



Şok Marketler Ticaret A.Ş.

01.01.2023 – 30.06.2023

Interim Report



**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM ANNUAL
REPORT ORIGINALLY ISSUED IN TURKISH**

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

We have been assigned to review whether the financial information included in the accompanying interim annual report of Sok Marketler Ticaret A.S. (“the Company”) and its subsidiaries (together referred as “the Group”) for the 6-month period ended 30 June 2023 is consistent with the reviewed consolidated interim financial information for the same interim period. Management is responsible for the preparation of the interim annual report. Our responsibility is to express a conclusion on whether the financial information included in the interim annual report is consistent with the reviewed consolidated interim financial information on which we expressed our conclusion in our review report as of 16 August 2023.

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”. Our review includes the assessment as to whether the financial information included in the interim annual report is consistent with the reviewed consolidated interim financial information. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review of the consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to conclude that the financial information included in the accompanying interim annual report is not consistent, in all material respects, with the reviewed consolidated interim financial information and the information presented in the explanatory notes to consolidated interim financial information.

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

Mert Tüten, SMMM
Partner

Istanbul, 16 August 2023

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1. About Şok Marketler

Şok Marketler Ticaret Anonim Şirketi (“Şok” or the “Company”) was established in 1995 to operate in the retail sector, selling fast moving consuming products in Turkey. The registered address of the Company is Kısıklı mah. Hanımseti sok No:35 B/1 Üsküdar and continues its activities in 81 provinces of Turkey. The number of personnel is 46.797 as of 30 June 2023 (31 December 2022: 45.293).

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

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

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

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

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

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

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

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

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

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

As of 30 June 2023 the Group has a total of 10.475 stores (31 December 2022: 10.281).

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

2. General Information

a) Shareholding Structure

Shareholder structure of Şok Marketler as of June 30, 2023 is stated below;

Shareholders	%	
Turkish Retail Investments B.V.	24,27	144.000.000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	23,66	140.400.327
European Bank for Reconstruction and Development	5,72	33.950.000
İstanbul Portföy Yıldız Serbest Özel Fon	5,13	30.428.571
Yıldız Holding A.Ş.	0,51	3.000.000
Publicly listed & Other	40,71	241.511.110
Total	100,00	593.290.008

b) Board of Directors

Members' names and roles are as follows:

Name Surname	Title	Term
Cengiz SOLAKOĞLU	Chairman	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Ali ÜLKER	Deputy Chairman	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Erman KALKANDELEN	Board Member	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Murat ÜLKER	Board Member	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Mehmet TÜTÜNCÜ	Board Member	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Ahmet BAL	Board Member (Independent)	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Fatma Pınar ILGAZ	Board Member (Independent)	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021
Aytaç Saniye MUTLUGÜLLER	Board Member (Independent)	Board members were elected for a term of three years at the Ordinary General Assembly Meeting held on 26 May 2021

Our Company's Ordinary General Assembly Meeting for the 2022 fiscal year was held on 06/06/2023 at 14:00 at Kısıklı Mahallesi Hanımseti Sok. No:35 B-1 Üsküdar/İstanbul.

Regarding dividend distribution, our Board of Directors proposal has been accepted by the shareholders at the General Assembly as the following;

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

- Considering the long-term strategies, investment, cash and financing policies of our Company; a total of TL 300,000,000.00 ("gross"), and TL 270,000,000.00 ("net"), corresponding to 50.56549% gross and 45.50894% net

of the "Paid-in Capital", "cash" dividend distribution will be made in line with the "fraction" rules of Merkezi Kayıt Kuruluşu A.Ş. ("MKK") in effect on the date of dividend distribution starts. The dividend distribution shall start on December 31, 2023, at the latest.

- After setting aside the aforementioned legal and special reserves according to the consolidated financial statements, prepared in compliance with TAS and TFRS and within the framework of CMB and POA regulations, to register the non-distributable amount of TL 2,020,025,706.92 in the "Retained Earnings or Accumulated Losses" account, and after setting aside the aforementioned legal and special reserves according to the Statutory Accounting Records, to register the non-distributable amount of TL 322,716,737.26 in the "Extraordinary Reserves" account.

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

c) Executive Board

Executive Board of Şok Marketler as of June 30, 2023 is stated below;

Name Surname	Title	Address
Uğur Demirel	CEO	Kısıklı Mahallesi Hanımseti Sokak No:35 B/1 Üsküdar, İstanbul
Ziya Kayacan	CFO	
Tuncer Konak	Human Resources Director	
İsmail Özen	General Manager of Trade	
Bülent Ömürlü	Sales Operation Group Director	
Nilhan Gülbahçe	Marketing Director	
Kenan Hatipoğlu	Construction, Technical Purchasing, and Investment Director	
Harun Güvendi	Supply Chain Director	
Mustafa Kurtçu	Projects and Business Development Director	
Aytaç Tombaz	Information Technologies Director	

3. Operations

The Company operates in the food retail market in Turkey. As of June 30,2023, the Company has a total of 10.475 stores.

4. Investments

For the period of 1 January- 30 June 2023, the Company opened 424 new stores. (Net 194 store openings considering the 230 stores that were closed due to the earthquake) and total capital expenditure was TL 943 million.

5. Events After the Reporting Period

It is given in Note 31- Subsequent Events in the footnotes of the financial statements for the period 01.01.2023 – 30.06.2023.

6. Financials

The details of the Company's subsidiaries at June 30, 2023 and December 31, 2022 are as follows:

Subsidiaries	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	Direct Ownership Rate %		Group Efficiency Rate %	
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	100%	100%	100%	100%
UCZ Mağazacılık Tic. A.Ş.	100%	100%	100%	100%

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

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

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

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

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

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

Consolidated Income Statement Summary for the period of 2Q'23 and 2Q'22; and 1H'23 and 1H'22;

2Q2022 & 2Q2023 Consolidated Income Statement Summary						
TL mn	Excl. IFRS 16			Incl. IFRS 16		
	2Q2022	2Q2023	Δ (%)	2Q2022	2Q2023	Δ (%)
Net Sales	13.348,9	24.615,4	84,4%	13.348,9	24.615,4	84,4%
Gross Profit	3.134,5	5.534,1	76,6%	3.134,5	5.534,1	76,6%
Gross Profit %	23,5%	22,5%	-1,0 Ppt	23,5%	22,5%	-1,0 Ppt
Marketing, Selling & GA Expenses (-)	(2.461,7)	(4.451,0)	80,8%	(2.302,9)	(4.203,7)	82,5%
Amortisation	(101,6)	(141,4)	39,2%	(267,4)	(391,6)	46,5%
Marketing, Selling & GA Expenses (-) (Excl. Amortisation)	(2.360,1)	(4.309,6)	82,6%	(2.035,5)	(3.812,1)	87,3%
EBITDA	774,4	1.224,5	58,1%	1.099,0	1.722,1	56,7%
EBITDA %	5,8%	5,0%	-0,8 Ppt	8,2%	7,0%	-1,2 Ppt
Operating Profit (EBIT)	567,4	1.091,9	92,4%	726,2	1.339,2	84,4%
Income/(Expense) From Investing Activities	21,7	17,0	-22,0%	21,7	17,0	-22,0%
Financial Expense	(73,1)	(124,1)	69,8%	(264,7)	(418,5)	58,1%
Profit Before Tax	516,1	984,8	90,8%	483,3	937,7	94,0%
Net Profit For The Period	386,2	932,8	141,6%	360,0	891,5	147,7%

6M2022 & 6M2023 Consolidated Income Statement Summary						
TL mn	Excl. IFRS 16			Incl. IFRS 16		
	6M2022	6M2023	Δ (%)	6M2022	6M2023	Δ (%)
Net Sales	23.545,3	45.379,3	92,7%	23.545,3	45.379,3	92,7%
Gross Profit	5.641,9	10.342,4	83,3%	5.641,9	10.342,4	83,3%
Gross Profit %	24,0%	22,8%	-1,2 Ppt	24,0%	22,8%	-1,2 Ppt
Marketing, Selling & GA Expenses (-)	(4.459,9)	(8.617,3)	93,2%	(4.157,4)	(8.139,0)	95,8%
Amortisation	(193,1)	(274,3)	42,1%	(508,3)	(758,1)	49,1%
Marketing, Selling & GA Expenses (-) (Excl. Amortisation)	(4.266,8)	(8.343,0)	95,5%	(3.649,1)	(7.381,0)	102,3%
EBITDA	1.375,1	1.999,3	45,4%	1.992,8	2.961,4	48,6%
EBITDA %	5,8%	4,4%	-1,4 Ppt	8,5%	6,5%	-1,9 Ppt
Operating Profit (EBIT)	948,9	1.600,5	68,7%	1.251,4	2.078,8	66,1%
Income/(Expense) From Investing Activities	62,6	45,2	-27,8%	62,6	45,2	-27,8%
Financial Expense	(133,1)	(233,6)	75,5%	(515,6)	(815,0)	58,1%
Profit Before Tax	878,5	1.412,1	60,7%	798,4	1.309,0	63,9%
Net Profit For The Period	674,4	1.376,4	104,1%	610,3	1.290,6	111,5%

Consolidated Balance Sheet Summary for the period of 6M'23 and 12M'22;

TL mn	Excl. IFRS 16		Inc. IFRS 16	
	31.12.2022	30.06.2023	31.12.2022	30.06.2023
Cash & cash equivalents	859,1	2.448,1	859,1	2.448,1
Trade receivables	136,0	141,1	136,0	141,1
Inventories	8.828,5	10.671,3	8.828,5	10.671,3
Other current assets	639,6	461,2	634,8	456,5
Total Current Assets	10.463,2	13.721,6	10.458,4	13.716,9
Property & equipment	3.044,2	3.679,6	3.044,2	3.679,6
Intangible assets	724,1	755,9	724,1	755,9
Other non-current assets	778,0	958,2	4.550,2	5.419,7
Non-Current Assets	4.546,4	5.393,7	8.318,6	9.855,2
Total Assets	15.009,5	19.115,3	18.777,0	23.572,1

TL mn	Excl. IFRS 16		Inc. IFRS 16	
	31.12.2022	30.06.2023	31.12.2022	30.06.2023
Short term financial liabilities	0,0	0,0	0,0	0,0
Trade payables	10.269,2	12.321,2	10.269,2	12.321,2
Other current payables	1.064,3	1.829,3	2.528,8	3.524,2
Total Current Liabilities	11.333,5	14.150,5	12.797,9	15.845,4
Total Non-Current Liabilities	302,2	344,8	3.113,6	3.700,8
Shareholder's equity	3.373,8	4.620,0	2.865,4	4.025,9
Non-controlling interests	0,0	0,0	0,0	0,0
Total equity	3.373,8	4.620,0	2.865,4	4.025,9
Total Liabilities and Equity	15.009,5	19.115,3	18.777,0	23.572,1

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