907.806).

As of 31 December 2022 and 2021 the movements of allowance for doubtful receivables are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Movement of Allowance for Doubtful Receivables</b>		
Balance at beginning of the period	(8.907.806)	(9.070.556)
Charge for the period (Not 23)	(62.238)	(80.289)
Collections	245.789	243.039
<b>Closing balance</b>	<b>(8.724.255)</b>	<b>(8.907.806)</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 2022	31 December 2021
<b>Short-term trade payables</b>		
Trade payables	9.469.304.120	4.763.265.391
Trade payables to related parties (Note 27)	799.847.397	558.094.914
	<b>10.269.151.517</b>	<b>5.321.360.305</b>

The average maturity of the Group's trade payables is 83 days (31 December 2021: 89 days).

As of 31 December 2022 and 31 December 2021, the Group does not have any long term trade payables.

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

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### 8. OTHER RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
<b>Other short-term receivables</b>		
Tax receivables	144.134.258	2.396.536
Insurance receivables	11.778.631	7.776.532
Other receivables	26.862.188	649.130
	<b>182.775.077</b>	<b>10.822.198</b>
	31 December 2022	31 December 2021
<b>Other short-term payables</b>		
Deposits and guarantees	500.000	500.000
Other payables (*)	110.312	8.631.172
	<b>610.312</b>	<b>9.131.172</b>

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

	31 December 2022	31 December 2021
<b>Other long-term receivables</b>		
Guarantee and deposits given	58.049.442	34.667.958
	<b>58.049.442</b>	<b>34.667.958</b>
	31 December 2022	31 December 2021
<b>Other long-term payables</b>		
Deposits and guarantees	322.618	575.099
	<b>322.618</b>	<b>575.099</b>

### 9. INVENTORIES

	31 December 2022	31 December 2021
Trade goods	8.721.826.041	2.873.975.908
Other inventory	210.141.517	40.421.638
Allowance for impairment on inventory (-)	(103.429.372)	(65.038.970)
	<b>8.828.538.186</b>	<b>2.849.358.576</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 103.429.372 has been booked as of 31 December 2022 (31 December 2021: TL 65.038.970).

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### 10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
<b>Short-term prepaid expenses</b>		
Prepaid expenses	43.793.810	15.797.639
	<b>43.793.810</b>	<b>15.797.639</b>
<b>Short-term deferred income</b>		
Advances received	32.363.253	21.865.198
Deferred income	15.711.500	16.884.609
	<b>48.074.753</b>	<b>38.749.807</b>
<b>Long-term deferred income</b>		
Deferred income	58.067	20.962.021
	<b>58.067</b>	<b>20.962.021</b>

### 11. RIGHT OF USE ASSETS

<b>Cost</b>	<b>Stores</b>	<b>Warehouses and other</b>	<b>Total</b>
Opening balance as of 1 January 2022	3.705.464.351	166.254.304	3.871.718.655
Additions	1.741.081.216	112.868.982	1.853.950.198
Disposals	(31.424.004)	(40.835.527)	(72.259.531)
<b>Closing balance as of 31 December 2022</b>	<b>5.415.121.563</b>	<b>238.287.759</b>	<b>5.653.409.322</b>
<b>Accumulated Amortization</b>			
Opening balance as of 1 January 2022	1.238.004.890	68.387.516	1.306.392.406
Charge for the period	681.976.369	37.822.170	719.798.539
Disposals	(7.476.122)	(6.294.877)	(13.770.999)
<b>Closing balance as of 31 December 2022</b>	<b>1.912.505.137</b>	<b>99.914.809</b>	<b>2.012.419.946</b>
<b>Carrying value as of 31 December 2022</b>	<b>3.502.616.426</b>	<b>138.372.950</b>	<b>3.640.989.376</b>
<b>Cost</b>			
Opening balance as of 1 January 2021	2.773.083.847	131.245.817	2.904.329.664
Additions	954.575.469	35.008.487	989.583.956
Disposals	(22.194.965)	-	(22.194.965)
<b>Closing balance as of 31 December 2021</b>	<b>3.705.464.351</b>	<b>166.254.304</b>	<b>3.871.718.655</b>
<b>Accumulated Amortization</b>			
Opening balance as of 1 January 2021	748.688.798	40.705.756	789.394.554
Charge for the period	500.230.587	27.681.760	527.912.347
Disposals	(10.914.495)	-	(10.914.495)
<b>Closing balance as of 31 December 2021</b>	<b>1.238.004.890</b>	<b>68.387.516</b>	<b>1.306.392.406</b>
<b>Carrying value as of 31 December 2021</b>	<b>2.467.459.461</b>	<b>97.866.788</b>	<b>2.565.326.249</b>

Depreciation expenses related to right of use assets amounting to TL 719.798.539 booked in marketing and selling expenses (2021: TL 527.912.347) (Note 22).



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### 12. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Furniture and Fixture	Leasehold Improvements	Total
<b>Cost</b>				
Opening balance as of 1 January 2022	4.304.665	2.591.530.427	759.204.652	3.355.039.744
Additions	65.203.541	1.151.710.182	425.235.472	1.642.149.195
Disposals	(29.347)	(9.205.282)	(7.127.560)	(16.362.189)
<b>Closing balance as of 31 December 2022</b>	<b>69.478.859</b>	<b>3.734.035.327</b>	<b>1.177.312.564</b>	<b>4.980.826.750</b>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2022	406.434	1.188.608.881	337.259.303	1.526.274.618
Charge for the period	12.029.522	308.648.898	95.244.569	415.922.989
Disposals	(4.800)	(3.001.528)	(2.558.931)	(5.565.259)
<b>Closing balance as of 31 December 2022</b>	<b>12.431.156</b>	<b>1.494.256.251</b>	<b>429.944.941</b>	<b>1.936.632.348</b>
<b>Carrying value as of 31 December 2022</b>	<b>57.047.703</b>	<b>2.239.779.076</b>	<b>747.367.623</b>	<b>3.044.194.402</b>
	Vehicles	Furniture and Fixture	Leasehold Improvements	Total
<b>Cost</b>				
Opening balance as of 1 January 2021	11.000	1.977.509.022	611.201.451	2.588.721.473
Additions	4.293.665	619.069.345	153.645.720	777.008.730
Disposals	-	(5.047.940)	(5.642.519)	(10.690.459)
<b>Closing balance as of 31 December 2021</b>	<b>4.304.665</b>	<b>2.591.530.427</b>	<b>759.204.652</b>	<b>3.355.039.744</b>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2021	1.146	960.854.318	275.172.974	1.236.028.438
Charge for the period	405.288	232.407.219	65.017.523	297.830.030
Disposals	-	(4.652.656)	(2.931.194)	(7.583.850)
<b>Closing balance as of 31 December 2021</b>	<b>406.434</b>	<b>1.188.608.881</b>	<b>337.259.303</b>	<b>1.526.274.618</b>
<b>Carrying value as of 31 December 2021</b>	<b>3.898.231</b>	<b>1.402.921.546</b>	<b>421.945.349</b>	<b>1.828.765.126</b>

There is insurance coverage amounting to TL 9.017.296.424 on the furniture and fixtures and machinery. (31 December 2021: TL 4.508.346.743). Net book value of leased property and equipment is TL 19.280.484 (31 December 2021: TL 40.253.252).

Current depreciation expense related to fixed assets amounting to TL 411.625.025 (2021: TL 294.730.667) booked in marketing and selling expenses and TL 4.297.964 booked in general administrative expenses (2021: TL 3.099.363) (Note 22).

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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 2022	85.675.510	79.830.410	165.505.920
Additions	-	32.231.669	32.231.669
Disposals	-	(250.699)	(250.699)
<b>Closing balance as of 31 December 2022</b>	<b>85.675.510</b>	<b>111.811.380</b>	<b>197.486.890</b>
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2022	-	40.924.130	40.924.130
Charge for the period	-	11.585.914	11.585.914
Disposals	-	(73.254)	(73.254)
<b>Closing balance as of 31 December 2022</b>	<b>-</b>	<b>52.436.790</b>	<b>52.436.790</b>
<b>Carrying value as of 31 December 2022</b>	<b>85.675.510</b>	<b>59.374.590</b>	<b>145.050.100</b>
<u>Cost</u>	<u>Trademarks</u>	<u>Rights</u>	<u>Total</u>
Opening balance as of 1 January 2021	85.675.510	60.101.010	145.776.520
Additions	-	19.870.899	19.870.899
Disposals	-	(141.499)	(141.499)
<b>Closing balance as of 31 December 2021</b>	<b>85.675.510</b>	<b>79.830.410</b>	<b>165.505.920</b>
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2021	-	32.913.531	32.913.531
Charge for the period	-	8.081.091	8.081.091
Disposals	-	(70.492)	(70.492)
<b>Closing balance as of 31 December 2021</b>	<b>-</b>	<b>40.924.130</b>	<b>40.924.130</b>
<b>Carrying value as of 31 December 2021</b>	<b>85.675.510</b>	<b>38.906.280</b>	<b>124.581.790</b>

The amortization expense of intangible assets amounting to TL 11.585.914 is presented in marketing and selling expenses (2021: TL 8.081.091) (Note 22).

Assumptions used for brand impairment are explained in Note 2.9.

### 14. GOODWILL

Detail of goodwill for the periods ended 31 December 2022 and 2021 is as follows:

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Lawsuits	200.898.353	75.445.117
Provision of competition authority fine (*)	-	288.276.778
	<b>200.898.353</b>	<b>363.721.895</b>

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

Provisions for as of 31 December 2022 and 2021 are as follows:

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Balance at 1 January	75.445.117	53.716.705
Additional provisions recognized (Note 23)	138.683.637	30.265.089
Payments	(13.230.401)	(8.536.677)
<b>Balance at 31 December</b>	<b>200.898.353</b>	<b>75.445.117</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 2022, the provision amount related with the lawsuits is amounting to TL 200.898.353 (31 December 2021: TL 75.445.117).

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### 16. COMMITMENTS

	31 December 2022	31 December 2021
A. CPM's given in the name of its own legal personality (*)		
-Guarantees	48.671.100	26.692.294
-Mortgages	-	-
-Pledges	-	-
B. CPM's given on behalf of the fully consolidated companies (*)	-	-
C. CPM's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPM's given		
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope C	-	-
	<b>48.671.100</b>	<b>26.692.294</b>

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

### 17. EMPLOYEE BENEFITS

#### Liabilities within the scope of employee benefits:

	31 December 2022	31 December 2021
<b>Short-term benefits</b>		
Due to personnel	325.880.990	155.327.456
Social security premiums payable	213.124.979	46.956.454
	<b>539.005.969</b>	<b>202.283.910</b>
<b>Provisions for short-term employee benefits</b>		
<b>Provisions for employee benefits</b>		
Short-term unused vacation liability	131.618.615	49.094.657
	<b>131.618.615</b>	<b>49.094.657</b>

The movement of for unused vacation liability for the periods ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance at 1 January	109.826.996	73.884.654
Charge for the period	214.693.683	53.608.979
Payments (-)	(38.996.947)	(17.666.637)
<b>Closing balance at 31 December</b>	<b>285.523.732</b>	<b>109.826.996</b>

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### 17. EMPLOYEE BENEFITS (Continued)

#### Provisions for long-term employee benefits:

	31 December 2022	31 December 2021
Long-term unused vacation liability	153.905.117	60.732.339
Retirement pay provision	147.949.594	39.973.528
	<b>301.854.711</b>	<b>100.705.867</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 15.371,40 for each period of service at 31 December 2022 (31 December 2021: TL 8.284,51).

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 17,64% and a discount rate of 19,40%, resulting in a real discount rate of approximately 1,50% (31 December 2021: 3,72%). Ceiling amount of TL 19.982,83 which is in effect since 1 January 2023 is used in the calculation of Groups' provision for retirement pay liability (1 January 2022: TL 10.848,59). The probability of retirement is considered as 93,33% and 46,26% for white collar and blue collar personnel, respectively.

Movement for retirement pay provision for the periods ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Provision at 1 January	39.973.528	27.988.445
Service cost	157.072.932	48.608.059
Interest cost	597.183	1.038.758
Termination benefits paid	(62.557.090)	(37.403.481)
Actuarial gains / (loss)	12.863.041	(258.253)
<b>Provision at 31 December</b>	<b>147.949.594</b>	<b>39.973.528</b>



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### 18. EXPENSE BY NATURE

Expenses by nature	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	(45.195.271.733)	(21.767.673.133)
Personnel expenses	(5.118.451.084)	(2.517.756.293)
Utility expenses	(1.726.945.376)	(506.281.870)
Depreciation and amortization expenses (Note:11, 12, 13) (*)	(1.147.307.442)	(833.823.468)
Transportation expenses	(987.157.053)	(410.621.036)
Provisions for severance pay and vacation liabilities	(281.961.618)	(46.285.626)
Rent expenses (*)	(223.278.192)	(86.734.851)
Advertising expenses	(210.221.600)	(123.515.153)
Tax expenses and duties	(139.740.181)	(15.775.412)
Vehicle expenses	(118.657.750)	(55.701.395)
Maintenance expenses	(82.269.531)	(41.699.737)
Outsourced expenses	(53.537.352)	(29.389.718)
Cash collection expenses	(49.161.278)	(22.627.784)
Packaging expenses	(25.189.016)	(18.816.591)
Information technology expenses	(12.069.915)	(7.044.369)
Other expenses	(295.987.988)	(139.745.390)
	<b>(55.667.207.109)</b>	<b>(26.623.491.826)</b>

(\*) TFRS 16 standard started to be implemented as of 1 January 2019. Excluding the related standard effect for the period from 1 January to 31 December 2022, depreciation and amortization expenses are TL 427.508.903, and rental expenses are TL 1.637.308.524 (2021: Depreciation and amortization expense: TL 305.911.121, rental expenses: TL 1.009.965.033).

*Fees for Services Received from Independent Auditor / Independent Audit Firms*

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period	504.781	297.900
	<b>504.781</b>	<b>297.900</b>

### 19. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2022	31 December 2021
VAT deductible	403.670.683	42.846.501
Prepaid taxes and funds	3.093.746	6.683.224
Other assets	1.510.017	506.434
	<b>408.274.446</b>	<b>50.036.159</b>
Other short-term liabilities	31 December 2022	31 December 2021
Taxes and dues payable	94.743.113	98.797.709
Other liabilities (*)	42.752.164	23.435.532
	<b>137.495.277</b>	<b>122.233.241</b>

(\*) TL 32.466.974 of the amount is related to Recovery Participation Share ("GEKAP") liabilities (31 December 2021: TL 20.290.223).

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

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

Shareholders	%	31 December 2022	%	31 December 2021
Turkish Retail Investments B.V.	24	144.000.000	24	144.000.000
Gözde Girişim Sermayesi Yat. Ort. A.Ş.	24	140.400.327	23	140.400.327
European Bank For Reconstruction and Development	6	33.950.000	-	33.950.000
Small Cap World Fund Inc	5	31.602.962	6	-
İstanbul Portföy Yıldız Serbest Özel Fon	5	30.428.571	-	30.428.571
Yıldız Holding A.Ş.	1	3.000.000	-	3.000.000
Templeton Strategic Emerging Markets Fund IV.LDC	-	-	6	36.000.000
Free Float and other	35	209.908.148	41	224.149.673
<b>Nominal Capital</b>	<b>100</b>	<b>593.290.008</b>	<b>100</b>	<b>611.928.571</b>
Capital Commitments		-		-
<b>Paid Capital</b>		<b>593.290.008</b>		<b>611.928.571</b>

The Group's nominal capital has been divided into 593.290.008 registered shares with a par value of TL 1 per share (31 December 2021: 611.928.571 shares).

#### Legal Reserves

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

As of 31 December 2022 restricted reserves is TL 8.919.271 (31 December 2021: TL 5.156.924).

#### Actuarial Loss / Gain

As of 31 December 2022, actuarial loss / gain is negative TL 23.336.571 (31 December 2021: negative TL 13.050.781).

#### Effect of transactions under common control

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

#### Repurchased Shares

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

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### 21. REVENUE AND COST OF SALES

As of 31 December 2022 and 2021 the sales of Group are as follows:

a) Revenue	1 January- 31 December 2022	1 January- 31 December 2021
Revenue from merchandises sold	60.128.146.920	28.755.534.114
Sales returns (-)	(835.800.103)	(343.722.002)
<b>Net sales</b>	<b>59.292.346.817</b>	<b>28.411.812.112</b>
b) Cost of Sales	1 January- 31 December 2022	1 January- 31 December 2021
Cost of sales	(45.195.271.733)	(21.767.673.133)
	<b>(45.195.271.733)</b>	<b>(21.767.673.133)</b>

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

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Marketing and sales expenses</b>		
Personnel expenses	(5.015.534.515)	(2.464.312.359)
Utility expenses	(1.726.945.376)	(506.281.870)
Depreciation and amortization expenses (Note:11, 12, 13) (*)	(1.143.009.478)	(830.724.105)
Transportation expenses	(987.157.053)	(410.621.036)
Rent expenses (*)	(220.724.831)	(85.373.598)
Advertising expenses	(210.221.600)	(123.515.153)
Tax expenses and duties	(137.052.691)	(14.310.048)
Vehicle expenses	(113.308.310)	(52.551.784)
Maintenance expenses	(82.269.531)	(41.699.737)
Packaging expenses	(25.189.016)	(18.816.591)
Other marketing and sales expenses	(287.678.606)	(134.723.356)
	<b>(9.949.091.007)</b>	<b>(4.682.929.637)</b>

(\*) TFRS 16 standard started to be implemented as of 1 January 2019. Excluding the related standard effect for the period from 1 January to 31 December 2022, depreciation and amortization expenses are TL 423.210.939 and rental expenses are TL 1.634.755.163 (2021: Depreciation and amortization expense: TL : 302.811.758, rental expenses: TL 1.008.603.780).

	1 January- 31 December 2022	1 January- 31 December 2021
<b>General administrative expenses</b>		
Provisions for severance pay and vacation liabilities	(281.961.618)	(46.285.626)
Personnel expenses	(102.916.569)	(53.443.934)
Outsourced expenses	(53.537.352)	(29.389.718)
Cash collection expenses	(49.161.278)	(22.627.784)
Information technology expenses	(12.069.915)	(7.044.369)
Vehicle expenses	(5.349.440)	(3.149.611)
Amortization expenses (Note 12)	(4.297.964)	(3.099.363)
Tax expenses and duties	(2.687.490)	(1.465.364)
Rent expenses	(2.553.361)	(1.361.253)
Other administrative expenses	(8.309.382)	(5.022.034)
	<b>(522.844.369)</b>	<b>(172.889.056)</b>

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

For the periods ended on 31 December 2022 and 2021, other income from operating activities is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Other operating income</b>		
Foreign exchange gain from operating activities	45.585.145	18.834.160
Unused provision	245.789	243.039
	<b>45.830.934</b>	<b>19.077.199</b>

For the periods ended on 31 December 2022 and 2021, other expenses from operating activities is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Other operating expenses</b>		
Interest expenses on term purchases and trade receivables	(373.163.780)	(470.353.418)
Provision expenses (Note 15)	(138.683.637)	(30.265.089)
Foreign exchange loss from operating activities	(38.039.770)	(16.083.841)
Expense for doubtful receivables (Note 7)	(62.238)	(80.289)
Competition authority fine	-	(288.276.778)
Other expenses	(25.511.980)	(34.496.385)
	<b>(575.461.405)</b>	<b>(839.555.800)</b>

### 24. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

For periods ended on 31 December 2022 and 2021, income from investment activities is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Income from investing activities</b>		
Interest income	67.009.030	132.637.928
Gain on sale of property, plant and equipment	487.815	2.699.246
	<b>67.496.845</b>	<b>135.337.174</b>

For the periods ended on 31 December 2022 and 2021, expenses from investment activities are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Expenses from investing activities</b>		
Loss on sale of property, plant and equipment	(8.861.672)	(2.779.452)
Foreign exchange loss from purchase of property, plant and equipment	-	(859.419)
	<b>(8.861.672)</b>	<b>(3.638.871)</b>



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### 25. FINANCIAL EXPENSES AND INCOME

For the periods ended 31 December 2022 and 2021 financial expenses are as follows:

Financial Expenses	1 January- 31 December 2022	1 January- 31 December 2021
Financial expenses arises from lease liabilities (*)	(884.988.812)	(625.151.218)
POS collection expenses	(308.147.863)	(159.268.081)
Interest expense from related parties (Note 27)	(9.545.355)	(5.756.038)
Interest on finance lease liabilities	-	(2.188.405)
Other	(6.520.047)	(6.275.225)
	<b>(1.209.202.077)</b>	<b>(798.638.967)</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)

	31 December 2022	31 December 2021
Current corporate tax provision	(181.076.364)	(17.047.518)
Less:Prepaid tax and funds	174.434.596	17.047.518
	<b>(6.641.768)</b>	<b>-</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 2022 is 23% (2021: 25%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2022 is 23%. (2021: 25% ) Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

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 2022	31 December 2021	31 December 2022	31 December 2021
<b>Deferred tax assets / (liabilities) :</b>				
Carryforward tax losses	-	260.572.490	-	60.085.556
The effect of amortization of property and equipment and intangible assets	2.485.809.600	(66.772.635)	497.161.920	(13.354.527)
The effect of lease liability and right of use asset	656.090.325	447.354.250	131.218.065	89.470.850
Inventory	663.581.785	328.266.850	132.716.357	65.653.370
Provision for retirement payments	147.949.594	39.973.528	29.629.989	8.022.796
Unused vacation liability	285.523.732	109.826.996	57.125.603	21.982.742
Effect of amortized cost method on receivables and payables	(59.991.910)	(93.735.070)	(11.998.382)	(18.747.014)
Provision for legal claims	200.898.353	75.445.117	40.495.735	15.419.565
Other	(125.824.525)	20.539.005	(25.164.905)	4.107.801
	<b>4.254.036.954</b>	<b>1.121.470.531</b>	<b>851.184.382</b>	<b>232.641.139</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 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b><u>Movement of deferred tax asset:</u></b>		
Opening balance at 1 January	232.641.139	197.621.010
Deferred tax expense recognised in statement of profit or loss	615.967.853	35.070.172
Recognised in other comprehensive income	2.575.390	(50.043)
<b>Closing balance at 31 December</b>	<b>851.184.382</b>	<b>232.641.139</b>

The amounts reflected in comprehensive statement of profit or loss of the periods ended at 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Current period legal tax	(181.076.364)	(17.047.518)
Deferred tax (expense) / income	615.967.853	35.070.172
<b>Total tax (expense) / income</b>	<b>434.891.489</b>	<b>18.022.654</b>

	1 January- 31 December 2022	1 January- 31 December 2021
<b><u>Tax reconciliation:</u></b>		
Profit / (loss) before taxation	1.944.942.333	300.901.021
	23,00%	25,00%
<b>Tax at the domestic income tax rate of 23% (2021: 25%)</b>	<b>(447.336.737)</b>	<b>(75.225.255)</b>
Tax effects of:		
- Carryforward tax losses not recognized as deferred tax assets	-	(649.884)
- Expenses that are not deductible	78.249.117	21.538.898
- Increase in tax base under tax amnesty	-	(36.387.881)
- The effect of the revaluation of tangible and intangible assets (*)	889.102.382	132.257.995
- Other	(85.123.273)	(23.511.219)
<b>Tax income recognised in profit or loss</b>	<b>434.891.489</b>	<b>18.022.654</b>

(\*) The Group revalued its tangible and intangible assets and their depreciation as of 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to TFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table. As of 31 December 2022, the effect of tax is TL 889.102.382.

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### 27. RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties	31 December 2022			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	-	10.261.716	-
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	584.524.319	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	-	156.665.536	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	12.208.807	-
Bizim Toptan Satış Mağazaları A.Ş.	95.328.877	-	-	-
Ülker Çikolata Sanayi A.Ş.	3.525.428	-	-	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	21.826.624	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	6.159.626	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	5.060.458	-
Biskot Bisküvi Gıda San. Ve Tic. A.Ş.	534.493	-	1.231.030	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	683.847	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	379.526	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	930.296	-	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	87.733	-	-	-
Other	47.547	-	845.908	-
	<b>100.454.374</b>	<b>-</b>	<b>799.847.397</b>	<b>-</b>
Balances with related parties	31 December 2021			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	-	4.635.286	-
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	352.614.759	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	-	139.050.646	-
Bizim Toptan Satış Mağazaları A.Ş.	56.657.929	-	4.642	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	26.591.550	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	19.992.839	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	8.398.294	-
Most Bilgi Sistemleri Tic. A.Ş.	-	-	4.074.512	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	853.012	-
Biskot Bisküvi Gıda San. Ve Tic. A.Ş.	188.096	-	523.000	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	459.987	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	452.680	-
Ülker Çikolata Sanayi A.Ş.	251.050	-	-	-
Other	456.679	-	443.707	-
	<b>57.553.754</b>	<b>-</b>	<b>558.094.914</b>	<b>-</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)

1 January - 31 December 2022

Transactions with related parties	Purchases	Interest paid	Other income	Other expense
<b>Shareholders</b>				
Yıldız Holding A.Ş.	8.856	(9.490.389)	47.868	(25.831.126)
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	2.204.910.789	-	493	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	914.377.121	-	22.301.041	-
Kerevitaş Gıda San. ve Tic. A.Ş.	133.267.069	-	5.477.549	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	83.360.004	-	2.459.057	-
Azmüsebat Çelik San. Tic. A.Ş.	25.296.633	-	1.891.146	-
Bizim Toptan Satış Mağazaları A.Ş.	21.936.147	-	386.223.479	-
Misbis Gıda San. Tic. A.Ş.	-	-	-	(1.266.437)
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	85.541	(6.831.713)
İzsal Gayrimenkul Geliştirme A.Ş.	1.718	(54.966)	55.740	(33.438.634)
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	1.726	(2.099.902)
Dank Gıda San. ve Tic. A.Ş.	-	-	66.543	(515.955)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	-	1.044.174	-
Ülker Bisküvi San. A.Ş.	-	-	1.780.046	-
Ülker Çikolata Sanayi A.Ş.	-	-	10.422.175	-
Other	-	-	2.775.950	(1.642.704)
	<b>3.383.158.337</b>	<b>(9.545.355)</b>	<b>434.632.528</b>	<b>(71.626.471)</b>

1 January - 31 December 2021

Transactions with related parties	Purchases	Interest paid	Other income	Other expense
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	(5.756.038)	-	(13.520.171)
<b>Related parties</b>				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	844.779.916	-	9.448	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	412.482.137	-	6.594	-
Bizim Toptan Satış Mağazaları A.Ş.	2.573.578	-	260.113.982	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	86.762.081	-	5.331	-
Kerevitaş Gıda San. ve Tic. A.Ş.	50.529.937	-	870.007	-
Azmüsebat Çelik San. Tic. A.Ş.	11.998.913	-	-	-
Most Bilgi Sistemleri Tic. A.Ş.	486.387	-	17.924	(14.843.351)
Other	60.213	-	998.556	(6.196.679)
	<b>1.409.673.162</b>	<b>(5.756.038)</b>	<b>262.021.842</b>	<b>(34.560.201)</b>

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

	1 January- 31 December 2022	1 January- 31 December 2021
Salaries and other short-term benefits	28.044.941	15.195.752
	<b>28.044.941</b>	<b>15.195.752</b>



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

#### (a) Capital Risk Management

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

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

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

As of 31 December 2022 and 31 December 2021 net debt / total capital ratio is as follows:

	31 December 2022	31 December 2021
Total borrowings (*) (Note 6)	-	711.932
Less: Cash and cash equivalents (Note 5)	(859.080.628)	(1.343.778.022)
<b>Net debt</b>	<b>(859.080.628)</b>	<b>(1.343.066.090)</b>
Total equity	2.865.436.009	495.889.838
<b>Total capital</b>	<b>2.006.355.381</b>	<b>(847.176.252)</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 2022	Receivables				
	Trade receivables		Other Receivables		
	Related Party	Other	Related Party	Other	Deposits in banks
Maximum net credit risk as of balance sheet date (i)	100.454.374	35.521.391	-	240.824.519	407.035.281
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	100.454.374	(344.365)	-	240.824.519	407.035.281
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	-	35.865.756	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount)	-	8.724.255	-	-	-
- Impairment (-)	-	(8.724.255)	-	-	-
- 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 235.425.200 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 2021	Receivables				
	Trade receivables		Other Receivables		
	Related Party	Other	Related Party	Other	Deposits in banks
Maximum net credit risk as of balance sheet date (i)	57.553.754	42.408.633	-	45.490.156	1.146.836.496
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	57.553.754	1.742.548	-	45.490.156	1.146.836.496
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets	-	40.666.085	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8.907.806	-	-	-
- Impairment (-)	-	(8.907.806)	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

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

(ii) Except for, there is a credit card receivable amounting to TL 69.458.832 which holds no credit risk.

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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 2022 and 2021 is as follows:

	Receivables	
	31 December 2022	31 December 2021
Overdue between 1-30 days	23.991.506	10.021.243
Overdue between 1-3 Months	2.283.836	183.850
Overdue between 3-12 Months	9.590.414	30.460.992
<b>Total overdue receivables</b>	<b>35.865.756</b>	<b>40.666.085</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 2022

	<u>Book value</u>	<u>Contractual undiscounted cash flow (I+II+III+IV)</u>	<u>Up to 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>Over 5 years (IV)</u>
<b>Financial liabilities</b>						
Lease liabilities	4.275.830.241	8.644.285.648	373.896.783	1.188.046.840	4.797.176.036	2.285.165.989
Trade payables	10.269.151.517	10.329.143.429	10.329.143.429	-	-	-
Other payables	932.930	932.930	-	610.312	322.618	-
<b>Total liability</b>	<b>14.545.914.688</b>	<b>18.974.362.007</b>	<b>10.703.040.212</b>	<b>1.188.657.152</b>	<b>4.797.498.654</b>	<b>2.285.165.989</b>

#### 31 December 2021

	<u>Book value</u>	<u>Contractual undiscounted cash flow (I+II+III+IV)</u>	<u>Up to 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>	<u>Over 5 years (IV)</u>
<b>Financial liabilities</b>						
Financial leasing payables	711.932	719.491	719.491	-	-	-
Lease liabilities	3.009.410.095	5.504.354.183	253.772.359	713.062.354	3.043.273.357	1.494.246.113
Trade payables	5.321.360.305	5.414.640.829	5.414.640.829	-	-	-
Other payables	9.706.271	9.706.271	-	9.131.172	575.099	-
<b>Total liability</b>	<b>8.341.188.603</b>	<b>10.929.420.774</b>	<b>5.669.132.679</b>	<b>722.193.526</b>	<b>3.043.848.456</b>	<b>1.494.246.113</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 2022	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Monetary financial assets	14.625.602	452.618	307.023	1.865
<b>CURRENT ASSETS</b>	<b>14.625.602</b>	<b>452.618</b>	<b>307.023</b>	<b>1.865</b>
Monetary financial assets	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>14.625.602</b>	<b>452.618</b>	<b>307.023</b>	<b>1.865</b>
Trade payables	(48.271.630)	(1.429.178)	(1.080.940)	-
<b>CURRENT LIABILITIES</b>	<b>(48.271.630)</b>	<b>(1.429.178)</b>	<b>(1.080.940)</b>	<b>-</b>
Monetary other liabilities	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(48.271.630)</b>	<b>(1.429.178)</b>	<b>(1.080.940)</b>	<b>-</b>
Net foreign currency position	(33.646.028)	(976.560)	(773.917)	1.865
Monetary items net foreign currency asset / liability position	(33.646.028)	(976.560)	(773.917)	1.865

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

#### Foreign currency sensitivity

The Group undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 31 December 2022, 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 3.652.002 (increased 31 December 2021: TL 26.788.708).

The Group undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 31 December 2022, 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 3.085.592 (decreased 31 December 2021: TL 953.921).

#### Interest rate sensitivity

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

#### Other price risks

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

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### 29. FINANCIAL INSTRUMENTS

Categories of financial instruments:

#### Categories of financial instruments and fair values

31 December 2022	Amortized Cost	Carrying value	Note
<b><u>Financial assets</u></b>			
Cash and cash equivalents	859.080.628	859.080.628	5
Trade receivables (including related parties)	135.975.765	135.975.765	7
Other receivables (including related parties)	240.824.519	240.824.519	8
<b><u>Financial liabilities</u></b>			
Lease liabilities	4.275.830.241	4.275.830.241	6
Trade payables (including related parties)	10.269.151.517	10.269.151.517	7
Other liabilities (including related parties)	932.930	932.930	8
<b>31 December 2021</b>	<b>Amortized Cost</b>	<b>Carrying value</b>	<b>Note</b>
<b><u>Financial assets</u></b>			
Cash and cash equivalents	1.343.778.022	1.343.778.022	5
Trade receivables (including related parties)	99.962.387	99.962.387	7
Other receivables (including related parties)	45.490.156	45.490.156	8
<b><u>Financial liabilities</u></b>			
Financial debt	711.932	711.932	6
Lease liabilities	3.009.410.095	3.009.410.095	6
Trade payables (including related parties)	5.321.360.305	5.321.360.305	7
Other liabilities (including related parties)	9.706.271	9.706.271	8

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

### 30. EARNINGS PER SHARE

As of 31 December 2022 and 2021 earnings per share calculation is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<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	2.379.833.822	324.323.116
<b>Earnings per share</b>	<b>4,0112</b>	<b>0,5467</b>

# ŞOK MARKETLER TİCARET A.Ş.

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

## SUPPLEMENTARY INFORMATION

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

### 31. EVENTS AFTER THE REPORTING PERIOD

Due to the 6 February 2023 earthquake disaster, the epicenter of which was Kahramanmaraş and which affected 10 provinces, the number of Group stores in the region which were significantly affected by the earthquake and are expected to be closed permanently is approximately 250. All of the Group's warehouses and stores are rented and insured. Insurance appraisal studies of damage in all stores affected by the earthquake continue for the purpose of determining and compensating for damage. No significant damage that would affect the Group's operations occurred in warehouses in the region. The warehouses continue their activities.

Law No. 7438 amending the Social Insurance and General Health Insurance Law and Decree Law No. 375 came into force after being published in Official Gazette number 32121 dated 3 March 2023. Studies to measure the effects of this issue on the Group's operations, cash flows and financial position in 2023 are still ongoing as of the date of this report.

### 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 2022	1 January- 31 December 2021
<b>Profit for the period</b>	<b>2.379.833.822</b>	<b>318.923.675</b>
Tax income / (expense)	434.891.489	18.022.654
<b>Profit before taxation</b>	<b>1.944.942.333</b>	<b>300.901.021</b>
Financial expense	(1.209.202.077)	(798.638.967)
Income / (expense) from investment activities, net	58.635.173	131.698.303
Amortization and depreciation	(1.147.307.442)	(833.823.468)
Other income / (loss) and expense, net	(529.630.471)	(820.478.601)
<b>EBITDA</b>	<b>4.772.447.150</b>	<b>2.622.143.754</b>
TFRS 16 Effect	1.414.030.332	994.293.732
<b>EBITDA excluding TFRS 16</b>	<b>3.358.416.818</b>	<b>1.627.850.022</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</b>		
	<b>2022</b>	<b>TFRS 16 Effect</b>	<b>Before TFRS 16</b>
<b>Current Asset</b>			
Prepaid expenses	43.793.810	(4.712.649)	48.506.459
<b>Total Current Assets</b>	<b>10.458.437.912</b>	<b>(4.712.649)</b>	<b>10.463.150.561</b>
<b>Non-Current Assets</b>			
Right-of-use asset	3.640.989.376	3.640.989.376	-
Deferred tax asset	851.184.382	131.218.065	719.966.317
<b>Total Non-Current Asset</b>	<b>8.318.560.298</b>	<b>3.772.207.441</b>	<b>4.546.352.857</b>
<b>TOTAL ASSETS</b>	<b>18.776.998.210</b>	<b>3.767.494.792</b>	<b>15.009.503.418</b>
<b>LIABILITIES AND EQUITY</b>			
	<b>31 December</b>		
	<b>2022</b>	<b>TFRS 16 Effect</b>	<b>Before TFRS 16</b>
<b>Current Liabilities</b>			
Short-term lease liabilities	1.464.436.220	1.464.436.220	-
<b>Total Current Liabilities</b>	<b>12.797.932.784</b>	<b>1.464.436.220</b>	<b>11.333.496.564</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	2.811.394.021	2.811.394.021	-
<b>Total Non-Current Liabilities</b>	<b>3.113.629.417</b>	<b>2.811.394.021</b>	<b>302.235.396</b>
<b>Equity</b>			
Retained earnings / (Accumulated losses)	473.843.108	(359.325.645)	833.168.753
Net profit / (loss) for the period	2.379.833.822	(149.009.804)	2.528.843.626
<b>Shareholder's equity</b>	<b>2.865.436.009</b>	<b>(508.335.449)</b>	<b>3.373.771.458</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>2.865.436.009</b>	<b>(508.335.449)</b>	<b>3.373.771.458</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18.776.998.210</b>	<b>3.767.494.792</b>	<b>15.009.503.418</b>



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## SUPPLEMENTARY INFORMATION

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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 2022	TFRS 16 Effect	Before TFRS 16
Revenue	59.292.346.817	-	59.292.346.817
Cost of sales (-)	(45.195.271.733)	-	(45.195.271.733)
<b>Gross profit</b>	<b>14.097.075.084</b>	<b>-</b>	<b>14.097.075.084</b>
Marketing and selling expenses (-)	(9.949.091.007)	694.231.793	(10.643.322.800)
General administrative expenses (-)	(522.844.369)	-	(522.844.369)
Other income from operating activities	45.830.934	-	45.830.934
Other expenses from operating activities (-)	(575.461.405)	-	(575.461.405)
<b>Operating profit</b>	<b>3.095.509.237</b>	<b>694.231.793</b>	<b>2.401.277.444</b>
Income from investing activities	67.496.845	-	67.496.845
Expense from investing activities (-)	(8.861.672)	-	(8.861.672)
<b>Profit before finance expense</b>	<b>3.154.144.410</b>	<b>694.231.793</b>	<b>2.459.912.617</b>
Financial expense (-)	(1.209.202.077)	(884.988.812)	(324.213.265)
<b>Profit from continuing operations before taxation</b>	<b>1.944.942.333</b>	<b>(190.757.019)</b>	<b>2.135.699.352</b>
Period tax expense	(181.076.364)	-	(181.076.364)
Deferred tax income	615.967.853	41.747.215	574.220.638
<b>PROFIT FOR THE PERIOD</b>	<b>2.379.833.822</b>	<b>(149.009.804)</b>	<b>2.528.843.626</b>

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## SUPPLEMENTARY INFORMATION

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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 2022	TFRS 16 Effect	Before TFRS 16
<b>A. Cash Generated by Operating Activities</b>			
Profit / (loss) for the period	2.379.833.822	(149.009.804)	2.528.843.626
<b>Adjustments related to reconciliation of net profit / (loss) for the period</b>			
-Depreciation of property, plant and equipment	1.147.307.442	719.798.539	427.508.903
-Tax income / (expenses)	(434.891.489)	(41.747.215)	(393.144.274)
-Interest expenses	1.209.202.077	884.988.812	324.213.265
<b>Cash generated by / (used in) operations before changes in working capital</b>	<b>4.827.118.784</b>	<b>1.414.030.332</b>	<b>3.413.088.452</b>
Changes in working capital :			
Changes in prepaid expenses and deferred income	(39.575.179)	-	(39.575.179)
<b>Cash used in operations</b>	<b>3.148.002.696</b>	<b>1.414.030.332</b>	<b>1.733.972.364</b>
<b>Net cash generated by operating activities:</b>	<b>2.859.029.451</b>	<b>1.414.030.332</b>	<b>1.444.999.119</b>
<b>B.INVESTING ACTIVITIES</b>			
<b>Net cash used in investing activities</b>	<b>(1.604.771.316)</b>	<b>-</b>	<b>(1.604.771.316)</b>
<b>C.FINANCING ACTIVITIES</b>			
Interest payments of lease liabilities	(884.988.812)	(884.988.812)	-
Payments of lease liabilities	(529.041.520)	(529.041.520)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(1.738.955.529)</b>	<b>(1.414.030.332)</b>	<b>(324.925.197)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(484.697.394)</b>	<b>-</b>	<b>(484.697.394)</b>
<b>D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>1.343.778.022</b>	<b>-</b>	<b>1.343.778.022</b>
<b>E.CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	<b>859.080.628</b>	<b>-</b>	<b>859.080.628</b>







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