ACHIEVEMENTS THROUGH HARD WORK AND TENACITY...

ŞOK MARKETLER ANNUAL REPORT 2019

CONTENTS

With our innovative and growth-oriented business model, we continue to be one of the fastest-growing retailers and a pioneer in the sector.

We take on great responsibilities and continue to offer quality to our customers at a low price.

With more than 7,000 stores and thousands of employees, we consistently achieve new successes.

In the field of social responsibility: this year, we present our Report in cloth handmade textile bags, created by housewives for our recycling project.

2019

7,215

Stores

2019

TL 16.1 billion

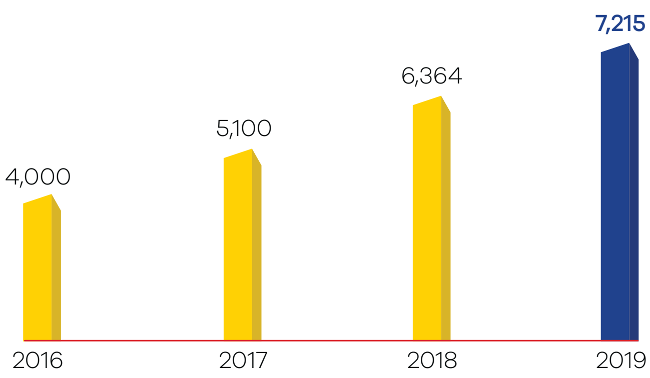
Net Sales

2019

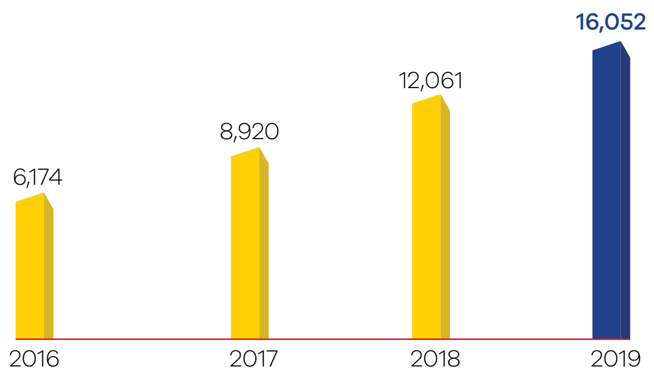
TL 1.5 billion

EBITDA

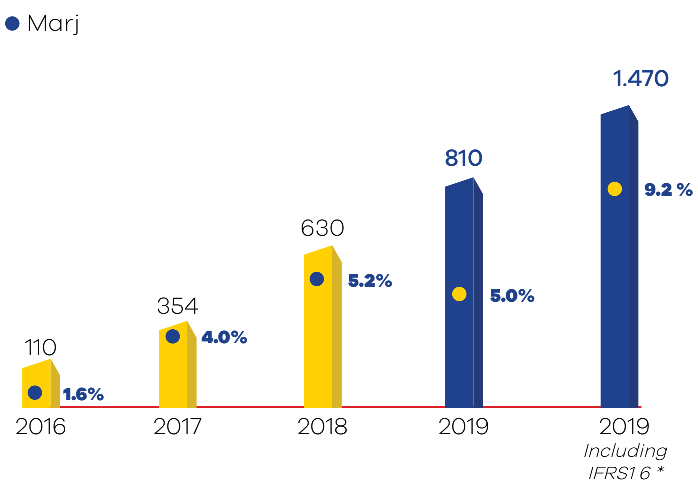
Stores



Net Sales (TL Million)



EBITDA (TL Million)



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

Highlights

- Nearly 30,000 employees, 27 distribution centers and 7.215 stores across 81 provinces of Turkey, we ensure that our customers can access almost all their basic necessities in a "one-stop shop" concept at a sales point closest to their home.
- We continuously and rapidly expand our store network to reach our customers more easily.
- We ensure that thanks to our expertise fruits and vegetables are delivered to the customer in a fresh way.

ACHIEVEMENTS THROUGH HARD WORK AND TENACITY


It is the meticulous labor of each of our nearly 30 thousand employees and our carefully produced exclusive brands that make us the fastest growing retailer in Turkey. With numerous stores across 81 provinces of Turkey, we achieve our success with genuine hard work, providing all our customers with an easy shopping experience.

WE SUPPORT OUR FARMERS

We implement a special business model in fruit and vegetable purchases with the platforms we have established in different regions. As we deliver fruits and vegetables – directly purchased from the farmers – to our stores every day, in line with our motto “from the field directly to consumers”, we also put a smile on the faces of those farmers.

WE OFFER EXCELLENT QUALITY AT CHEAPER PRICES

We provide our customers with a one-stop shopping experience, thanks to the wide range of or product portfolio. In addition to our well-established and strong brands, we have turned our stores into attraction points showcasing our diverse product portfolio.


Mintax
ULTRA
33

Mintax
Sirkeli

MİS
Süt

Mis
Yoğurt

Piyale
Karamel Soslu
Trileçe

Piyale
İrmik
Helvası

bebe land
45
3

bebe land

AMİGO

AMİGO
Antep Fıstığı
200 g


Mon Amour
Waterproof
Long Lasting
Deep Black
Intensive
KAJAL
Eyeliner
12
SAAT'E KADAR

KARMEN

KARMEN
ÇİKOLATA KAPLI
BADEMLİ
DRAJE
200g

Lezzetlim
DANA KIYMA

Lezzetlim
DANA KUŞBAŞI

Evin

Evin

DEREN
HARMAN

DEREN
FİLİZ

ŞOK
İŞLEM

MONEY TRANSFER

7 Days

To Bank Accounts

To Credit Cards

ŞOK To ŞOK

UTILITY INVOICE PAYMENT

ELECTRICITY
WATER
NATURAL GAS
TELECOMMUNICATION

7 Days

THANKS TO "ŞOK SMART DIGITAL SERVICES"

We continue to offer different opportunities to our customers by expanding our understanding of their needs. Our "ŞOK Smart Digital Services" system enables us to offer our customers money transfer and invoice payment services in 81 cities.

WE ADD VALUE TO THE LABOUR OF HOUSEWIVES

We believe that the creation of value in our society is our greatest responsibility, and we support housewives throughout our unique social responsibility project. We have created income opportunities for women, by offering the handmade textile bags manufactured by housewives for sale in our stores.

OUR VISION

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

OUR MISSION

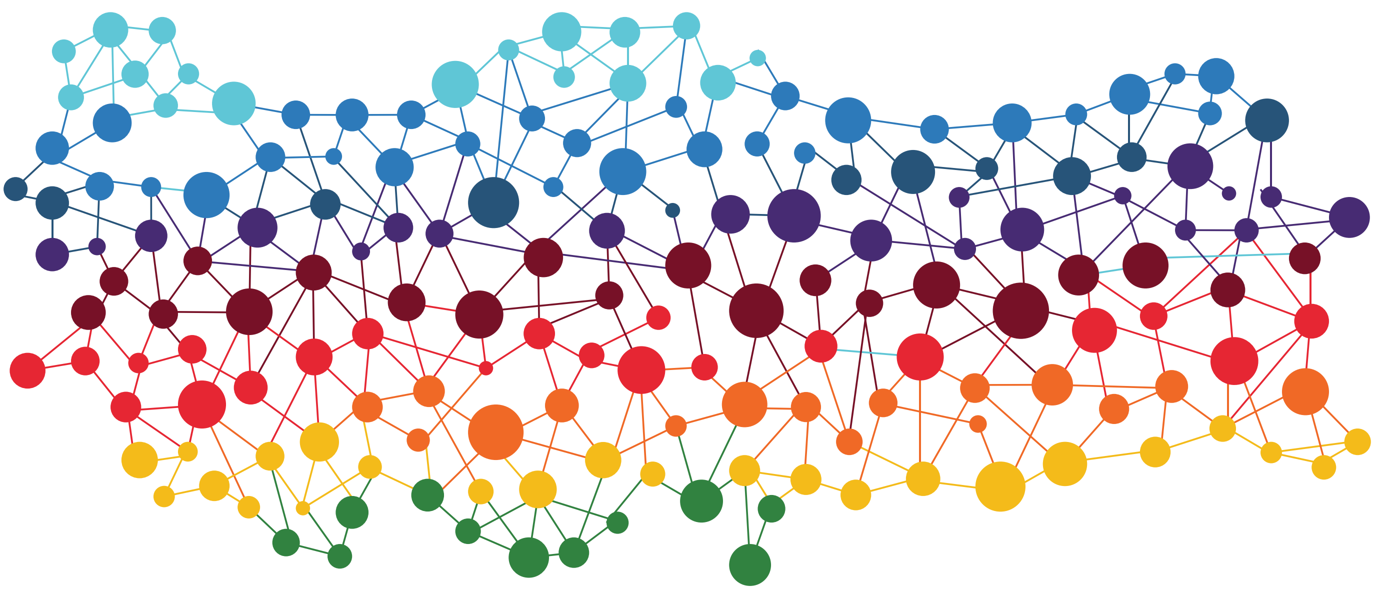
To offer our customers the most convenient shopping experience through our differentiated business model, high-quality product variety, affordable prices, and advanced service concept and to be the first choice of our business partners and employees.


NEEDS OF CUSTOMER
ŞOK
IS CHEAP
YENİ
GÜÇLENDİRİLMİŞ FORMÜL
Gerçek Beyazlık
Gerçek Temizlik
Mintax
Matik
ANADOLU
MUTFAĞI
SOFRA LEZZETLERİ
Mis
Süt
Piyale
Evin
AMİGO
VATAN
Domates
Salçası
Tomato Paste
Briks en az %28
Net: 830 g ℮
Peki
Küp
Gofret
KARMEN
KAKAOLU
FINDIK
KREMASI
KARMEN
SÜTLÜ ÇİKOLATA KAPLAMALI
SANDVİÇ BİSKÜVİ
DEREN

OUR OPERATION NETWORK

ŞOK Marketler serves its customers with a larger operational network by increasing its number of stores.

7,215
Stores in
81
Provinces



27
Distribution Centers

851
New Store Openings in 2019

TL 16.1 billion
Turnover

ONLY IN ŞOK

EXCLUSIVE BRANDS

HOPE

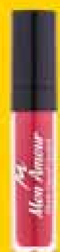
Hair becomes even glossier with the vibrant shades of Hope hair dye products. Dermatologically tested, Hope also protects and strengthens hair.

Mis

Founded in 1976, Mis Süt was one of Turkey's first modern dairy plants, and remains one of our most popular and preferred nostalgic brands.

Mon Amour

Mon Amour, preferred by women in the cosmetics category due to its attractive colors, is offered in ŞOK Marketler. Featuring a rich product range that includes lipsticks, blushes, mascaras and BB cream, Mon Amour is available at affordable prices.



Piyale

One of Turkey's oldest and most recognized brands, Piyale was established in 1922.

Mintax

The Mintax brand, operating since 1983, is the leading name in the cleaning products category of ŞOK Marketler.

bebe land Sensitive

Bebeland, the new brand in the ŞOK Marketler family, meets all the needs of infants. Dermatologically tested, these healthy and quality baby products are offered for sale at attractive prices.

AMIGO

As Turkey's most well-known peanut brand, Amigo was among the country's first packed nut producers.

KARMEN

Featuring a broad range of chocolate products, including madlen chocolates, biscuits and chocolate-coated wafers, Karmen products are available only at ŞOK Marketler.

ŞOK MARKETLER IN BRIEF

With the goal of meeting almost all the needs of its customers from "one place and from the nearest point," ŞOK Marketler carries out its activities.

With the goal of meeting almost all the needs of its customers from "one place and from the nearest point," ŞOK Marketler carries out its activities in its 7,215 stores across 81 provinces, 27 distribution centers and approximately 31,000 employees.

ŞOK Marketler is constantly extending its store network, aiming to be the shopping point closest to its customers by opening an average of three stores daily. Accordingly, ŞOK Marketler opened 699 new stores in 2015, 1,000 in 2016, 1,100 in 2017, 1,000 in 2018, and 851 in 2019.

Providing more than 1,500 different products in food and non-food categories to its customers, ŞOK Marketler also offer alternatives for consumer needs. ŞOK Marketler revived 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. ŞOK Marketler brought these values back into the economy, delivering these original, long-standing, nostalgic and well-recognized brands to customers at affordable prices. Aiming to meet almost all of the shopping needs of its customers with high-quality products by offering more options, ŞOK Marketler constantly enriches its product portfolio with national brands alongside its original brands.

Dedicated to offering a variety of fruits and vegetables, ŞOK Marketler procures produce directly from farmers, ensuring that products are delivered at their freshest to customers; the Company is also one of Turkey's most important retailers in terms of personal care and cleaning products.

ŞOK Marketler aims to provide the best service to its customers at all times with its original business model, its "everyday low price" policy.

Its campaigns, and its motto "ŞOK Is More Than Enough." ŞOK Marketler has been traded on the Istanbul Stock Exchange with the ticker SOKM since May 2018.

Please visit **www.sokmarket.com.tr** for more information.

~30,000

Employees

TL 16.1 Billion

Turnover

7,215

Stores in 81 Provinces

27

Distribution Centers

Serving with 7,215 stores and approximately 30 thousand employees, ŞOK Marketler delivers well-recognized brands to customers at affordable prices.

OUR BUSINESS MODEL

With more than 1,500 SKUs in its portfolio as of 31 December 2019, ŞOK Marketler offers its customers a "one-stop shopping, the closest to their homes" experience thanks to its broad product portfolio.

Proximity
Proximity is an important criterion for customers seeking convenience when shopping. As of 31 December 2019, ŞOK Marketler have a total of 7,215 stores in Turkey, with at least one in every city, aiming to become even closer to customers with new stores each day.

Price
ŞOK's "everyday low price" strategy is designed to boost customer demand towards competitively-priced products. The prices for ŞOK Marketler' exclusive brands are displayed in bright yellow boxes with the caption, "everyday low price." Such products are displayed side by side with the equivalent, best-selling products of domestic brands, which are nevertheless more expensive.

ŞOK Marketler also offer various promotions to its customers other than the "Everyday low price" policy. These promotions along with the "Everyday low price" policy provide better value offerings to the customers.

Choice
With an inventory of 1,500 items as of 31 December 2019 so as to provide the customers with a wide range of options, ŞOK Marketler offers its customers a "one-stop shop" experience at a sales point closest to home thanks to its broad product portfolio. Providing a wide array of fresh fruits and vegetables via direct supply, ŞOK Marketler also offer a vast range of personal care products. Exclusive products, alongside domestic brands, play a major role in attracting customers to the stores, enabling ŞOK Marketler to offer a wider range of products.

Exclusive Brands
The most well-recognized domestic brands in Turkey, Mis, Piyale, Mintax, Evin and Amigo, have been revitalized by ŞOK Marketler and are now under its umbrella. ŞOK Marketler's exclusive brands are displayed in bright yellow boxes in the stores alongside domestic-branded, best-selling equivalent products that are, nevertheless, costlier.

Shopping Experience
The store environment has been reorganized so that it is clean, well-lit and provides a more comfortable displaying area with wide corridors and shelves, as the results from various customer feedback surveys suggested so. Thus, the stores have been transformed into areas where customers will feel good and want to come back. Designed in line with a particular arrangement and product shelving diagram, this vision is implemented across the store network. As consumers can easily find specific products on the shelves, they continue to return to the stores.

As ŞOK Marketler, we have become a shopping point, located in close proximity to consumers where they can satisfy all their basic needs.

Easy Shopping Experience

in 7,215

Stores

in 81

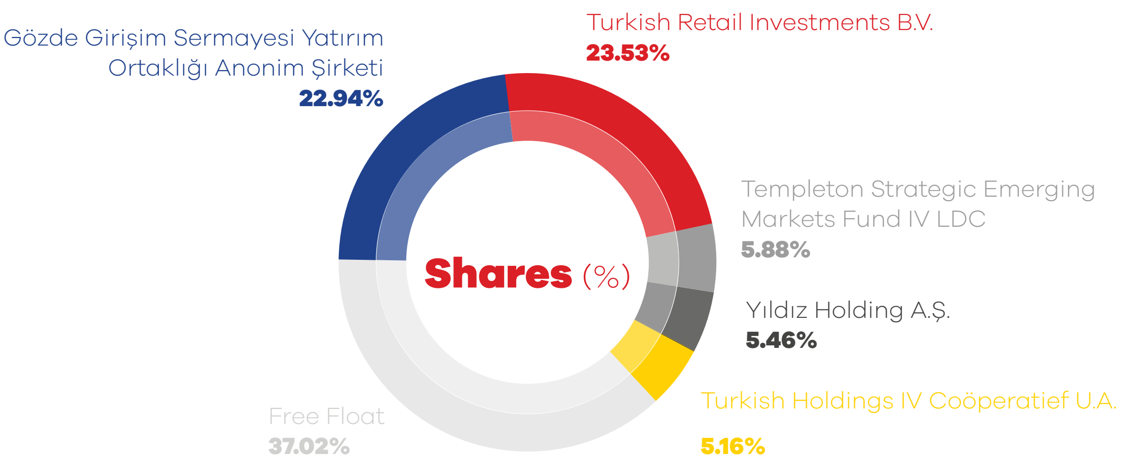
Provinces...

OUR SHAREHOLDING STRUCTURE

ŞOK Marketler continued to meet annual targets through successful management of operations as a result of strong shareholding structure in 2019.

Real and Legal Persons Having Either Right to Vote or 5% or More Shares in Capital

Title of the Shareholder	Share in Capital TL (31/12/2019)	Rate of Share (%)
Turkish Retail Investments B.V.	144,000,000	23.53%
Gözde Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi	140,400,327	22.94%
Templeton Strategic Emerging Markets Fund IV LDC	36,000,000	5.88%
Yıldız Holding A.Ş.	33,428,571	5.46%
Turkish Holdings IV Coöperatief U.A.	31,571,531	5.16%
Free Float	226,528,142	37.02%
Total	**611,928,571**	**100%**



KEY FINANCIAL AND OPERATIONAL INDICATORS

ŞOK Marketler increased its net sales to TL 16.1 billion with a 33% increase by its sustainable financial and operational performance.

TL 5.7 billion
Total Assets

TL 16.1 billion
Net Sales

Financial Statement Summary (TL Million)

Consolidated Income Statement - Summary (TL Million)	**2018**	**2019**	**2019 Including IFRS1 6***
Net Sales	12,061	16,052	16,052
Gross Profit	2,934	3,740	3,740
EBITDA	630	810	1,470
Period Net Loss/Profit	**67**	**(181)**	**(298)**

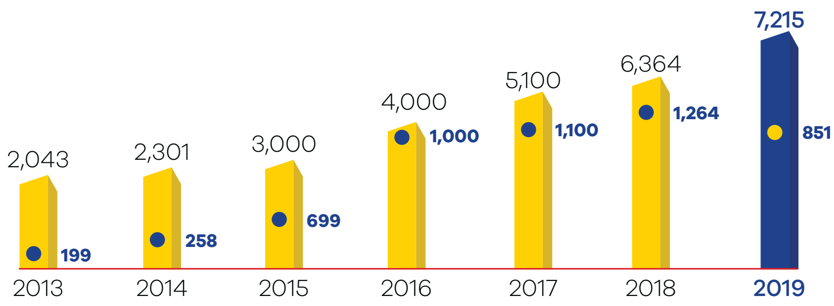
Consolidated Balance Sheet - Summary (TL Million)	**2018**	**2019**	**2019 Including IFRS1 6***
Cash and Cash Equivalents	354	431	431
Total Current Assets	1,315	1,863	1,860
Tangible Fixed Assets	978	1,101	1,101
Total Non-Current Assets	1.947	1,995	3,847
Total Shareholders' Equity	263	90	(27)
Total Assets	**3.262**	**3,858**	**5,708**

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

Number of ŞOK Stores

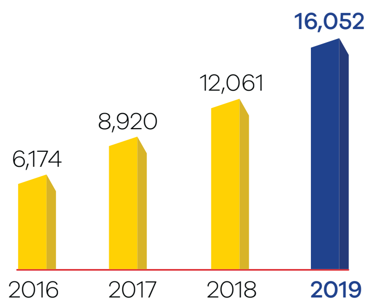
851

Annual Store Openings



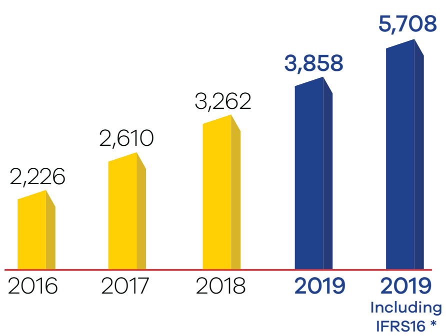
Net Sales (TL Million)

ŞOK Marketler announced net sales of TL 16.1 billion in 2019 by consistently increasing its business volume.



Total Assets (TL Million)

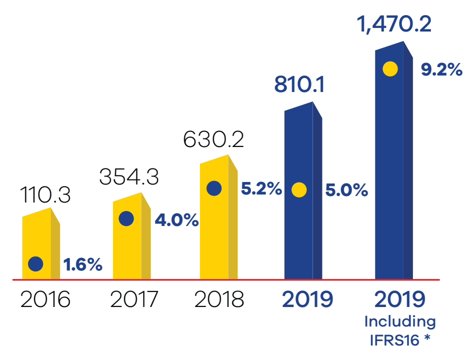
ŞOK Marketler has consistently continued to increase its total assets, with a YoY hike by 18.3%, representing TL 3.9 billion.



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

EBITDA (TL Million)

ŞOK Marketler announced an EBITDA of TL 810.1 million with a 28.6% YoY increase, having maintained sustainable profitability in the 2019 activity period as well.



● *Margin*

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

THE SUCCESS STORY OF ŞOK MARKETLER

1995
ŞOK Marketler began its operations with 13 stores.

2011
ŞOK Marketler joined Yıldız Holding with 1,255 stores and 7 warehouses.

2013
ŞOK Marketler incorporated Dia S.A. discount supermarket chain with its 584 stores, Onur Ekspres Marketçilik A.Ş. retail chain, which is known as “Onurex” in Turkey with its 116 stores, and Devamlı İndirim Mağazacılık (Dim) retail chain with its 18 stores.

2014
The conversion of all stores to ŞOK Marketler were completed.

2019 **The number of stores reached 7,215 and the number of employees reached 30,000.**

Money transfers from ŞOK Markets to ŞOK Markets, all bank accounts and credit cards started to be carried out seven days a week.

Approximately 12,500 bags produced by nearly 2,000 housewives as part of the social responsibilty project. These bags met with the customers of ŞOK Marketler.

2018 The number of ŞOK Marketler stores reached 6,364, in 81 provinces.

With a market size of TL 2.3 billion, ŞOK Marketler undertook the greatest primary public offering of the last decade.

ŞOK Marketler has implemented the Academy ŞOK e-learning and development platform removing the time and place restrictions with a high accessibility.

2017 ŞOK became accessible in 81 provinces and the number of stores reached out to more than 5,100.

Mobile application "Cepte ŞOK" was developed. The app operates on a "Click and Collect" basis and with the application the Company became the first in the sector.

2016 While continuing to open 3 stores a day with the new store concept, the existing stores were converted into a new store concept. As in the previous year, 1.000 new stores were opened and the number of stores reached 4,000.

2015 The new business model and store concept were developed. An average of 3 stores/day were opened for organic growth and the number of stores reached 3,000 by the end of the year.

INVESTOR RELATIONS

37% of ŞOK Marketler shares is traded on Borsa Istanbul (BIST) with the code SOKM.

May 18, 2018

Date of Initial Public Offering

SOKM.IS

Stock Exchange Code

95%

Foreign Investors' Shares in Free Float

63%

Foreign investors' Share in BIST 100

Investor Relations Activities

In 2019, ŞOK Marketler held **more than 350** meetings with existing and potential, domestic and foreign institutional and individual investors and analysts in Turkey and abroad, with the participation of senior management, in order to share information regarding the Company's operating results and performance, as well as other developments within the period.

Furthermore, the Company regularly organizes live webcasts for all stakeholders promptly following the disclosure of quarterly financial results.

ŞOK Marketler participated in domestic and international conferences and other meetings held to inform shareholders and investors. In this regard, ŞOK Marketler participated in 9 conferences held either in Turkey or abroad in 2019, organized 6 roadshows and took part in an analyst meeting.

The Company's website (www.sokmarket.com.tr) is available in two languages, Turkish and English.

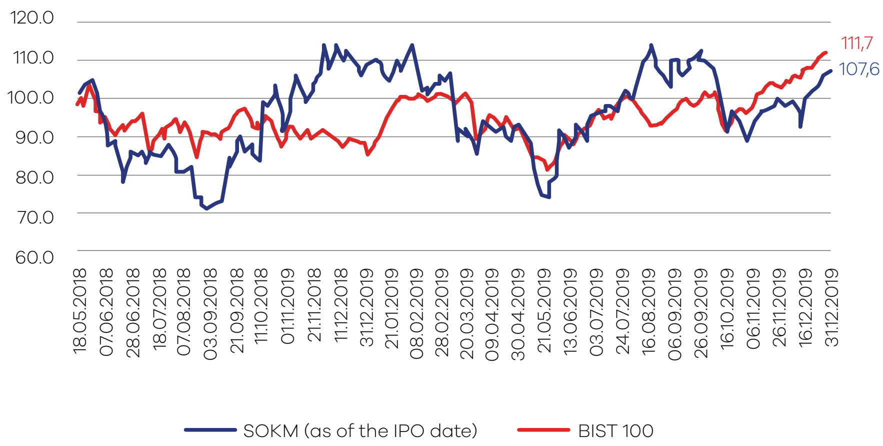
Investor Relations page in Turkish:
https://sokmarketyatirimciiliskileri.com/tr/

Investor Relations page in English:
https://sokmarketyatirimciiliskileri.com/en/

Material event disclosures made by the Company, as well as copies of the presentations used in meetings, are available on the Investor Relations website of the Company. Quarterly financial results and other relevant information, as well as annual reports in Turkish and English, are also available on the website.

In addition to traditional information channels, various communication tools are also used for public disclosure purposes. Material event disclosures are sent directly to stakeholders, by e-mail, if they have further inquiries and provide their contact information via the website and other channels.

Stock Performance



ŞOK Marketler Ticaret A.Ş. shares increased in value by 7.6% in the period between the Company's public offering dated 18 May 2018 and 31 December 2019.

BIST Indices in Which the Company is Included:

- BIST STARS - GROUP 2
- BIST 100
- BIST TRADE
- BIST SERVICES
- BIST STARS
- BIST 100-30
- BIST SUSTAINABILITY
- BIST IPO

The issued capital of the Company is TL 611,928,571, divided into two groups, and a total of 611,928,571 in registered form, of which 144,000,000 are Preferred Shares and 467,928,571 Ordinary Shares, with a nominal value of TL 1 each. The issued capital is fully paid.

As of the year-end 2019, 95% of the shares of ŞOK Marketler in free float are held by foreign investors. In the same period, the foreign investor share on BIST was 63%.

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2019 Main Indicators

TL 6.6 billion
Market Value

TL 10.76
Closing Price

TL 7.43
Lowest Price

TL 9.89
Average Price

TL 11.58
Highest Price

BOARD OF DIRECTORS

At the Extraordinary General Assembly Meeting held on October 31, 2019, two new members, one of which is Independent, were added to the composition of the Board of Directors. Previously consisting of six members, the Board of Directors now consists of eight members. Members' names and roles are as follows:

Full Name	Title
Cengiz Solakoğlu	Chair of the Board of Directors
Ali Ülker	Vice Chair of The Board
Murat Ülker	Board Member
Mustafa Yaşar Serdengeçti **	Board Member
Erman Kalkandelen	Board Member
Ahmet Bal	Board Member (Independent)
Pınar Ilgaz*	Board Member (Independent)
Aytaç Saniye Mutlugüller	Board Member (Independent)

** Ceyda Aydede, our Company's Independent Member of the Board of Directors, resigned from her position as an Independent Board Member with her petition dated 11/04/2019. Pınar Ilgaz has been appointed as Independent Member of the Board of Directors, to replace Ms. Aydede.*
***Mr. Mehmet TÜTÜNCÜ was appointed as Board Member on 2 March 2020 in place of the resigned Board Member Mr. Mustafa Yaşar SERDENGEÇTİ, to complete the remaining term of office and to be presented to the vote of the first General Assembly to meet.*

CENGİZ SOLAKOĞLU

Chair 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 was appointed 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 as the 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 has been the chairperson of Board of Directors at ŞOK Marketler since 2011. Moreover, Solakoğlu has been an Independent Member of the Board Directors at Bizim Toptan Satış Mağazaları, one of Yıldız Holding's companies operating in the wholesale industry, since 2011. And Since 2014, He has been serving as the chairperson of board at Bizim Toptan Satış Mağazaları. He is among the founders of the Educational Volunteers Foundation of Turkey (TEGV) and the 1907 Fenerbahçe Association. He was awarded the Leader of Civil Society prize by Ekonomist magazine in 2003.

ALİ ÜLKER

Vice Chair of The Board

Ali Ülker was born in 1969 and educated in the Business Administration Department of the Faculty of Economics and Administrative Sciences at Boğaziçi University, Istanbul. He has also attended various programs at IMD and Harvard. He 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, and in 2001 became the general director of Merkez Gıda Pazarlama. In 2002, he rose to vice chairman of the food group and in 2005 chairman of the group. After worked 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.

Ali Ülker is married with three children. He enjoys fishing, cinema and literature, as well as playing basketball and billiards.

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, he 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. 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, Ülker continues to take an active role in companies affiliated to the holding as a Member of the Board and he is serving as the Chairman of Bord of Pladis and Godiva.Mr. Ülker is known for his interest in modern art and Islamic calligraphy. He enjoys sailing and travelling with his wife and three children.

MUSTAFA YAŞAR SERDENGEÇTİ
Board Member
Mustafa Yaşar Serdengeçti graduated from the Faculty of Economics of Istanbul University in 1982 and began working as Auditor at Deva Holding in the same year. In 1985, he joined Yıldız Holding as Auditor and he held the role of Assistant General Manager at İstanbul Gıda Dış Ticaret A.Ş. between 1992 and 1998, and of General Manager between 1998 and 2004. He contributed to the establishment of a foreign trade company under Ülker Group, helping it expand operations to 106 countries in 12 years. Between 2004 and 2006, Serdengeçti led the project undertaken for merging and outsourcing the transportation and storage operations of the Ülker Group companies. Between 2005 and 2010, as Vice Chairman of the Board, he took part in the restructuring of Bizim Toptan Satış Mağazaları A.Ş. By implementing that company's new vision, Serdengeçti transformed the wholesaler into one of the most prominent businesses in the industry. In 2011, after the acquisition of ŞOK Marketler Chains from Migros Group, he established the new management and road map of the Company. Following that, he played a crucial role in the acquisition, organizational development, and establishment of new models for UCZ Mağazacılık markets. Serving as the Retail Group President since 2011 and tapping into his experience in the field of sales and retail, Serdengeçti contributed to the performance improvement, as well as the restructuring, of numerous companies. Until 2017, the sales and retail companies were operating under the Retail Group; following the establishment of Pladis, retail companies, joint ventures with sales operations in out-of-home consumption channel (g2m, Eksper), and some of the subsidiaries of the holding started to operate under the Retail Group. Serdengeçti has been a member of the Board since 2011. He has also been Chairman of the Board of Yıldız Holding Retail Group since 2010, and Member of the Board of Bizim Toptan Satış Mağazaları A.Ş since 2005. Since 2007, he has become the Vice Chairman of the Board with administrative responsibilities. Serdengeçti previously worked at Deva Holding, in the Financial Control Department, and at Istanbul Gıda Dış Ticaret A.Ş. as Deputy General Manager and General Manager. He also served as a board member of Netlog Lojistik Hizmetleri A.Ş. Mustafa Yaşar Serdengeçti holds a master's degree from Istanbul University School of Economics in the field of Auditorship. He is married with four children and speaks English.

BOARD OF DIRECTORS

ERMAN KALKANDELEN
Board Member
Serving as a Board member for ŞOK Marketler since 2014, Mr. Kalkandelen currently serves as the Country Manager in charge of Research on Turkey, the Middle East and Eastern Europe companies for Franklin Templeton Investments. Focusing on Emerging Markets, Small-Scale Enterprises and Turkish Stocks, he is a member of the Board of Directors of Defacto Perakende Ticaret A.Ş., ŞOK Marketler and Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. Kalkandelen holds an MBA degree, with honors, from Sabancı University. During his MBA, he also studied strategic management at Florida University, Warrington School of Business Management, and he completed the Labor Economics Department of the Political Sciences Faculty, Ankara University, as a high honor student. Erman Kalkandelen speaks English.

PINAR ILGAZ
Independent Board Member
Pınar Ilgaz graduated from Izmir Bornova Anatolian High School in 1983 and from the Faculty of Administrative Sciences, Department of Public Administration of Boğaziçi University in 1988. Her areas of expertise are Human Resources Management, Organizational Structure and Functioning, Institutionalization, Corporate Governance and TQM. After successfully completing the Executive Candidate Program at Emlak Bank in 1989, she joined the same bank's investment loans assessment unit. She served at Vakıf Finansal Kiralama A.Ş. for three years as Financing Assistant Manager. She has worked at ARGE since 1995 and continues to take part in various projects as a Managing Partner at ARGE Consultancy. Within the scope of the Strategic Assessment and Performance Improvement Projects, Institutionalization, Organization and Human Resources Projects under ARGE Consultancy, Ms. Ilgaz has realized management consultancy projects for more than 100 institutions and companies of different magnitudes and in different sectors. She also provides long-term consultancy services in the fields of governance, strategy, organization, and corporate performance management to leading companies operating in the field of international merchandising in the retail sector and to companies operating in the field of the production and international sales and marketing in the food sector. She currently serves as Vice Chairman of the Board of Directors of the Argüden Governance Academy Foundation, Vice Chairman 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, Gender Equality Working Group Member at TÜSİAD, and Member of the UN Women Empowerment Principles Working Group. She was selected for the "More Women on Boards" program and, along with 40 female managers in the first group selected in Turkey, she successfully completed trainings within the scope of the program; these included preparations for becoming an independent member of the boards of directors, information and mentor referrals. Ms. Ilgaz is among the authors of the books Corporate Governance Model, Change Management, and Management of Volunteer Organizations.

AYTAÇ SANİYE MUTLUGÜLLER
Independent Board Member

Aytaç Saniye Mutlugüller after obtaining her undergraduate degree in Business Administration from Boğaziçi University , joined Türkiye Şişe ve Cam Fabrikaları A.Ş. (T.Ş.C.F) and several roles and positions in finance department of the company where T.S.C.F a global glass conglomerate operating in 16 countries. She actively took role in maintaining the financial strategy of expansion program of the Group both in domestic market and abroad. Financial management at Group level also empowered her to act as Pioneer at important financial products. She represented the Group in several conferences.During her employment she took role as Board Member in the Group companies mostly operating outside of Turkey. After her retirement, she served as Board member in 4 Companies of Group and also acted as consultant and leader in different projects.

AHMET BAL
Independent Board Member

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

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

The principle reason that ŞOK Marketler is the fastest-growing retail chain in Turkey is our consumer-oriented business approach.

Esteemed Shareholders, Business Partners and Employees,

The retail sector, which has contributed significantly to the Turkish economy by providing employment, continues to grow. Organized retailing is growing rapidly within the sector on a 10-year performance basis, and the accelerated development of discount markets plays an important role in this growth. Discount markets maintain their leadership in revenue growth thanks to the sales points opened in great numbers during the last three years.

Price and proximity appear to be the most important factors driving the growth of discount stores. As a result of aggressive growth in the last three years, discount stores have maintained their leadership in the market in terms of the number of stores. Within the same period, the turnover of the existing stores of ŞOK Marketler has increased and the Company has become one of the fastest-growing food retail companies due to the impact created by its new stores.

As ŞOK Marketler, our most important focus is the consumer. As consumer habits shape the future of the sector, the changing and developing needs of our consumers played an important role in the rapid growth of the discount store concept. Affordable prices and easy accessibility encourage consumers to shop at discount stores. The principle reason that ŞOK Marketler is the fastest-growing retail chain in Turkey is our consumer-oriented business approach. We focus on our customers, listen to them and respond to their requests. We conduct numerous surveys to understand customer perception and expectations and act in light of this information.

In this regard, we re-designed our store concept and business model at the beginning of 2016. Today, this concept allows our customers from all provinces of Turkey to have an easy shopping experience in a spacious environment. Our diversified model drives our growth in Europe's most attractive retail market.

The retail sector is a rapidly changing consumer-centric sector, with each player having different dynamics. Today, one of the most important items on our sector's agenda is digitalization. Our consumers love technology and quickly adapt to changes and innovations. As digitalization is expected to accelerate in the coming years, ŞOK Marketler successfully evolves with the changes in our customers' habits in this direction, thanks to our business model and processes.

In recent years, one of the fastest-growing categories in the retail sector has been the exclusive-branded products. Increasing consumer confidence and the satisfaction of those who buy the products have been important factors in the growth of the exclusive-branded lines.

As ŞOK Marketler, we provide customers with a wide selection of 1,500 products in the categories of food and non-food products. We also offer alternatives for consumer needs. We sell prominent and recognized brands of the sector, such as Mis, Piyale, Mintax, Evin and Amigo, that customers can buy exclusively in ŞOK Marketler stores.

We are a very large family with more than 7,200 stores across 81 provinces of Turkey, and our number of employees approaching 30,000.

We also get rewarded for our efforts. ŞOK Marketler received the "Best Discount Market for Customer Experience Management Award" at Marketing Türkiye Magazine's 2016 A.L.F.A Awards, and our mobile application, "Cep'te ŞOK" was named the "Best Digital Channels Project" at IDC Retail Technology Awards 2017. Our efforts have borne fruit this year. Due to the

employment that we created, in 2019, ŞOK Marketler was listed among the Fortune 500's top 10 companies which have steadily increased their employment; the Fortune 500 recognizes the largest 500 companies of Turkey with awards in different categories. The Company also received an award in the category of "Companies with the Highest Number of Employees." Furthermore, we ranked as Turkey's 3rd largest retailer in terms of the number of stores at Capital Magazine's Retail Innovation and Awards event, and we ranked 34th in the "Most Valuable Turkish Brands Report" issued by Brand Finance. These awards indicate the precision and strategic value of our investments.

By making a difference with our unique model, ŞOK Marketler continues to grow together with our customers, suppliers, shareholders, employees. As one of Turkey's fastest-growing food retail chains, we put our minds and hearts together in everything we do for mutual success. We contribute to the strengthening of our country's economy while adding value for our consumers by accomplishing commendable goals.

I would like to extend my gratitude and thanks to our shareholders for redoubling our power, our business partners for sharing our common vision and goals, and our valuable employees and our customers for their appreciation of our efforts.

Yours sincerely,

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

7,215
Stores

~30,000
Employees

TL 5.7 billion
Total Assets

MESSAGE FROM THE CEO

The ŞOK Marketler has become a large family with approximately 30,000 employees.

Dear Stakeholders,

As one of the fastest-growing supermarket chains in the Turkish food retail sector, we are pleased to have attained successful business results in 2019. Thanks to our customer-oriented innovative business model, our net sales increased by 33.1 percent in 2019 compared to last year, reaching TL 16.1 billion. In 2019, we opened 851 new stores and increased the total number of stores to 7,215 Our contributions to employment continued. We have become a large family with approximately 30,000 employees.

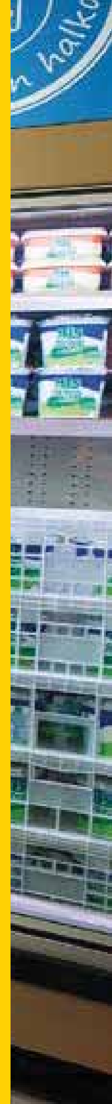
As ŞOK Marketler, our most important focus is our customers. Focusing on customer satisfaction in all our activities, we aim to provide our customers with a comfortable shopping experience in our stores across 81 provinces of Turkey. We maintained our focus in 2019 and continued to channel our investments in this direction. As ŞOK Marketler, we have become a shopping point, located in close proximity to consumers' homes, where they can satisfy all their basic needs. We achieved this thanks to our extensive store network, product diversity, and the marketing concept, "ŞOK is Cheap." We continued to enrich our product range in accordance with the demands of our customers. Within this scope, we have expanded our product portfolio, including ŞOK Marketler's exclusive brands such as the well-known Mis, Piyale, Mintax, Evin, and Amigo with over 100 new products, all of which are the leaders of their respective sectors. We continue to meet all kinds of our consumers' needs at affordable prices with prominent national brands alongside our brands.

We also support our farmers with the direct supply method employed with respect to fruits and vegetables. The contracted agriculture practice, in which the farmers produce exclusively for us, is reflected positively in consumer prices.

We maintained a cost-oriented approach in 2019 in order to offer more affordable products to our customers.

With the implementation of "ŞOK Smart Digital Services" we expanded our scope of service to the customer and offered consumers the opportunity to carry out "money transfers" and "invoice payments" from ŞOK stores in 81 provinces.

By launching the ŞOK Academy, ŞOK Marketler took a major step to offer a dynamic environment where our employees can develop themselves by means of the competences offered by the digitalized world and write new success stories along their career journeys. We advanced our service quality and employee satisfaction even further with ŞOK Academy.



TL 16.1 billion
Net Sales

33%
Net Sales Growth

TL 1.5 billion
EBITDA

Believing that its most important duty is to create value for society, ŞOK Marketler continues to strive for women's participation in the workforce and their empowerment in socio-economic life. In line with this objective, we supported housewives with the social responsibility project. We have created income opportunities for women by offering handmade cloth bags, produced by housewives, in our stores for sale. Women have shown great interest in the project, which continues throughout Turkey.

As ŞOK Marketler, we continue to contribute to our nation's employment and add value to our country's economy, as well as to the lives of our stakeholders and customers. We aim to maintain this performance in 2020 with your support.

Yours sincerely,

Uğur Demirel
ŞOK Marketler Tic. A.Ş.
CEO

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

As a result of the strong growth in the last three years, discount markets have become the leader of the retail sector in terms of the number of stores.

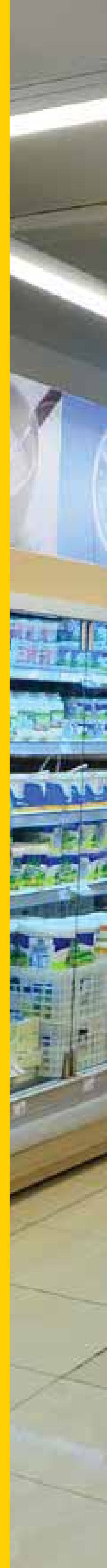
Turkey's retail sector is among Europe's largest markets in terms of household spending. Today, the retail sector is evolving rapidly and radically. With each passing day, consumers become more knowledgeable, and product variety expands accordingly. The Turkish retail sector continues to grow in line with initiatives aimed at staying current with this transformation. 'Traditional channel' sales points, also including small-scale and independent grocery stores that are generally run by families, dominated the sector in the past, until the emergence of 'modern channel' (e.g. supermarkets, hypermarkets and discount stores) which became widespread.

Among the marketing channels, the modern channel has performed over 100% on a 10-year performance basis. The rapid development of discount stores has played an important role in this rise. With the number of points opened in the last three years, discount stores have become a model dominating the modern channel. Price and proximity appear to be the most important factors in the growth of discount stores; meanwhile, the traditional channel has shrunk as a result of the decline of models such as grocery stores, kiosks, and dry food vendor compared to the previous year, there has been a slight decline in terms of the number of stores in the traditional channel.

In 2019, the modern channel grew by 18*% on the basis of the number of stores, as a result of the impact created by discount stores. In the modern channel, discount markets take the first place in terms of market turnover growths. Gaining market share from small-scale supermarkets (under 400 m^2) and the traditional channel on a yearly basis, discount markets are the model making the greatest contribution to market growth. As a result of the strong growth in the last three years, discount markets have become the leader of the market in terms of the number of stores.

As regards the development of ŞOK Marketler, the Company realized a growth of 33% as of the end of December 2018-2019, surpassing other market players. Discount stores increased by 22*% and supermarkets by 16*% in the said period.

NIELSEN RETAIL PANEL



18%

Growth of Organized Retail Sector in 2019

33%

Turnover Growth of ŞOK Marketler in 2019

OUR STORES

ŞOK Marketler brings together the best aspects of national supermarkets and discount stores, focusing on sustainable growth with its unique business model which brought a new breath to Turkey's retail food industry.

	Number of ŞOK Stores	Number of Stores Opened-Net
2012	1,114	9
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**

Strengthening its financial and operational agility each and every day, ŞOK Marketler provides service in two different store types, namely ŞOK and ŞOK Mini. ŞOK Marketler carries out its operations with the goal of continuous development. In this context, the Company opened 851 new stores in 2019, expanding the number of total stores to 7,215 Following the new recruitments, it increased the total number of employees to more than 30,000.

An Affordable Shopping Experience with the Concept of "ŞOK is Cheap"

Bringing together the best aspects of national supermarkets and discount stores, ŞOK Marketler focuses on sustainable growth with its unique business model, which brought a new breath to Turkey's retail food industry. As a point close to the home of the consumer, ŞOK Marketler provides its customers with the shopping experience that they desire: a unique format where shoppers can meet all their basic needs at affordable prices, thanks to the "everyday low price" policy; and a store environment that encourages customers to return. Welcoming nearly three million people in its stores every day, ŞOK Marketler aims to provide a clean, spacious and simple shopping experience to its customers. In accordance with this concept, the Company uses low shelves and matching lighting in the stores, providing a comfortable and accessible shopping environment to its customers in line with the marketing concept, 'ŞOK is Cheap'. The standard shelf display plan makes it easier to determine inventory for the products to be topped up, and stock turnover increases efficiency in terms of staff volume and in-store audits.

ŞOK Marketler' exclusive brands are displayed in easily-recognizable bright yellow boxes designed. These yellow boxes ensure that ŞOK's exclusive brands can be easily recognized, as well as presented in a standard manner, and highlight the slogan "everyday low price." A ŞOK product is displayed alongside an equivalent domestic-branded product, with the price tag of each one indicating the price per product. The placement of the products in such a way makes it possible for the consumers to compare the Company's exclusive brands with the leading national brands in line with the pricing policy.

Moreover, the ŞOK logo is highlighted with bright yellow and red colors, in the exterior parts of stores, to ensure that the signs are noticed quickly to draw attention.

Exclusive Brands Enriched in Line with Consumer Needs

Providing more than 1,500 different products in food and non-food categories to its customers, ŞOK Marketler added more than 100 new private label products, in line with consumer needs, to its range of well-known and nostalgic brands such as Mis, Piyale, Mintax, Amigo and Evin – brands that are available only in ŞOK stores. Within its constantly expanding product range, ŞOK Marketler includes food products like fresh fruits and vegetables, as well as non-food products such as kitchenware, cleaners, paper products and clothing in various categories. As part of the contracted agriculture practice of ŞOK Marketler, a structure in which food and vegetables are directly delivered from to the consumer, farmers work with ŞOK Marketler to ensure that fruits and vegetables are offered to consumers at affordable prices.

ŞOK Marketler continues to manage its supply operations in respect of its stores in 81 provinces with 27 distribution centers. ŞOK Marketler aims to create value for its customers and the national economy by sustaining growth in the upcoming period as well.

81
Cities

~30,000
Employees

7,215
Stores

851
New Stores

27
Distribution Centers

TL 353 million
CAPEX

BUSINESS ETHICS

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

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 law, 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 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 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 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 sales and purchase transactions regarding our public company are conducted in accordance with legal procedures.

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

Political Activities

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

Social Responsibility, Volunteering, Donations and Sustainability

In line with our social awareness, we participate in projects to contribute to the development of society and we make donations. We require that our corporate donations and social support are carried out for projects, organizations and institutions in compliance with our internal regulations, the Yıldız Holding Code of Conduct and the Company's reputation. We do not provide donations for private accounts and for-profit organizations. We encourage employees to participate in social activities in fields such as environment, health, education and sports, provided that their individual volunteering efforts are undertaken with their 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 taking 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.

BUSINESS ETHICS

We aim at providing the best service by focusing on changing customer and market needs.

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 Ethical Principles and Code of Conduct, 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 and consumers 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' 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 Conflicts 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 internal access to 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 enforced regulations, 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." 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 charge 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 customer 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.

BUSINESS ETHICS

All IT resources of ŞOK Marketler, any information created, stored or transferred using these resources are the property of ŞOK Marketler.

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.

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 transferred 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 the 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 work flow 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.

BUSINESS ETHICS

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.

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, deceptive 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. Our advertising does not contain any gender, religion or race discrimination or any elements of individual humiliation and violence.

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.

Compliance Responsibility and Notification of Violations

Should the ŞOK Marketler employees need guidance with respect to Ethical Conduct and Working Principles they should consult the relevant ethical conduct guide, a senior manager, the relevant human resources manager and the Ethics Committee (ethics.notice@yildizholding.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' CEO, or to the Ethics Board via e-mail (etik.bildirim@yildizholding.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, Auditing, 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.

SUSTAINABILITY MANAGEMENT STRUCTURE

In 2019, ŞOK Marketler Sustainability Board participated in Yıldız Holding Sustainability Education Program, organized jointly with Boğaziçi University Lifelong Learning Center.

Adopting a culture of sustainability, ŞOK Marketler has established the Sustainability Board within the Company to steer its strategic investments to increase the value it generates in environmental, social and corporate governance areas, in line with its efforts to increase competition and brand value.

The responsibilities of the Sustainability Board include setting the sustainability strategy, goals, road maps and policies; mapping out the risks related to the environment, society and corporate governance, and managing them proactively; identifying sustainability-related performance measures; informing employees on these areas; undertaking efforts to internalize relevant policies; and planning for efficient communication with stakeholders. The Board convenes at least twice a year to plan a schedule.

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, are members of the Sustainability Board. The Working Group of Sustainability Board consists of executives and employees from the Quality, CEO office, and Loss Prevention units.

In 2019, a set of Sustainability Board and Working Group members participated in the Yıldız Holding Sustainability Education Program, organized jointly with Boğaziçi University Lifelong Learning Center. Within the scope of the education program, the participants completed a 24-hour training program encompassing subjects such as the Fundamentals of Sustainability, Sustainability Strategy, Sustainability Leadership, Sustainable Agriculture and Food, Intrapreneurship, Future Trends, Sustainable Innovation, and Technology.

Sponsored by the Yıldız Holding Board of Directors, the Sustainability Initiative contributes to the Company for corporate reputation and risk management. The Initiative also ensures that the sector's global agenda, megatrends, the newly developing regulatory environment (including the United Nations Sustainable Development Goals), and the main issues raised by all stakeholders, are managed efficiently within a strategic framework.

** In 2015, 193 United Nations member states ratified the 17 Sustainable Development Goals, aimed at putting an end to extreme poverty by the year 2030, as well as fighting inequality and injustice, and protecting the planet. For details: http://www.kureselhedefler.org/*

SUSTAINABILITY APPROACH

In the highly competitive retail sector, ŞOK Marketler focuses on standing out among its competitors by creating value for both its corporate structure and its stakeholders, and identifying the areas that will strategically advance its corporate structure.

ŞOK Marketler has adopted the motto of "This is Our World" that is developed by Yıldız Holding. This motto signifies a holistic management approach, helping to improve the Company's performance with a focus on three main themes: product, people and the planet.

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

Product - Inspire
To inspire customers to adopt a healthy diet and lifestyle, and also 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.

People - Empower
To grow 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.

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

ŞOK Marketler believes that it is important to focus on particular strategic areas to ensure successful and integrated management. The Company has focused on determining the areas where it can create value for both its business and its stakeholders in a retail sector characterized by fierce competition - an approach that sets the Company apart from the competition and moves it strategically forward.

To this end, the Company conducted a stakeholder analysis via an on-site study based on the methods set forth in international standards; and held in-depth interviews and workshops attended by executives and specialists from different departments. The decisions taken at these meetings were approved by the Board of Directors and priority issues in the field of sustainability were determined.

PRODUCT RANGE

Always aiming to respond to customers’ different needs with many and diversified options, ŞOK Marketler attaches great importance to the fact that all products sold in its stores are consistently safe and of good quality.

Acting in line with its vision of being the most preferred food retailer in Turkey, ŞOK Marketler offers its customers the most convenient shopping experience with affordable products of good quality. In this direction, ŞOK Marketler is diversifying its product portfolio with both its exclusive brands and national brands, taking into account the needs of customers, and expanding the store network to be easily accessible anywhere in Turkey.

ŞOK Marketler consistently aims to respond to customers’ diverse needs with a wide range of products and a rich selection, bringing national and international branded products, as well as exclusive brands, together in the categories of basic food and non-food products. Offering heritage brands such as the nostalgic Mis, Piyale, Mintax, Amigo, Evin and Amigo brands alongside best-selling national brands, ŞOK Marketler is committed to ensuring that all products are always safe and of high quality.

PRODUCT SAFETY AND QUALITY

ŞOK Marketler manufactures all of its exclusive-branded products in international food safety management certified facilities and controls the conformity of the products with the principles of consumer health and safety.

In order to ensure the product safety from the field to the table and to provide reliable products to customers, ŞOK Marketler attaches great importance to providing products that care for the health of millions of customers who shop in its stores and do not compromise on national and international quality standards.

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 periodically twice a year and spontaneously when necessary, which contributes to their performance. 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 exclusive-branded products in international food safety management certified facilities and controls the conformity of the products with the principles of consumer health and safety.

The Company also conducts audits at sales points and storage facilities, in addition to those audits carried out with suppliers. To this end, product safety checks are conducted in ŞOK's stores and warehouses, thus ensuring compliance with international quality standards.

Call Management

Thanks to the Call Management system installed on ŞOKNET, products with quality problems originating from the supplier are prevented from reaching customers. Through the system, stores report defective products; the quality team answer these calls by controlling the relevant product and recording, in the form of calls, the product defects arising from the production of the supplier. Suppliers, meanwhile, display the defective products on the same system and take the necessary actions to fix them. As a result of 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.

CUSTOMER FOCUS

ŞOK Marketler closely follows customers' rapidly changing expectations and needs, improving the shopping experience through innovative and digital solutions.

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. Consistently seeking to exceed the expectations of its customers, the Company closely follows consumer trends in Turkey and designs its stores taking into consideration five fundamental factors: proximity, price, product variety, unique brands, and convenient shopping experience.

ŞOK Marketler assesses customers' rapidly changing expectations and needs and improves their shopping experience through 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. ŞOK Marketler carried out a complete renovation of its stores and diversified its product range in 2015, and opened 851 new stores in 2019, increasing the total number of stores in 81 provinces to 7,215 stores.

ŞOK Marketler is expanding its network of stores in order to be as close as possible to its customers who want to access quality at affordable prices in 81 provinces of Turkey. 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's product portfolio consists of both national brands and exlusive brands, along with fresh fruits and vegetables supplied directly to customers at affordable prices.

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.

ŞOK Marketler, one of the largest food retailers in Turkey, has diversified its shopping channels to meet the evolving demands of customers; in this context, the Company launched the Cepte ŞOK mobile application. Launched in 18 stores in 2017, Cepte ŞOK is applied in all ŞOK stores as of 2018.

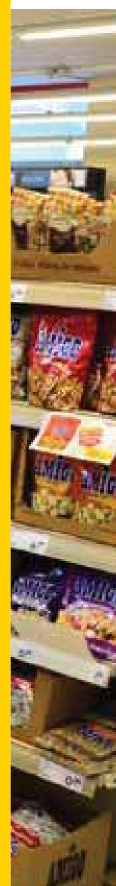
After selecting the products they want, customers use the mobile application, which operates on a "Click & Collect " basis. Customers can then easily receive their products, prepared at the nearest ŞOK store, within the specified time frame, without wasting time.

+1,500 Different Products

ŞOK Marketler listens to customer feedback about products and services in order to manage the shopping experience in the most effective way. In this context, the Company conducts customer satisfaction surveys to follow and respond to evolving customer trends in a timely manner. ŞOK Marketler has been conducting Mystery Shopper Surveys in its stores since 2015 and, due to these surveys, it evaluates its stores with respect to areas such as product, fruit and vegetable department, personnel service quality, and the physical condition of the store. As well, in the 2019 Brand Health Tracking Survey conducted among consumers to evaluate brand image, ŞOK Marketler maintained its leading rank, with the second highest level of TOM (Top of Mind) among retailers.

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 taking into account consumer expectations. It is among the Company's priorities to encourage customers to use these communication channels to share requests, opinions and expectations. The Company receives and responds to customer feedback via a communication form available on the website (www.sokmarket.com.tr/iletişim/iletişim-formu), via Customer Relations Center (MIM) hotline at 0212 576 33 00, and through the email address, mim@yildizholding.com.tr. It takes necessary action with respect to customer complaints in 3 business days following the feedback. While 40% of ŞOK Marketler customers communicate their feedbacks online, 60% choose to do so over the phone.



SUPPLY CHAIN MANAGEMENT

ŞOK Marketler, which started to produce vegetables and fruits within the framework of the direct supply process, guarantees product quality and ensures product traceability without the need for multiple intermediaries.

Managing the entire supply chain from the manufacturer to the end-consumer in a holistic manner, ŞOK Marketler distributes its products quickly and effectively to stores across 81 provinces in Turkey via a distribution network consisting of 25 distribution centers.

As the senior executive in charge of supply chain management, the Supply Chain Director reports directly to the Chief Executive Officer. The systems in place ensure that supply chain management is conducted efficiently, assuring product availability and improved seasonal planning.

ŞOK Marketler created the Supply Chain Policy to safeguard sustainability in the supply chain. This Policy requires suppliers to commit to respecting the Company's general principles with respect to environmental, social and corporate governance.

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ENVIRONMENTAL IMPACT

In addition, ŞOK Marketler created the Integrated Management Policy, directed towards leaving a positive heritage to future generations by using natural resources efficiently, and committed to adhering to this Policy in all processes.

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.

ENERGY MANAGEMENT, PACKAGING AND WASTE MANAGEMENT

In order to manage the environmental impacts of the activities at international standards, ŞOK Marketler received ISO 14001 certificate in 2019 after successfully completing the ISO 14001 Certification process which started in 2018.

Energy Management

The impacts caused by climate change, the decrease in productivity in agricultural activities due to the diminution of natural resources and damaging of ecosystems require the professional world to take responsibility for the protection of natural capital. ŞOK Marketler values energy management to reduce its carbon footprint by managing its environmental impact and have an effective resource management.

Practices to reduce environmental impact play an important role in strengthening corporate perception and providing a competitive advantage. Effective environmental management, which is part of ŞOK Marketler's corporate citizenship approach, strives to achieve the goal of creating a better world for all stakeholders. The basis of the environmental management approach is the impacts of this approach within the sector and the Environmental Policy adhered to under all circumstances. In order to manage the environmental impacts of the activities at international standards, ŞOK Marketler received ISO 14001 certificate in 2019 after successfully completing the ISO 14001 Certification process which started in 2018.

As part of the Stores Energy Efficiency Project that was initiated in 2019, Energy-Efficient Stores decreased energy consumption by 20%.

Packaging and Waste Management

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.

Overall Loss Prevention Committee aims to reduce waste by preventing food waste within the scope of achieving operational excellence by preventing any kind of loss in business processes.

The Company's Transporting Fruit and Vegetable Products Using Reusable Crates Project aims to reduce, to a great extent, the amount of waste and reduce the costs associated with the use of crates. The Company has begun to use special reusable crates which 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 carriage and transportation, and reducing cost.

OCCUPATIONAL HEALTH AND SAFETY

Striving to provide a safe, healthy and peaceful work environment to employees, ŞOK Marketler continues to work towards obtaining the ISO 45001 Occupational Health and Safety certificate.

Committed to providing a safe, healthy and peaceful work environment to its employees and a similar shopping experience to its customers, ŞOK Marketler attaches great importance to Occupational Health and Safety principles. Within this framework, Occupational Health and Safety is among the Company's priorities in the field of sustainability.

The Human Resources Director is the highest-ranking senior executive in charge of Occupational Health and Safety. The HR Director 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. In this regard, ŞOK Marketler continues to work towards obtaining the ISO 45001 Occupational Health and Safety certificate.

HUMAN RESOURCES POLICY

ŞOK Marketler is one large family, with more than 30,000 employees who work in over 7,000 stores across 81 provinces. This family is expanding, with new employees every year.

People - Empower

With a service network extending across Turkey, ŞOK Marketler attaches great importance to contributing to the socio-economic development of Turkey. The Company both empowers and grows stronger together with society, through business models directed towards improving social equality.

Every initiative undertaken by the Company to improve employee satisfaction also helps create a stronger society.

Employees

Making a difference in a highly competitive retail industry centered on customer satisfaction is deeply connected with the satisfaction of employees – the Company's invaluable stakeholders. 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.

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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. In the last three years, approximately 99% of employees who have been on maternity leave have returned to their jobs at ŞOK Marketler.

Employee Development

Retail companies need to adapt quickly to rapid changes in shopping habits triggered by technological developments, customers' changing expectations and demands, and fierce competition in the sector. Therefore, the Company believes that adaptation to sector developments, progress towards strategic targets and the advancement of exemplary practices is only possible through its employees' dedication and development.

The Company offers employees training, development and career planning opportunities based on the principles of equal opportunity and fair management. Employee assessments take into account each employee's professional performance and experience, as well as additional competencies they have acquired.

Performance and Career Management
Employees can evaluate their performances, set future goals and identify their fields of development only by means of an effective performance management. In this context, ŞOK Marketler enhances the motivation and competence of its employees and strengthens their sense of belonging through its Performance Management System.

Determined by Yıldız Holding as an 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.

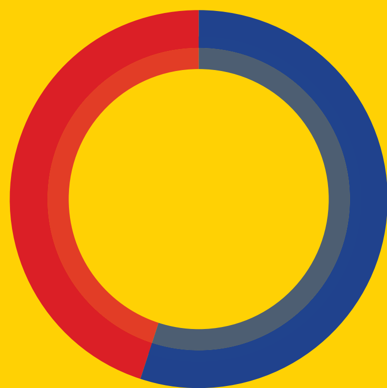
Compensation Policy Based on Merit
The Company's compensation system is managed by a common hierarchical structure, based on the content of the job. ŞOK Marketler pays an equal and competitive wage consistent with the market, according to annual market wage research reports, upon assessing employees' performance through this system. As well, the Company provides employees with 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. Furthermore, 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.

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.

Employees by Category

Employees by Gender



HUMAN RESOURCES POLICY

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Human Resources Career Planning for Employees
"Human Resources Career Planning" is conducted annually for the Head Office and branch offices. During this process, the Department analyzes employees' strengths and areas for improvement and creates a career 'road-map'; this data is recorded and referenced during the following assessment periods. Development tools, including coaching, mentoring, class training, rotation and project ownership, are used in line with Human Resources processes, in this case, the 70-20-10 model.

In the Company's stores, "In-Store Human Resources Planning" is conducted four times a year. After each session, store managers identified as 'promotable' are assessed in a separate process. Using case studies, individual presentations, and Q&A sessions, the Company can identify candidates for promotion or provide them with self-development plans.

Leadership Development Program
In 2017, ŞOK Marketler launched the "Tactics Here" leadership development program for field executives, including regional executives, regional managers, and branch managers. During this program, regional executives 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 executives. In addition, we offered branch managers a one-day coaching training session.

Need-Based Training Sessions
The Company offers tailored training opportunities to employees, to enhance their professional and personal skills and support their career development.

Performance Review System

Goal Setting

Mid-Term Assessment

Assessment

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

Keeping up with the digital transformation process, ŞOK Marketler has implemented the Academy ŞOK e-learning and development platform in the field of education. The Company has laid the foundations of a company culture that "learns from each other" by supporting the simultaneous development processes of all employees in its headquarters and stores through this platform. Launched as a pilot application in 2017, Academy ŞOK is designed as a user-friendly platform removing the time and place restrictions with a high accessibility as well as easy and understandable content. Thanks to the application, the Company offers its employees the opportunity to participate in trainings on many subjects such as store processes and basic management on a platform that they can access via computers, tablets, and all smart mobile devices.

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. 85% of the employees actively use the Academy ŞOK which received the TEGEP (the Learning and Development Platform Association of Turkey) 2019 Learning and Development Award.

Employee Loyalty and Satisfaction

Events and 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.

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 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 are 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; dividends may not transferred to the following year and may not be distributed, from profits, 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 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 use of non-distributed dividends, in 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 in gross value based on the opinion of the relevant committee, and submitted for the approval of the General Assembly. It is essential that the compensation of Independent Members of 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 per 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 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 TRANSACTION 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 1.0% 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 a 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 Markets Legislation, Corporate Governance Guidelines 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, 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, 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 approval by the Board of Directors.

The responsibility to implement, develop and follow 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,
- Notices and announcements made via the Company's website (www.sokmarket.com.tr) and the Trade Registry Gazette; communication methods taking place via communication means such as phone, e-mail, and facsimile; disclosures made via print and visual media; disclosures made to data distribution organizations such as Reuters, Forex, Bloomberg; and face-to-face or teleconference briefing sessions 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 announcement, as well as on the Company's website.

DISCLOSURE POLICY

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, 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 print or verbal communication or may be published on the Company's website (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 tables 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 trainings. 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 strategy that are yet to be agreed upon by the Board of Directors, in disclosures of expectations by directors authorized to disclose information to public.

In addition to material events 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 may be performed and assistance delivered 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 are to be made in line with the Company's vision, mission, policies, ethical principles and values, and annual budget appropriations. Donations and assistance may be in kind and in cash. Donations which were made within the relevant financial year are added to the Company's distributable profit assessment.

The upper limit of donations 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 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, a risk committee ensures effective risk management as imposed by the Board of Directors, and thus risks can be properly 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 debt, which includes the loans disclosed in Note 6, other payables to parties non-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 composed of capital and reserves as disclosed in Note 20 of the audit report which includes the financial statements and footnotes.

The senior management 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 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

None.

REPORT ON COMPLIANCE OF THE ANNUAL REPORT

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

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

1. Opinion

We have audited the annual report of Şok Marketler Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2019 period.

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

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") 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 (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. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 5 March 2020 on the full set consolidated financial statements for the 1 January - 31 December 2019 period.

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

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

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 financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

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

Adnan Akan, SMMM
Partner

Istanbul, 5 March 2020

STATEMENT OF RESPONSIBILITY

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

DATE: 05.03.2020
NO: 2020/04

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 notes and the annual activity report of the Board of Directors for the period between January 1, 2019 and December 31, 2019, prepared in accordance with the Capital Markets Board II.14.1. "Communiqué on Principles of Financial Reporting in Capital Markets" and II-17.1 "Communiqué On Corporate Governance" approved by the Board of Directors by its resolution dated March 6, 2019, in addition to the "Corporate Governance Compliance Report" and the "Corporate Governance Information Form" prepared in accordance with the Capital Markets Board decision dated January 10, 2019 and numbered 2/49:

a) Have been reviewed by us;

b) Based on the information available to us as a result of our duty at the Company, 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 at the Company, the financial statements prepared in accordance with the applicable financial reporting standards and based on the principle of consolidation, reflect fairly on the Company's assets, liabilities, financial standing and profit/loss for the relevant period, and the activity report, again based on the principle of consolidation, reflect fairly on the development of the business, performance 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
Independent Board Member Chair of Audit Committee

CORPORATE GOVERNANCE COMPLIANCE REPORT

ŞOK MARKETLER TİCARET A.Ş. CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION 1 - 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:

Pursuant to Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communiqué released on January 3, 2014, issuance of a "Corporate Governance Principles Compliance Report" and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST).

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

Accordingly; the "Investor Relations Department" was established;

- The Board of Directors was formed upon the determination and public announcement of the Independent Board Members in the number set forth in the Corporate Governance Communiqué, and upon the dissemination of their résumés;
- Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committees were formed in a way to directly report to the Board of Directors;
- Committee working principles were published on the Public Disclosure Platform and website;
- Committee chairmen were elected from among the Independent Members of the Board;
- Information documents, meeting agenda, annual report, résumés of the nominees for Board Membership, and other matters to be announced were submitted to 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 website was modified in the manner stipulated by those 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 2019 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 more effectively operate the mechanisms of corporate governance practices of the Company 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.
- Currently, there is not a written compensation policy in place for our employees that must be formulated as per the Article 3.1.2 of the "Corporate Governance Principles" and studies in this matter are still being carried out.
- 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. However, the announcement is not made on a personal basis.
- There are no provisions in the Articles of Association, giving the shareholders any personal right to demand a private audit from the general assembly. The regulations of the Turkish Code of Commerce and the Capital Markets Board are deemed sufficient to appoint a private auditor. Every shareholder's right to demand a private audit is recognized within the framework of the regulations of the Turkish Code of Commerce no. 6102 that entered into force on 01.07.2012.

The established committees of the Board of Directors actively carry out their tasks. Committee working principles are published on the website. Committee chairmen are elected from among the Independent Members of the Board of Directors. Independence of the independent members of the Board of Directors was examined and new candidates were presented by the Corporate Governance Committee that runs the operations of the Nomination Committee to the Board of Directors. Résumés of the Members of the Board of Directors are also available in the Annual Report, in the section "Board of Directors."

SECTION II - SHAREHOLDERS

2.1. Investor Relations Department

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

Information regarding the executives responsible for Investor Relations is presented below. The Department processes any and all written, verbal or online inquiries submitted by current and potential stakeholders. It also attends all local and international investor conferences regularly and holds meetings with domestic and foreign institutional investors.

The Investor Relations Department is in charge of disclosures required by the BIST, The 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 Unit may organize other ad-hoc meetings held at the request of shareholders.

The Investors Relations Department attended 9 conferences and 6 roadshows and held over 350 meetings with existing and potential shareholders in 2019.

Contact information for Investor Relations Department is as follows:

Ziya KAYACAN (CFO)
Phone: 0850 221 6755
E-mail address: yatirimciiliskileri@sokmarket.com.tr

Çağrı DEMİREL (Investor Relations Manager and Corporate Governance Committee Member)
Phone: 0850 221 6755
E-mail address: yatirimciiliskileri@sokmarket.com.tr

CORPORATE GOVERNANCE COMPLIANCE REPORT

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 under their rights as shareholders via quarterly reports and annual reports, material event disclosures, and replies to individual inquiries. Moreover, necessary information is made available in electronic format for shareholders on www.sokmarket.com.tr and 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.

An Ordinary and an Extraordinary General Assembly meeting were held in 2019.

No press member attended the meetings. The invitation for the General Assembly, which stated the date and agenda of the meeting, was announced on the Company's official website www.sokmarket.com.tr and on the Public Disclosure Platform as specified by law and the Articles of Association within the prescribed time limit.

Prior to the General Assembly meeting, agenda items, a sample proxy form, résumés of nominees for election as members to the Board, amendment to the Articles of Association, balance sheet, profit-loss statements, independent auditor's report and footnotes, auditor's report, Board of Directors' resolution on profit distribution, report on the transactions of the related parties and the resolution on the selection of an independent audit company were made available and published on www.sokmarketyatirimciiliskileri.com prior to the meeting date.

Items on the agenda were expressed in an unbiased and detailed manner at the General Assembly clearly and intelligibly; shareholders were provided with equal opportunity to express their opinions, and raise any questions to create a healthy atmosphere for discussion.

The amount of contributions 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.

Shareholders did not make requests regarding the items of the agenda.

With the attendance of the shareholders representing approximately 75% of the paid-in capital amounting to TL 611,928,571, the 2018 Ordinary General Assembly Meeting was held on March 29, 2019, at Kısıklı Mahallesi, Hanımseti Sokak, No: 35 B-1 Üsküdar/ISTANBUL.

According to the list of attendants, of the 611.928.571 shares corresponding to the Company's total capital of TL 611.928.571, 10 shares corresponding to TL 10 in total were represented personally at the meeting, whereas 461.257.336,27 shares corresponding to TL 461.257.336,27,00 were represented by proxy. In total, 461,257,346.27 shares, corresponding to TL 461,251,346.27.00 were represented at the meeting.

Decisions taken at the Ordinary General Assembly Meeting were disclosed via Public Disclosure Platform on March 29, 2019.

The extraordinary general assembly meeting of the company was held on October 31, 2019, with the attendance of the shareholders representing approximately 82% of the paid-in capital amounting to TL 611,928,571 in total at Hanımseti Sokak, No: 35 B-1 Üsküdar/ISTANBUL.

According to the list of attendants, of the 611.928.571 shares corresponding to the Company's total capital of TL 611.928.571, 140,010.00 shares corresponding to TL 140,010.00 in total were represented personally at the meeting, whereas 504,283,359.27 shares corresponding to TL 504,283,359.27 were represented by proxy. In total, 504,423,369.27 shares, corresponding to TL 504,423,369.27 were represented at the meeting.

Decisions taken at the Extraordinary General Assembly Meeting held on 31 October 2019 were disclosed via Public Disclosure Platform on the same date (31 October 2019).

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 install 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 installed 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 on the website.

In accordance with the resolution of the Board of Directors dated March 29, 2019, it has been concluded that the Company cannot distribute profit as the Company announced a net period loss and accumulated losses in the financial statements prepared in accordance with the Tax Procedure Law. This issue was ratified by the shareholders at the Ordinary General Assembly Meeting held on March 29, 2019.

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 Market Law, these Articles of Association and the provisions of 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 offer 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 to Ordinary Shares. The Preferred Shares to be sold on the stock exchange are required to be converted into

CORPORATE GOVERNANCE COMPLIANCE REPORT

Ordinary Shares. If the proprietors of Preferred Shares apply to the Central Registry Agency (Merkezi Kayıt Kuruluşu Anonim Şirketi) 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 TRANSPERANCY

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. The majority of the information published on the website have an English version. The Company website and annual report were reviewed and action 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), 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 public and shareholders via the 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 website upon the Board's approval.

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 in a given year, material event disclosures are made in time. Our annual reports are prepared in a manner to cover all details to allow the public to access all information regarding the Company's activities.

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 to 20% (inclusive) of the Company's total shares, 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 a country-wide organization that rapidly grows every day, the Human Resources processes are managed in full integration with our vision.

At the core of our Human Resources Policy lies building human resources processes by which all our 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 published on the website and Annual report to the approval of shareholders.

Contribution to Employment

ŞOK Marketler aims to offer a pleasurable shopping experience for each customer at its stores spread across Turkey. In line with the targeted growth strategy, it contributes to regional and nation-wide employment with new stores to be opened.

Talent Management

Career Management

At ŞOK Marketler, career and performance management systems are managed in conformity with the guidelines established by Human Resources Department.

In order to guarantee furtherance of sustainable and high performance culture, individual targets are aligned with those of the Company by function, and assessed via a system based on balanced distribution model. Similarly, the skills of employees are put to 360-degree assessments, as part of our skills framework. Career management is carried out in a planned manner for each employee, by combining knowledge, skills and competencies set for each position in line with those systems in the Human Resources Planning (IKP) studies. Talents who provide added-value to the vision with their achievements are identified during Human Resources Planning activities. Learning and development process of the talents are determined, while their motivation and loyalty within the organization is encouraged.

We give priority to our employees in our talent pool, composed of existing employees, in addressing the need for talents at our Company that grows every day. Every talent in the Sales Operation Organization in particular is invited to our weekly assessment center practices for the career opportunities defined. With this practice, Store Managers who we consider talents are promoted as Regional Managers, which is the first-level manager position in on-field management. ŞOK Marketler aim to share its experience in retail sector with employees, and therefore manage the strategy and vision for field operations with its own talent pool.

Learning and Development

We have an online training platform "Akademi ŞOK" in place to support the learning and development of close to 30,000 employees at our large-scale organization. The Platform has been enriched with the Company's experience in the retail sector, which is the main driver of its rising success. Accordingly, the platform's main purpose is to contribute to employees' learning and development with online learning tools. By taking especially the profile of young generation employees into consideration, the platform is managed in a manner to allow employees to learn from one another and willingly (sustainably) use next-generation training tools available on the platform.

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 Extraordinary General Assembly Meeting held by the company on October 31, 2019. At the Extraordinary General Assembly meeting, the number of independent board members, which had been 2 previously, became 3, and the number of Board Members increased from 6 to 8. All Board Members are non-executive. Non-executive members include independent members, who satisfy all of the criteria set out in the Capital Market 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 to them as independent members.

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

Full Name	Title	Term of Office /Term Left
Cengiz SOLAKOĞLU	Chair of the Board of Directors	He was elected for three years at the Ordinary General Assembly Meeting held on July 18, 2018.
Ali ÜLKER	Vice Chair of the Board	
Mustafa Yaşar SERDENGEÇTİ**	Board Member	
Erman KALKANDELEN	Board Member	
Murat ÜLKER	Board Member	He was elected until the end of term of office of other Board Members at the Extraordinary General Assembly Meeting held on October 31, 2019.
Ahmet BAL	Board Member (Independent)	He was elected for three years at the Ordinary General Assembly Meeting held on July 18, 2018.
Pınar ILGAZ*	Board Member (Independent)	She was elected until the end of the term of office of the Previous Board Member at the Extraordinary General Assembly Meeting held on October 31, 2019.
Aytaç Saniye MUTLUGÜLLER	Board Member (Independent)	He was elected until the end of term of office of other Board Members at the Extraordinary General Assembly Meeting held on October 31, 2019.

** Ceyda AYDEDE, the Company's independent member of the board of directors, resigned from her position as an Independent Board Member with her petition of 11/04/2019. An explanation regarding the appointment of Pınar ILGAZ as an independent board member to the position vacated by Ceyda Aydede was declared to the public on April 30, 2019, on the Public Disclosure Platform.*
***Mr. Mehmet TÜTÜNCÜ was appointed as Board Member on 2 March 2020 in place of the resigned Board Member Mr. Mustafa Yaşar SERDENGEÇTİ, to complete the remaining term of office and to be presented to the vote of the first General Assembly to meet.*

Résumés of the Members of the Board of Directors are also available in the Annual Report, within the Section "Board of Directors."

Independent Board Members' Statement of Independence

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

Pınar Ilgaz

4.3.6 - A member of the board of directors who meet 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 on 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 on 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 account periods, there shall not be a violation of the independence criteria. In case that the rate of the turnover/profit before tax obtained from the significant commercial relation is 20% or more than the total turnover/profit before tax obtained from same kind of business in respect to any of the candidates for 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 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, at 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 be residing 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 board of directors more than a term of six years in the last ten years.

i) 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 on 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 on 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 account periods, there shall not be a violation of the independence criteria. In case that the rate of the turnover/profit before tax obtained from the significant commercial relation is 20% or more

CORPORATE GOVERNANCE COMPLIANCE REPORT

than the total turnover/profit before tax obtained from same kind of business in respect to any of the candidates for 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 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, at 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 be residing 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 board of directors more than a term of six years in the last ten years.

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

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

Aytaç Saniye Mutlugüller – Statement of Independence

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

Aytaç Saniye Mutlugüller

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

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 on 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 on 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 account periods, there shall not be a violation of the independence criteria. In case that the rate of the turnover/profit before tax obtained from the significant commercial relation is 20% or more than the total turnover/profit before tax obtained from same kind of business in respect to any of the candidates for 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 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, at 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 be residing 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 board of directors more than a term of six years in the last ten years.

i) 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. Rules of Conduct of the Board of Directors

The Board of Directors took 25 resolutions within the period of January-December in 2019.

In 2019, the Board held 5 meetings, with an attendance rate of 98%.

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. However, the Board of Directors may convene at any other convenient place in or outside of Turkey, subject to the Board of Directors' resolution.

Chair or Deputy Chair set the agenda for the Board of Directors.

The presence of 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

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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 installed 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 2018.

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

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

The Board of Directors established three committees including the Audit Committee, Corporate Governance Committee, and the Early Detection of Risk Committee.

Independent members assume tasks in multiple committees.

Committees generally convene one day 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 website. The Working Principles of the Early Detection of Risk Committee were revised in 2019 and the new working principles were announced to the shareholders on the Public Disclosure Platform on December 25, 2019.

Audit Committee

Name and Surname	Description
Ahmet Bal	Committee Chair (Independent Board Member)
Pınar ILGAZ	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 in a year, no less than once in every three months. The Audit Committee convened seven times in 2019 and presented reports involving opinions and comments to the Board of Directors.

Corporate Governance Committee

Name and Surname	Description
Pınar ILGAZ	Committee Chair (Independent Board Member)
Erman KALKANDELEN	Committee Member (Board Member)
Mustafa Yaşar SERDENGEÇTİ	Committee Member (Board Member)
Çağrı DEMİREL	Committee Member (Investor Relations Manager)

As Nomination Committee and Remuneration Committee, as stipulated by the Corporate Governance Principles, were not established due to the structure of the Board of Directors, the duties falling under the scope of these committees have been assumed by the Corporate Governance Committee.

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.

It is composed of at least three members, including minimum two Board members and head of the Investor Relations Department.

In 2019, 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)
Mustafa Yaşar SERDENGEÇTİ	Committee Member (Board Member)

The main purposes of the Risk Committee, which will function under the Board of Directors, include

- 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/CEO may not assume duties in the committees.

The committee convenes six times in a given year at maximum, no less than once in 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 responsibility, as a result of the meetings held once in every two months, and submits such reports to the Board of Directors.

In 2019, Early Detection of Risk Committee convened six times, and presented reports including opinions and comments to the Board of Directors.

CORPORATE GOVERNANCE COMPLIANCE REPORT

5.4. Risk Management and Internal Control Mechanism

The Company's risk management operations are carried out by the Risk Committee. Moreover, 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, as well as the authorities and responsibilities of the employees have been supervised and subjected to perpetual audits within the framework of risk management.

5.5. Strategic Objectives of the Company

The strategic objectives, mission and vision of ŞOK Marketler is 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. In accordance with the decision taken at the Extraordinary General Assembly Meeting held on 31 October 2019, the number of members of the Board of Directors has been determined as 8.

During the said General Assembly, it was approved that Cengiz Solakoğlu and independent board members namely, Ahmet BAL, Pınar ILGAZ and Aytaç Saniye MUTLUGÜLLER be paid a net monthly membership salary of TL 5,000 and that other members of the board of directors, Ali ÜLKER, Murat ÜLKER, Mustafa Yaşar SERDENGEÇTİ, and Erman KALKANDELEN not be paid any salary. At the general assembly meeting held on March 29, 2019, it was decided that Cengiz Solakoğlu be appointed as Chair and Ali Ülker as Deputy Chair.

OTHER INFORMATION REGARDING THE COMPANY'S ACTIVITIES

- The nominal amount of TL 19,618,995 arising from the transactions made within the scope of price stability transactions is presented under "Repurchased Shares" in the financial statements 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.
- In 2019, the Company did not have any special audits, and the Tax Inspection Board and Competition Authority conducted public audits. Currently, no reports regarding the audit results have been received by the Company.
- 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 2019.
- The Company reached the goals it had set to a great extent in 2019. The General Assembly Decisions taken in 2019 were implemented.
- In 2019 there were no legal proceedings launched in the interest of the Company or measure 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 2019.
- There is no lawsuit filed against the Company which may affect its financial situation and activities in 2019. Provisions were set aside for pending lawsuits. Details are disclosed in Note 14 of the audit report which includes the financial statements and footnotes.
- 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.

ŞOK MARKETLER TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Şok Marketler Ticaret A.Ş.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Şok Marketler Ticaret A.Ş. (the "Company") and its subsidiaries (together referred as "the Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements (Notes 1 to 32), which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

Key audit matters

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

Key Audit Matters	**How the key audit matter was addressed in the audit**
Goodwill and related impairment test	
As disclosed in Notes 2.8, 2.9 and 14 goodwill amounting to TRY 579 million was recognised in the Group consolidated financial statements as of 31 December 2019. These assets have indefinite useful life and are subject to impairment tests on an annual basis in accordance with IFRS unless there are indication of impairment. The reasons as to why we considered the goodwill and related impairment test as a key audit matter are as follows: • the significance of the amounts in the consolidated financial statements; • important assumptions such as enterprise value/earnings before interest tax and amortisation and enterprise value/sales multipliers, which were used fort the purpose of the impairment test and their sensitivities along with the possible impact on consolidated financial statements.	We examined the plausability of the assumptions used for purpose of impairment test with our experts. Models that were designed based on such assumptions were assessed from their technical and theoretical aspects and compared with industry practice. Cash generating unit consideration made by the management was considered reasonable based on comparison with industry practice. We checked if enterprise value/earnings before interest tax and amortisation and enterprise value/sales multipliers are within acceptable ranges by way of comparison with other retail companies. We examined the feasibility of the projections with Group management by comparing the projections with previous financial performance and current period evaluations. We performed sensitivity analysis. We checked the mathematical accuracy of calculations. We also considered the sufficiency of related disclosures.

Key Audit Matters	How the key audit matter was addressed in the audit
First time application of IFRS 16 "Leases"	
Accounting policies, estimations, assumptions and explanatory notes related with IFRS 16 application are disclosed in Notes 2.7, 2.8, 2.9, 6 and 11. IFRS 16, "Leases" ("IFRS 16") is effective for periods beginning on or after 1 January 2019. The application of the new standard resulted in the recognition of right of use assets and lease liability amounting to TRY 1,668 million as of 1 January 2019. The Group preferred the simplified transition method in its first time adoption of IFRS 16 and did not restate its comparative consolidated financial statements. The amounts recognized as a result of the adoption of IFRS 16 are significant to the consolidated financial statements. Moreover, measurements of the right of use assets and lease liabilities are based on significant estimates and assumptions made by the management. The substantial part of these estimates relate to interest rates used to discount cash flows and the rent periods. Therefore, the impacts of the first time adoption of IFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit.	We performed understanding and evaluation of the significant processes affecting financial reporting related to the adoption of IFRS 16. The completeness of the contract lists obtained from the Group management were tested. We evaluated the compliance of the simplified transition method applied by the Group in the transition period with the provisions of IFRS 16 related to transition. The discount rate used and reasonableness of rent contract periods were checked by way of comparison with the industry practice. Recalculation of the right of use assets and related lease liabilities recognised in the consolidated financial statements were performed on a sampling basis for the lease contracts that are in scope of IFRS 16. We tested the disclosures in the consolidated financial statements regarding IFRS 16 and evaluated the adequacy of such disclosures.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 6 March 2019.

Other information

Management is responsible for the other information. The other information comprises the Appendices I and II discloed as “Other information” at the notes to the consolidated financial statements but are not part of the consolidated financial statements and of 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 of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.

- Obtain an understanding of 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 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.

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

Adnan Akan, SMMM
Partner

Istanbul, 5 March 2020

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ŞOK MARKETLER TİCARET A.Ş.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

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

ASSETS

Current Assets	Note	31 December 2019	31 December 2018
Cash and cash equivalents	5	431,286,166	354,087,758
Trade receivables	7	74,417,039	69,539,782
Due from related parties	25	26,934,858	27,362,610
Other trade receivables		47,482,181	42,177,172
Other receivables	8	5,075,174	3,639,920
Inventories	9	1,329,732,797	872,461,203
Prepaid expenses	10	12,757,107	10,467,177
Other current assets	18	7,163,730	5,138,881
Total Current Assets		**1,860,432,013**	**1,315,334,721**
Non Current Assets			
Other receivables	8	19,735,389	13,380,154
Property and equipment	12	1,100,702,403	977,595,003
Right of use assets	11	1,823,015,010	-
Intangible assets		685,289,373	684,705,993
Goodwill	14	579,092,596	578,942,596
Other intangible assets	13	106,196,777	105,763,397
Deferred tax assets	24	218,626,726	270,915,382
Other non current assets		-	274
Total Non-Current Assets		**3,847,368,901**	**1,946,596,806**
TOTAL ASSETS		**5,707,800,914**	**3,261,931,527**

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

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

LIABILITIES AND EQUITY

Current Liabilities	**Note**	**31 December 2019**	**31 December 2018**
Short term borrowings	6	-	75,397,282
Lease liabilities	6	601,120,543	-
Short term portion of long term borrowings	6	75,514,464	101,967,392
Trade payables	7	3,395,061,181	2,484,528,147
Due to related parties	25	341,562,490	357,587,212
Other trade payables		3,053,498,691	2,126,940,935
Payables regarding employee benefits	17	111,607,765	88,640,962
Other payables	8	1,482,122	555,874
Deferred income	10	8,185,733	14,365,832
Other short term provisions		60,828,624	52,303,456
Provision for short term employee benefits	17	19,616,832	15,007,661
Other provisions	15	41,211,792	37,295,795
Other current liabilities	18	36,494,982	27,359,064
Total Current Liabilities		**4,290,295,414**	**2,845,118,009**
Non current liabilities			
Obligations under finance leases	6	32,984,837	106,879,422
Lease liabilities	6	1,365,532,179	-
Provision for long term employee benefits	17	44,874,709	41,587,275
Other payables	8	978,598	885,105
Deferred income	10	-	4,472,693
Total Non-Current Liabilities		**1,444,370,323**	**153,824,495**
EQUITY			
Share Capital	19	611,928,571	611,928,571
Repurchased shares	19	(190,231,327)	(199,789,445)
Effect of transactions under common control	19	(567,113,629)	(602,824,230)
Accumulated other comprehensive income or expense that will not be reclassified to profit or loss:			
Defined benefit plans remeasurement losses	19	(12,606,706)	(11,519,461)
Restricted reserves appropriated from profits	19	260,000	260,000
Retained earnings		428,057,451	397,169,153
Net (loss) / profit for the year		(298,637,678)	66,598,899
Shareholder's equity		**(28,343,318)**	**261,823,487**
Non-controlling interest		**1,478,495**	**1,165,536**
Total Equity		**(26,864,823)**	**262,989,023**
TOTAL LIABILITIES AND EQUITY		**5,707,800,914**	**3,261,931,527**

ŞOK MARKETLER TİCARET A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	20	16,051,963,222	12,060,771,860
Cost of sales (-)	20	(12,311,478,936)	(9,126,780,915)
Gross profit		**3,740,484,286**	**2,933,990,945**
Marketing and selling expenses (-)	21	(2,771,035,995)	(2,432,466,837)
General administrative expenses (-)	21	(97,705,649)	(71,753,605)
Other income from operating activities	22	10,935,603	5,648,109
Other expenses from operating activities (-)	22	(27,970,110)	(33,282,023)
Operating profit		**854,708,135**	**402,136,589**
Financial expense	23	(1,118,798,262)	(728,859,956)
Financial income	23	20,199,228	78,501,882
Loss from continuing operations before taxation		**(243,890,899)**	**(248,221,485)**
Income tax expense	24	(1,880,407)	(3,240,264)
Deferred tax income / (expense)	24	(52,558,416)	319,043,399
Profit / (Loss) from continuing operations for the year		**(298,329,722)**	**67,581,650**
Discontinued operations			
Profit / (Loss) for the year from discontinuing operation	29	-	(547,114)
PROFIT / (LOSS) FOR THE YEAR		**(298,329,722)**	**67,034,536**
Attributable to:			
Equity holders of the parent		(298,637,678)	66,598,899
Non-controlling interests		307,956	435,637
Profit / (Loss) per share	28	**(0.5044)**	**0.1322**
Other Comprehensive Income and Loss			
Items that will not be reclassed to profit or loss		**(1,082,242)**	**4,130,413**
Defined benefit plans remeasurement losses	17	(1,352,001)	5,164,529
Tax related to other comprehensive income items that will not be reclassified to profit or loss		-	-
Deferred tax income	24	269,759	(1,034,116)
OTHER COMPREHENSIVE (LOSS) / INCOME		**(1,082,242)**	**4,130,413**
TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME		**(299,411,964)**	**71,164,949**
Total comprehensive (expense) / income attributable to:			
Non-Controlling Interests		312,959	445,076
Equity Holders of the Parent		(299,724,923)	70,719,873
(LOSS) / PROFIT FOR THE YEAR		**(299,411,964)**	**71,164,949**

ŞOK MARKETLER TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

			Accumulated other comprehensive income or expense that will not be reclassified to profit or loss			Retained Earnings / Accumulated Losses				
	Share capital	Treasury shares	Defined benefit plans remeasurement losses	Restricted reserves	Effect of transactions under common control (*)	Profit / (Loss) for the year	Retained earnings / Accumulated Losses	Shareholder's equity	Non-controlling interest	Equity
Reported as of 1 January 2018	**360.000.000**	**-**	**(15.317.761)**	**260.000**	**(438.284.421)**	**(390.190.707)**	**(1.538.988.319)**	**(2.022.521.208)**	**(162.448.634)**	**(2.184.969.842)**
Transfer to retained earnings	-	-	-	-	-	390.190.707	(390.190.707)	-	-	-
Effect of disposal of a subsidiary	-	-	(322.674)	-	(164.539.809)	-	292.389	(164.570.094)	163.169.094	(1.401.000)
Capital increase and share issue	251.928.571	-	-	-	-	-	2.326.055.790	2.577.984.361	-	2.577.984.361
Repurchase of shares	-	(199.789.445)	-	-	-	-	-	(199.789.445)	-	(199.789.445)
Total comprehensive income / (Loss)	-	-	4.120.974	-	-	66.598.899	-	70.719.873	445.076	71.164.949
Balance as of 31 December 2018	**611.928.571**	**(199.789.445)**	**(11.519.461)**	**260.000**	**(602.824.230)**	**66.598.899**	**397.169.153**	**261.823.487**	**1.165.536**	**262.989.023**
Balance as of 1 January 2019	**611.928.571**	**(199.789.445)**	**(11.519.461)**	**260.000**	**(602.824.230)**	**66.598.899**	**397.169.153**	**261.823.487**	**1.165.536**	**262.989.023**
Transfer to retained earnings	-	-	-	-	-	(66.598.899)	66.598.899	-	-	-
Effect of transactions under common control (*)	-	-	-	-	35.710.601	-	(35.710.601)	-	-	-
Sales of shares	-	9.558.118	-	-	-	-	-	9.558.118	-	9.558.118
Total comprehensive income / (Loss)	-	-	(1.087.245)	-	-	(298.637.678)	-	(299.724.923)	312.959	(299.411.964)
Balance as of 31 December 2019	**611.928.571**	**(190.231.327)**	**(12.606.706)**	**260.000**	**(567.113.629)**	**(298.637.678)**	**428.057.451**	**(28.343.318)**	**1.478.495**	**(26.864.823)**

(*) Effect of transactions under common control explained in Note 3.

ŞOK MARKETLER TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Note	1 January- 31 December 2019	1 January- 31 December 2018
A. Cash Generated by Operating Activities			
Profit / (loss) for the year		(298.329.722)	67.034.536
Profit / (loss) from discontinued operations		-	(547.114)
Profit / (loss) from continued operations		(298.329.722)	67.581.650
Adjustments related to reconciliation of net profit / (loss) for the year			
-Depreciation of property and equipment	11-12-13	598.502.429	200.403.771
-Provision for retirement pay	17	30.093.499	30.146.639
-Provision for doubtful receivables	7	182.918	250.307
-Lawsuit provisions	15	6.405.813	10.761.687
-Discount (income) / expenses		(10.776.224)	(19.661.785)
-Allowance for / reversal of impairment on inventories, net	9	(724.776)	5.088.509
-Loss on sale of property and equipment, net	22	3.197.044	5.821.905
-Impairment / (reversal) on property and equipment	12	-	(5.261.400)
-Tax income / expenses	24	54.438.823	(315.803.135)
-Interest income	23	(9.703.022)	(19.180.318)
-Interest expenses	23	572.582.792	250.510.043
Cash generated by / (used in) operations before changes in working capital		**945.869.574**	**210.657.873**
Changes in working capital :			
Changes in trade receivables		(4.676.278)	197.125.868
Changes in inventories		(456.546.818)	(241.302.590)
Changes in other receivables and current assets		(10.299.848)	24.806.600
Changes in trade payables		920.738.511	312.185.396
Changes in other payables and expense accruals		10.155.659	8.670.825
Changes in employee benefits		22.966.803	9.534.045
Changes in prepaid expenses		(12.942.722)	(1.392.580)
Cash used in operations		**1.415.264.881**	**520.285.437**
Income taxes paid		(1.395.623)	(2.785.330)
Collections from doubtful receivables	7	186.847	16.331
Payments for lawsuits	15	(2.489.816)	(4.322.228)
Retirement benefits paid	17	(23.548.895)	(20.727.412)
Net cash generated by operating activities:		**1.388.017.394**	**492.466.798**
B.INVESTING ACTIVITIES			
Interest received	23	9.703.022	19.180.318
Purchases of property and equipment	12	(343.844.255)	(324.207.194)
Purchases of intangible assets	13	(9.388.922)	(12.677.105)
Proceeds from the sale of property and equipment	11-12-23	1.892.660	176.717
Other		(150.000)	(252.000)
Net cash used in investing activities		**(341.787.495)**	**(317.779.264)**
C.FINANCING ACTIVITIES			
Public offering and capital increase		-	2.577.984.361
Payments for finance leases	6	(100.347.513)	(98.103.910)
Interest paid		(140.002.509)	(295.262.806)
Changes in other payables to related parties		-	(614.685.484)
Cash paid for sales / (repurchase) of company shares under price stability	19	9.558.118	(199.789.445)
Interest payments of lease liabilities	23	(433.017.864)	-
Payments of lease liabilities	6	(230.262.022)	-
Repayments / proceeds of borrowings	6	(74.959.701)	(1.282.287.340)
Net cash (used in) / generated from financing activities		**(969.031.491)**	**87.855.376**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**77.198.408**	**262.542.910**
Cash flows of discontinued operation		**-**	**(547.114)**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**354.087.758**	**92.091.962**
E.CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	**5**	**431.286.166**	**354.087.758**

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

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 Üsküdar and continues its activities in 81 provinces of Turkey. The number of personnel is 29,738 as of 31 December 2019 (31 December 2018:27,823).

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

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

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

On 19 April 2013, the Group signed share transfer agreement for the purpose of purchasing 100% of the DiaSA Dia Sabancı Süpermarketleri Tic. A.Ş ("DiaSA"). All of DiaSA's shares were transferred to Şok Marketler A.Ş. on 1 July 2013. On 8 July 2013, 100% of the shares of Onur Ekspres Marketçilik A.Ş. was purchased by Şok. DiaSA and OnurEx merged with Şok on 1 November 2013 and 19 December 2013, respectively.

On 29 May 2015, the Group acquired 80% share of Mevsim Taze Sebze Meyve San. ve Tic. A.Ş. ("Mevsim").

On 26 December 2017, the Group acquired 55% shares of Teközel and 45% shares on 2 July 2018, respectively. The Company merged with Teközel on 10 May 2019 with CMB approval dated 28 March 2019 and Trade Registry approval dated 10 May 2019. After the merger Şok acquired %100 shares of 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 with restricting the rights of the existing shareholders to purchase new shares, total capital of the Company increased by TL 33,428,571 to TL 611,928,571.

The Group's shareholding structure is presented in Note 19.

As of 31 December 2019, the Group has a total of 7,215 stores 6,929 units ("Şok" sales store), 286 units ("Şok Mini" sales store) (31 December 2018: "Şok" sales store: 6,100, "Şok Mini" sales store: 264).

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

Approval of consolidated financial statements:

The Board of Directors has approved the consolidated financial statements and given authorization for the issuance on 5 March 2020. The General Assembly has the authority to amend the financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities that are measured at fair values. 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.

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

2.1 Basis of the presentation (Continued)

The Group considers the features of the related asset or liability when calculating the fair value of an asset or liability, if the market participants consider these features when determining the prices of those assets or liabilities. The calculations and disclosures related to the fair value of the financial statements in this consolidated financial statements have been determined in accordance with this standard, except for the financial leasing transactions included in the scope of IAS 17 and other measures similar (e.g. the net realizable value as defined in IAS 2 or the value of use as defined in IAS 36).

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:

Fair value measurements by level of the following fair value measurement hierarchy is 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)

2.2 Functional Currency

The 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 Company, and the presentation currency for the Group's financial statements.

2.3 Going Concern

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

As of 31 December 2019, the Group has not concluded that there are any uncertainties that may cause suspicion about the sustainability of their activities, considering that cash flows obtained from operating activities amounting to TL 1,388,017,394 in the accounting period 1 January – 31 December 2019 and their liabilities to financial institutions amounting to only TL 108,499,301 and their future business projections.

In addition, on 5 March 2020, the Group made a special disclosure on the Public Disclosure Platform in accordance with the principle decision of the Capital Markets Board ("CMB"), numbered 11/352:

Prepared in accordance with the CMB Financial Reporting Standards as of the same date as the shareholders' equity in accordance with the fair values in the consolidated statement of financial position dated 31 December 2019, prepared pursuant to paragraph 3 of Article 376 of the TCC and within the framework of the principles stated in the CMB's Decision No. 11/352, dated 10 April 2014. According to the recorded values in the consolidated statement of financial position, the equity reconcilation is as follows:

Total Consolidated Equity by Recorded Values as of 31 December 2019	(26,864,823)
Fair Value Difference Caused by Intangible Assets	2,808,324,490
Reported Consolidated Equity	2,781,459,667

Due to the positive difference resulting from the revaluation of the Company's assets, it is determined that more than half of the total of the capital and legal reserves are not uncovered. Therefore it has been concluded that Company does not need to take the measures stipulated in article 376 of the TCC.

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

2.4 Basis of Consolidation

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

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

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

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 investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns),
- having exposure, or rights, to variable returns from its involvement with the investee
- having the ability to use its power over the investee to affect the amount of the investor's returns

If a situation or event arises that could cause any change in at least one of the criteria listed above, the Group will reevaluate the control power over the Group's investment.

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. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

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:

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

2.7 Application of new and revised IFRSs

a) Standards, amendments and interpretations applicable as at 31 December 2019:

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **Amendment to IAS 28, 'Investments in associates and joint venture';** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.
  The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition method defined in the standard. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.
  On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The remeasurements to the lease liabilities were recognised as adjustments (prepaid or accrued lease liabilities) to the related right-of-use assets immediately after the date of initial application.

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

2.7 Application of new and revised IFRSs (Continued)

a) Standards, amendments and interpretations applicable as at 31 December 2019 (continued):

IFRS 16, 'Leases' (continued);

The reconciliation of operating lease commitments tracked under IAS 17 prior to the first implementation date and the lease obligations recognized in the financial statements under IFRS 16 as of 1 January 2019 are as follows:

	1 January 2019
Operating lease commitments under IAS 17	3,496,331,094
Total lease obligation under IFRS 16 (not discounted)	3,496,331,094
Total lease obligation under IFRS 16 (discounted with alternative borrowing rate)	1,668,044,794
Short term lease obligation	529,320,599
Long-term lease obligation	1,138,724,195

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.7 Application of new and revised IFRSs (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii) clarify the explanation of the definition of material; and
  iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Except for IFRS 16, the ones that became effective as of 31 December 2019 had no significant effects on the mentioned standards, amendments and improvements. The potential effects of those which have not become effective are evaluated on the financial position and performance of the Group and no significant impact is expected.

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. When the control of the goods or services is transferred to the customers, the related amount is reflected to the 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 non-food and non-food fast-moving consumer goods through cash, credit card or customer cards (IBB Social Card, Şok 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 non-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.

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

2.8 Summary of Significant Accounting Policies

Financing component of revenue

Approximately 68% of total revenue was made in cash and 32% in credit card in the financial reporting period ending on 31 December 2019. At the same reporting period the Group collected receivables from sales with credit cards which originally have 30 days maturity by bearing the relevant financing cost in 1 day approximately.

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 IAS 18 will not be discounted by the application of IFRS 15.

Revenue recognition

Revenue Recognition Group recognises revenue based on the following five principles in accordance with the IFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018:

- 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

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

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

Inventories

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

Property and Equipment

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

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

Machinery and equipment	4-50 years
Vehicles	5 years
Fixtures and Furniture	4-15 years
Leasehold improvements	5-20 years

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

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

2.8 Summary of Significant Accounting Policies

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 IAS 12 Income Taxes and IAS 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 IFRS.

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.

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

2.8 Summary of Significant Accounting Policies

Shares in Other Entities

For each subsidiary that the Group has a non-controlling interest in accordance with IFRS 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

IFRS 16 "Leases"

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.

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

2.8 Summary of Significant Accounting Policies (Continued)

IFRS 16 "Leases" (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 IAS16 "Property, Plant and Equipment" to amortize the right of use asset and to asses 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 IAS 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 interest rate implicit in the lease if readily determined or with the Group's incremental 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.

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:

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

2.8 Summary of Significant Accounting Policies (Continued)

IFRS 16 "Leases" (Continued)

The Group – as a lessee (continued)

a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

The Group management used the alternative borrowing rate as the discount rate during the acquisition of the lease obligation. The alternative borrowing rate consists of the estimated interest rate that the Group management will incur for a loan in the amount of its gross lease obligation.

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 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.

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

2.8 Summary of Significant Accounting Policies (Continued)

IFRS 16 "Leases" (Continued)

The Group – as a lessee (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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 Company 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.

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.

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

2.8 Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

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 Company 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 Company 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 22).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) 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.

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. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange

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.

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

2.8 Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

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.

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 Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

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

Derecognition of financial liabilities

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

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

2.8 Summary of Significant Accounting Policies (Continued)

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 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 Company restates its financial statements if such subsequent events arise which require to adjust financial statements.

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:

Related party,

- (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.

2. BASIS OF PRESENTATION OF THE 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 IAS as if the consolidated financial statements are prepared in accordance with IAS prior and subsequent to the date that Company'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.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

2.8 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in consolidated other comprehensive income.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities represent cash flows generated from fast-moving consuming goods sales of the Group.

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

2.8 Summary of Significant Accounting Policies (Continued)

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

In the process of applying the Group's accounting policies, which are described in Note 2.8, management has made the following judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimations), which are dealt with below:

Critical judgments in applying the entity's accounting policies

Deferred tax asset

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

The Group's expects net profit in 2020 and following years after its public offering in 2018 with the improvement in equity structure. Accordingly, the Group recorded deferred tax assets due to its losses in previous years and current period amounting TL 1,159,225,971. The Group recorded deferred tax assets with 22% ratio by using its losses in 2019 and 2020 due to the fact that the corporate tax rate is 22% in related years and 20% for other periods.

Deferred tax assets amounting to TL 234,576,994 are related to the tax loss of Şok. The group concluded that the assets will be available in the future using estimated taxable income, based on approved business plans, estimates such as the increase in the number of stores and profitability. Losses can be carried for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years.

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

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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 9,572,439 is recognized for net realizable value of inventories (31 December 2018: TL 10,297,215).

Impairment of goodwill

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

As a result of internal management purposes, goodwill is allocated to groups of cash-generating units that have similar neighborhoods and similar customer basis. Group of cash generating units are that allocated to districts by post codes.

Recoverable amount of each cash generating unit is determined based on fair value ("FV") less cost to sell of each cash generating unit that is determined according to relative valuation techniques by applying combination of multiples FV/EBITDA and FV/Sales by 40% and 60% respectively. Group management has applied 14.0X multiple for FV/EBITDA and 0.75X multiple for FV/Sales in the impairment model which is consistent with benchmarks and market conditions. Based on calculations above the management concluede that there is no impairment of goodwill associated with cash-generating units.

Provisions

In accordance with the accounting policy in Note 2.8, provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Accordingly as of 31 December 2019 and 31 December 2018 the Group evaluated the current risks and booked the required provisions (Note 15). As of 31 December 2019, the provision for the related lawsuits amounted to TL 41,211,792 (2018: TL 37,295,795).

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 as disclosed in Note 2.8.

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 2019.

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 under* shareholder's equity is TL 567,113,629 (31 December 2018: TL 602,824,230).

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 IFRS 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 2019	31 December 2018
Cash on hand	113,827,080	105,293,703
Cash at banks	289,668,395	226,116,326
Time deposits	288,288,000	220,374,000
Demand deposits	1,380,395	5,742,326
Credit cart deposits	27,790,691	22,677,729
Cash and cash equivalents	431,286,166	354,087,758

As of 31 December 2019 the Group has blocked deposits amounting to TL 151,050 (31 December 2018: TL 3,358,712). As of 1 January 2019 the Group has decided to classify the cash in transit and credit card receivables in the cash and cash equivalents line. Accordingly as of 31 December 2018, cash in transit balances amounting to TL 35,022,881 has been reclassified to cash on hand and credit card receivables amounting to TL 22,677,729 were reclassified to cash and cash equivalents. As of 31 December 2019 the Group's average interest rate on overnight time deposits is 12.00% (31 December 2018: 23.25%). Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 26.

6. FINANCIAL BORROWINGS

Financial Borrowings	31 December 2019	31 December 2018
a) Bank Borrowings	-	75,397,282
b) Leasing Payables	108,499,301	208,846,814
c) Leasing Liabilities	1,966,652,722	-
	2,075,152,023	284,244,096

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) Bank Borrowings:

Details of bank borrowings are as follows:

Currency Type	Weighted Average Effective Interest Rate	31 December 2018	
		Current	Non-current
TL	24.02%	75,397,282	-

	31 December 2019	31 December 2018
To be paid within 1 year	-	75,397,282
	-	75,397,282

6. FINANCIAL BORROWINGS (Continued)

b) Financial Leasing Payables

Leasing Payables	Minimum Leasing Payable 31 December 2019	Minimum Leasing Payable 31 December 2018	Minimum Leasing Payable Net Present Value 31 December 2019	Minimum Leasing Payable Net Present Value 31 December 2018
Within 1 year	86,214,240	125,301,302	75,514,464	101,967,392
Between 1-5 years	35,163,818	119,622,007	32,984,837	106,879,422
Less: future financial expense	(12,878,757)	(36,076,495)	-	-
Leasing obligation net present value	108,499,301	208,846,814	108,499,301	208,846,814
Less : liabilities to paid within 12 months (presented in short term liabilities)			(75,514,464)	(101,967,392)
Liabilities to paid after 12 months			32,984,837	106,879,422

As of 31 December 2019 net book value of property and equipment acquired by financial lease is TL 138,519,886 (31 December 2018: TL 207,754,161). The interest rate is between 13% and 14%. Ownership of such property and equipment will be transferred to Şok if payments are made regularly throughout the remaining 4 years. The Group’s obligations under finance leases are secured by the lessors’ title to the leased assets.

c) Lease Liabilities

Lease liabilities	31 December 2019	31 December 2018
Short term lease liabilities	601,120,543	-
Long term lease liabilities	1,365,532,179	-
	1,966,652,722	-

As of 31 December 2019, the net book value of the right of use assets arising from lease liabilities is TL 1,823,015,010. The discount rate used is between 15% and 28%.

d) Reconciliation of obligations 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.

			Non Cash		
	1 January 2019	Financing cash flows	Interest accrual	Other	31 December 2019
Bank borrowings	75,397,282	(74,959,701)	(437,581)	-	-
Leasing payables	208,846,814	(100,347,513)	-	-	108,499,301
Lease liabilities	-	(230,262,022)	-	2,196,914,744	1,966,652,722
	284,244,096	(405,569,236)	(437,581)	2,196,914,744	2,075,152,023

			Non Cash		
	1 January 2018	Financing cash flows	Interest accrual	Other	31 December 2018
Bank borrowings	1,402,437,385	(1,282,287,340)	(44,752,763)	-	75,397,282
Leasing payables	306,573,922	(98,103,910)	-	376,802	208,846,814
	1,709,011,307	(1,380,391,250)	(44,752,763)	376,802	284,244,096

7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2019	31 December 2018
Trade receivables	56,359,972	50,437,027
Trade receivables from related parties (Note 25)	26,934,858	27,362,610
Allowance for doubtful receivables (-) (Note 26)	(8,877,791)	(8,259,855)
	74,417,039	69,539,782

The Group's average period for collection of receivables is 2 days when wholesale revenue is taken into consideration (31 December 2018:2 days). As of 1 January 2019 the Group has decided to classify the cash in transit and credit card receivables in the cash and cash equivalents line. Accordingly as of 31 December 2018, cash in transit balances amounting to TL 35,022,881 has been reclassified to cash on hand and credit card receivables amounting to TL 22,677,729 were reclassified to cash and cash equivalents.

There are no guarantee letters obtained for trade receivables as of 31 December 2019 and 31 December 2018. As of 31 December 2019 the Group provided allowance for doubtful receivables amounting to TL 8,877,791 based on reference to past default experience (31 December 2018: TL 8,259,855).

As of 31 December 2019 and 2018 the movements of allowance for doubtful receivables are as follows:

Movement of Allowance for Doubtful Receivables	1 January- 31 December 2019	1 January- 31 December 2018
Balance at beginning of the period	(8,259,855)	(8,418,377)
Charge for the year (Not 22)	(182,918)	(250,307)
Foreign exchange (loss) / gain	(621,865)	392,498
Collections	186,847	16,331
Closing balance	(8,877,791)	(8,259,855)

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 has concluded that, there is no need to make an additional provision in accordance with IFRS 9 due to fact nearly all of the group sales are collected by cash or credit card in store cash registers.

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	31 December 2019	31 December 2018
Trade payables	3.053.498.691	2.126.940.935
Due to related parties (Note 25)	341.562.490	357.587.212
	3.395.061.181	2.484.528.147

The interest rate used for discount of trade payables is 18.00% (31 December 2018: 23.49%), weighted average maturity is 100 days (2018: 99 days).

As of 31 December 2019 and 31 December 2018, 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 26.

8. OTHER RECEIVABLES AND PAYABLES

Short term other receivables	31 December 2019	31 December 2018
Insurance receivables	2,531,888	2,284,423
VAT receivables	2,539,681	1,205,352
Receivables from social security premium	3,605	3,605
Other receivables	-	146,540
	5,075,174	3,639,920

Other short term payables	31 December 2019	31 December 2018
Deposits and guarantees	500,000	-
Other	982,122	555,874
	1,482,122	555,874

Other long term receivables	31 December 2019	31 December 2018
Guarantee and deposits given	19,735,389	13,380,154
	19,735,389	13,380,154

Other long term payables	31 December 2019	31 December 2018
Deposits and guarantees	978,598	885,105
	978,598	885,105

9. INVENTORIES

	31 December 2019	31 December 2018
Trade goods	1,318,988,917	868,276,701
Other inventory	20,316,319	14,481,717
Allowance for diminution in value of inventories (-)	(9,572,439)	(10,297,215)
	1,329,732,797	872,461,203

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 in the current period. Accordingly allowance for net realizable value of inventories amounting to TL 9,572,439 has been booked as of 31 December 2019 (31 December 2018 TL 10,297,215).

10. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 December 2019	31 December 2018
Prepaid expenses	12,739,142	10,449,212
Work advances given	17,965	17,965
	12,757,107	10,467,177

Short term deferred income	31 December 2019	31 December 2018
Unearned revenues	4,482,682	5,649,718
Received advances	3,703,051	8,716,114
	8,185,733	14,365,832

Long term deferred income	31 December 2019	31 December 2018
Unearned revenues	-	4,472,693
	-	4,472,693

11. RIGHT OF USE ASSETS

Cost	Stores	Warehouses	Total
1 January 2019	1,542,695,831	125,348,963	1,668,044,794
Additions	518,597,760	29,025,194	547,622,954
Disposals	(21,161,284)	(2,521,913)	(23,683,197)
Closing balance as of 31 December 2019	2,040,132,307	151,852,244	2,191,984,551
Accumulated Amortization			
Charge for the year	344,662,952	29,236,782	373,899,734
Disposals	(2,408,280)	(2,521,913)	(4,930,193)
Closing balance as of 31 December 2019	342,254,672	26,714,869	368,969,541
Carrying value as of 31 December 2019	1,697,877,635	125,137,375	1,823,015,010

Depreciation expenses related to right of use assets amounting to TL 373,899,734 booked in marketing and selling expenses.

12. PROPERTY AND EQUIPMENT

	Machinery and Equipment	Furniture and Fixture	Leasehold Improvements	Total
Cost				
Opening balance as of 1 January 2019	87,784,959	1,222,647,953	454,005,272	1,764,438,184
Additions	59,346	267,100,793	76,684,116	343,844,255
Disposals	(109,749)	(6,765,892)	(7,148,683)	(14,024,324)
Closing balance as of 31 December 2019	87,734,556	1,482,982,854	523,540,705	2,094,258,115
Accumulated Depreciation				
Opening balance as of 1 January 2019	83,710,345	523,709,366	179,423,470	786,843,181
Transfer	-	(2,851,266)	-	(2,851,266)
Charge of the year	943,853	170,222,584	47,589,449	218,755,886
Disposals	(109,749)	(6,567,159)	(2,515,181)	(9,192,089)
Closing balance as of 31 December 2019	84,544,449	684,513,525	224,497,738	993,555,712
Carrying value as of 31 December 2019	3,190,107	798,469,329	299,042,967	1,100,702,403

12. PROPERTY AND EQUIPMENT (Continued)

	Machinery and Equipment	Furniture and Fixture	Leasehold Improvements	Total
Cost				
Opening balance as of 1 January 2018	87,791,540	988,509,735	386,076,618	1,462,377,893
Additions	18,750	241,976,325	82,212,119	324,207,194
Disposals	(25,331)	(7,838,107)	(14,283,465)	(22,146,903)
Closing balance as of 31 December 2018	87,784,959	1,222,647,953	454,005,272	1,764,438,184
Accumulated Depreciation				
Opening balance as of 1 January 2018	82,010,078	380,627,844	150,209,857	612,847,779
Charge of the year	1,723,335	150,907,097	42,836,953	195,467,385
Impairment	-	(1,296,898)	(3,964,502)	(5,261,400)
Disposals	(23,068)	(6,528,677)	(9,658,838)	(16,210,583)
Closing balance as of 31 December 2018	83,710,345	523,709,366	179,423,470	786,843,181
Carrying value as of 31 December 2018	4,074,614	698,938,587	274,581,802	977,595,003

There is insurance coverage amounting to TL 1,234,310,579 on the furniture and fixtures and machinery. (31 December 2018: TL 906,580,360). Net book value of leased property and equipment is TL 138,519,886 (31 December 2018: TL 207,754,161).

Current depreciation expense related to fixed assets amounting to TL 216,486,845 (2018: TL 193,446,277) booked in marketing and selling expenses and TL 2,269,041 booked in general administrative expenses (2018: TL 2,021,108) (Note 21).

13. INTANGIBLE ASSETS

Cost	Trademarks	Rights	Total
Opening balance as of 1 January 2019	85,675,510	37,362,066	123,037,576
Additions	-	9,388,922	9,388,922
Disposals	-	(377,173)	(377,173)
Closing balance as of 31 December 2019	85,675,510	46,373,815	132,049,325
Accumulated Amortization			
Opening balance as of 1 January 2019	-	17,274,177	17,274,177
Transfer	-	2,851,266	2,851,266
Charge for the year	-	5,846,809	5,846,809
Disposals	-	(119,704)	(119,704)
Closing balance as of 31 December 2019	-	25,852,548	25,852,548
Carrying value as of 31 December 2019	85,675,510	20,521,267	106,196,777

Cost	Trademarks	Rights	Total
Opening balance as of 1 January 2018	85,675,510	24,840,723	110,516,233
Additions	-	12,677,105	12,677,105
Disposals	-	(155,762)	(155,762)
Closing balance as of 31 December 2018	85,675,510	37,362,066	123,037,576
Accumulated Amortization			
Opening balance as of 1 January 2018	-	12,431,253	12,431,253
Charge for the year	-	4,936,386	4,936,386
Disposals	-	(93,460)	(93,460)
Closing balance as of 31 December 2018	-	17,274,179	17,274,179
Carrying value as of 31 December 2018	85,675,510	20,087,887	105,763,397

The amortization expense of intangible assets amounting to TL 5,846,809 is presented in marketing and selling expenses (2018: TL 4,936,386) (Note 21).

Assumptions used for brand impairment are explained in Note 2.9.

14. GOODWILL

The movement of the goodwill for the periods ended 31 December 2019 and 2018 is as follows:

	1 January-31 December 2019	1 January-31 December 2018
Opening balance	578,942,596	578,942,596
Other	150,000	-
Closing balance	579,092,596	578,942,596

Detail of goodwill for the periods ended 31 December 2019 and 31 December 2018 is as follows:

Company	Acquisition date	31 December 2019	31 December 2018
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	3,958,800
		579,092,596	578,942,596

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

Provisions

Provisions for short term liabilities as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Lawsuits	41,211,792	37,295,795
	41,211,792	37,295,795

Provisions for lawsuits as of 31 December 2019 and 2018 are as follows:

	1 January-31 December 2019	1 January-31 December 2018
Balance at 1 January	37,295,795	30,856,336
Additional provisions recognized (Note 22)	6,405,813	10,761,687
Payments	(2,489,816)	(4,322,228)
Balance at 31 December	41,211,792	37,295,795

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 2019, the provision amount related with the lawsuits is amounting to TL 41,211,792 (31 December 2018: TL 37,295,795).

15. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (Continued)

In addition, fixed assets acquired with financial lease of the Group are pledged in favor of the lessor (Note 6). The book value of these liabilities is TL 138,519,886 (31 December 2018: TL 207,754,161).

16. COMMITMENTS

	31 December 2019	31 December 2018
A. CPM's given in the name of its own legal personality		
-Guarantees	47,646,494	10,524,330
-Mortgages	-	-
-Pledges	-	-
B. CPM's given on behalf of the fully consolidated companies	4,300,740	4,300,740
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	-	-
	51,947,234	14,825,070

(*) TL 51,947,234 (31 December 2018: TL 14,825,070) of this figure relates to non-cash risks.

The ratio of given CPM's by the Group to equity is 0% as of 31 December 2019 (2018: 0%).

17. EMPLOYEE BENEFITS

Liabilities within the scope of employee benefits:

Short-term benefits	31 December 2019	31 December 2018
Due to personnel	82,683,259	65,282,654
Social security premiums payable	28,924,506	23,358,308
	111,607,765	88,640,962

Provisions for employee benefits	31 December 2019	31 December 2018
Provision for unused vacation short term	19,616,832	15,007,661
	19,616,832	15,007,661

The movement of provisions for unused vacation for the periods ended 31 December 2019 and 2018 is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Opening balance at 1 January	44,349,385	37,792,822
Charge for the period	8,840,346	12,986,404
Payments	(7,171,242)	(6,429,841)
Closing balance at 31 December	46,018,489	44,349,385

	31 December 2019	31 December 2018
Provision for unused vacation long term	26,401,657	29,341,724
Retirement pay provision	18,473,052	12,245,551
	44,874,709	41,587,275

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 6,379.86 for each period of service at 31 December 2019 (31 December 2018: TL 5,434.42).

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. IAS 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 2019, 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 7.56% and a discount rate of 11.86%, resulting in a real discount rate of approximately 4.00% (31 December 2018: 4.67%). Ceiling amount of TL 6,730.15 which is in effect since 1 January 2020 is used in the calculation of Groups' provision for retirement pay liability (1 January 2019: TL 6,017.60). The probability of retirement is considered as 93.55% and 50.43% for white collar and blue collar personnel, respectively.

17. EMPLOYEE BENEFITS (Continued)

Movement for retirement pay provision for the periods ended 31 December 2019 and 2018 is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Provision at 1 January	12,245,551	14,547,416
Service cost	20,766,501	16,481,205
Interest cost	486,652	679,030
Termination benefits paid	(16,377,653)	(14,297,571)
Actuarial loss	1,352,001	(5,164,529)
Provision at 31 December	18,473,052	12,245,551

18. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2019	31 December 2018
VAT deductible	5,236,910	2,837,277
Prepaid taxes and funds	1,818,481	2,246,561
Other assets	108,339	55,043
	7,163,730	5,138,881

Other short term liabilities	31 December 2019	31 December 2018
Taxes and dues payable	34,705,963	25,823,319
Other liabilities	1,789,019	1,535,745
	36,494,982	27,359,064

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Shareholder structure as of 31 December 2019 and 31 December 2018 is stated below:

Shareholders	%	31 December 2019	%	31 December 2018
Turkish Retail Investments B.V.	24	144,000,000	24	144,000,000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	23	140,400,327	23	140,400,327
Templeton Strategic Emerging Markets Fund IV.LDC	6	36,000,000	6	36,000,000
Yıldız Holding A.Ş. (**)	5	33,428,571	5	33,428,571
Turkish Holdings IV Cooperatief U.A.	5	31,571,531	6	36,000,000
Free Float and other	37	226,528,142	36	222,099,673
Nominal Capital	100	611,928,571	100	611,928,571
Capital Commitments		-		-
Paid Capital		611,928,571		611,928,571

The Group's nominal capital has been divided into 611,928,571 registered shares with a par value of TL 1 per share (31 December 2018: 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 2019 restricted reserves is TL 260,000 (31 December 2018: TL 260,000).

Actuarial Loss / Gain

As of 31 December 2019, actuarial loss / gain is negative TL 12,606,706 (31 December 2018: negative TL 11,519,461).

Effect of transactions under common control

As of 31 December 2019 effect of mergers involving undertakings or businesses subject to common control is negative TL 567,113,629 (31 December 2018: negative TL 602,824,230). In the current period, TL 35,710,601 transferred to the previous year's profits and losses belongs to Teközel, which was merged with the Company in the period. The fund includes TL 159,263,611 TL of the brands purchased in the previous periods and TL 407,850,018 of UCZ.

Resources subject to Profit Distribution

The Group do not have resources for profit distribution as of the balance sheet date.

Premium on Issued Shares

The Group has deducted the emission premium on issued shares amounting to TL 2,326,055,790 which it had acquired from the public offering in 2018 from the accumulated losses according to decision taken on General Assembly.

Repurchased Shares

The amount of TL 199,789,445 arising from the transactions made within the scope of price stability transactions is presented under "Repurchased Shares" in the consolidated financial statements according to Capital Markets Board (CMB) Communiqué Serial VII-128.1 ("CMB Communiqué on Shares") and Borsa İstanbul A.Ş.("BİAŞ") Procedures and Principles of Operation of Share Market. TL 9,558,118 of the amount of TL 199,789,445 given to top management as performance premium. As a result of this transaction, TL 190,231,327 is presented under "Repurchased Shares" in the consolidated financial statements (31 December 2018: TL 199,789,445).

20. REVENUE AND COST OF SALES

As of 31 December 2019 and 2018 the sales of Group are as follows:

a) Revenue

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue from merchandises sold	16,210,039,745	12,178,334,907
Sales returns (-)	(158,076,523)	(117,563,047)
	16,051,963,222	12,060,771,860

b) Cost of Sales

	1 January- 31 December 2019	1 January- 31 December 2018
Cost of merchandises sold	(12,311,478,936)	(9,126,780,915)
	(12,311,478,936)	(9,126,780,915)

21. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing and sales expenses	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	(1,430,571,273)	(1,119,389,402)
Depreciation and amortization expenses (Note:11, 12, 13) (*)	(596,233,388)	(198,382,663)
Utility expenses	(281,659,052)	(178,324,036)
Transportation expenses	(205,203,813)	(163,859,189)
Advertising expenses	(57,618,716)	(53,610,714)
Rent expenses (*)	(39,933,414)	(545,130,652)
Vehicle expenses	(28,511,914)	(24,256,726)
Maintenance expenses	(26,349,567)	(15,584,495)
Tax expenses and duties	(13,936,453)	(11,445,487)
Packaging expenses	(13,455,166)	(65,491,514)
Other marketing and sales expenses	(77,563,239)	(56,991,959)
	(2,771,035,995)	(2,432,466,837)

(*)IFRS 16 has been applied as of 1 January 2019. Excluding the related standard effect for the period between 1 January - 31 December 2019, depreciation and amortization expense is TL 222,333,654, and rent expenses is TL 698,658,561.

21. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

General administrative expenses	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	(52,573,181)	(36,743,848)
Cash collection expenses	(15,092,891)	(10,249,278)
Outsourced expenses	(8,699,243)	(6,439,134)
Tax expenses and duties	(7,041,772)	(4,399,100)
Information tecnology expenses	(5,756,828)	(5,118,987)
Amortization expenses (Note 12)	(2,269,041)	(2,021,108)
Vehicle expenses	(1,128,346)	(1,089,023)
Rent expenses	(143,103)	(1,468,427)
Other administrative expenses	(5,001,244)	(4,224,700)
	(97,705,649)	(71,753,605)

(*)IFRS 16 has been applied as of 1 January 2019. Excluding the related standard effect for the period between 1 January - 31 December 2019 rent expenses is TL 1,563,103.

22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income	1 January- 31 December 2019	1 January- 31 December 2018
Gain on sale of property and equipment	1.477.353	74.254
Unused provision	186.847	301.236
Other income	9.271.403	5.272.619
	10.935.603	5.648.109

Other expense	1 January- 31 December 2019	1 January- 31 December 2018
Provision expense (Note 15)	(6.405.813)	(10.761.687)
Loss on sale of property and equipment	(4.674.397)	(634.759)
Allowance for doubtful receivables (Note 7)	(182.918)	(250.307)
Other expenses (-)	(16.706.982)	(21.635.270)
	(27.970.110)	(33.282.023)

23. FINANCIAL EXPENSES AND INCOME

For the periods ended 31 December 2019 and 2018 financial expenses are as follows:

Finance Expense	1 January- 31 December 2019	1 January- 31 December 2018
Financial expenses from credit purchases and discount on trade receivables	(544,143,609)	(455,162,320)
Interest on lease liabilities (*)	(433,017,864)	-
POS cash colleciton expenses	(91,751,114)	(60,095,725)
Interest on finance lease obligations	(23,197,737)	(36,995,283)
Interest on bank overdrafts and loans	(13,365,867)	(108,728,989)
Interest expense from related parties (Note 25)	(4,294,624)	(40,001,892)
Foreign loss from financal activities	(2,071,861)	(23,187,593)
Other	(6,955,586)	(4,688,154)
	(1,118,798,262)	(728,859,956)

(*) Lease liabilities interest expense is the interest calculated on lease liabilities within the scope of IFRS 16.

For the periods ended 31 December 2019 and 2018 financial incomes are as follows:

Finance Income	1 January- 31 December 2019	1 January- 31 December 2018
Financial income from credit sales and discount on trade payables	9,275,388	57,016,265
Interest income	9,703,022	19,180,318
Foreign exchange gain	1,220,818	2,305,299
	20,199,228	78,501,882

24. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax asset / (liability)	31 December 2019	31 December 2018
Current corporate tax provision	(1,880,407)	(3,240,264)
Less: prepaid tax and funds	1,818,481	3,663,122
	(61,926)	422,858

Corporate Tax:

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 2019 is 22% (2018: 22%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2019 is 22%. (2018: 22%) 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.

24. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Corporate Tax (Continued):

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.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS 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 IFRS and tax legislation.

The Group has used the 20% tax rate in calculating the deferred tax assets / liabilities for the related temporary differences in the financial statements as of 31 December 2019 because the related temporary differences are not expected to be reversed in 2020. 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 2019	31 December 2018	31 December 2019	31 December 2018
Deferred tax assets / (liabilities) :				
Losses to be deducted from prior year losses	1,159,225,971	1,474,050,589	234,576,994	309,301,413
Property and equipment and intangible assets	(360,284,480)	(292,572,083)	(72,056,896)	(58,514,417)
Leasing rights and obligations	145,162,880	-	29,032,576	-
Inventory	148,623,105	115,395,770	29,724,621	23,079,154
Provision for retirement payments	18,473,052	12,245,551	3,698,705	2,449,616
Unused vacation provision	46,018,489	44,349,385	9,206,228	8,872,014
Effect of amortized cost method on receivables and payables	(122,994,975)	(113,416,050)	(24,598,995)	(22,683,210)
Provision for legal claims	41,211,792	37,295,795	8,242,358	7,459,158
Accrual of interest	-	(40,300)	-	(8,060)
Other	4,005,675	4,798,570	801,135	959,714
	1,079,441,509	1,282,107,227	218,626,726	270,915,382

The Group did not calculate deferred tax assets for the UCZ's previous years' losses since there is uncertainty that these losses will be deducted from its taxable income in the foreseeable future

22% tax rate is used for the amount of TL 136,590,000 prior year losses to be deducted that expected to be used in 2020.

24. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The expiration dates of previous year losses for which no deferred tax is calculated are as follows :

	31 December 2019	31 December 2018
Expiring in 2019	-	197,188,600
Expiring in 2020	27,062,051	27,062,051
Expiring in 2021	20,453,443	20,453,443
Expiring in 2022	84,848,730	93,494,932
Expiring in 2023	31,916,053	31,713,783
Expiring in 2024	3,338,718	-
	167,618,995	369,912,809

The movement of deferred tax liability for the periods ended as of 31 December 2019 and 2018 is as follows :

Movement of deferred tax asset/ (liabilities):	1 January-31 December 2019	1 January-31 December 2018
Opening balance at 1 January	270,915,382	(47,093,901)
Recognised in income statement	(52,558,416)	319,043,399
Recognised in compherensive income	269,759	(1,034,116)
Closing balance at 31 December	218,626,726	270,915,382

The amounts reflected in compherensive statement of profit or loss of the periods ended at 31 December 2019 and 2018 are as follows:

	1 January-31 December 2019	1 January-31 December 2018
Current period legal tax	(1,880,407)	(3,240,264)
Deferred tax expense	(52,558,416)	319,043,399
Total tax expense	(54,438,823)	315,803,135

Tax reconciliation:	1 January-31 December 2019	1 January-31 December 2018
Loss before taxation	(243.890.899)	(248.221.485)
	%22	%22
Tax at the domestic income tax rate of 22% (2018: 22%)	53.655.998	54.608.727
Tax effects of:		
- Carryforward tax losses not recognised as deferred tax assets	(734.518)	(6.977.032)
- Expenses that are not deductible	(9.668.955)	8.688.558
- Effect of unused tax losses	(99.114.075)	263.402.092
- Other	1.422.727	(3.919.210)
Income tax expense / (income) recognised in profit or loss	(54.438.823)	315.803.135

25. RELATED PARTY BALANCES AND TRANSACTIONS

	31 December 2019			
	Receivables		Payables	
	Current		Current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading
Related parties				
Yıldız Holding A.Ş.	-	-	6,816,690	-
Related parties				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	208,308,021	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	-	75,241,141	-
Bizim Toptan Satış Magazaları A.Ş.	26,692,070	-	4,270	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	12,041,212	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	11,057,128	-
Özen Kişisel Bakım Ürünleri Üretim A.Ş.	-	-	10,668,427	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	-	-	9,734,860	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,235,367	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	645,042	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	497,875	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	-	-	464,972	-
Other	242,788	-	2,847,485	-
	26,934,858	-	341,562,490	-

Receivables from related parties result from sales. Major portion of the Group’s liabilities to related parties comprise of the liabilities from merchandise purchases.

25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	31 December 2018			
	Receivables		Payables	
	Current		Current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading
Shareholders				
Yıldız Holding A.Ş.	-	-	4,627,109	-
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	537	-
Related parties				
Yeni Teközel M arkalı Ürünler Dağıtım Hizmetleri A.Ş.	1,129,900	-	131,039,707	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	128,503,875	-
Unmaş Unlu M amuller San. ve Tic. A.Ş.	-	-	25,696,760	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	21,744,821	-
Bizim Toptan Satış Mağazaları A.Ş.	21,032,114	-	11,902	-
Milhans Gıda Ürün. San. Tic. A.Ş.	-	-	9,425,083	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	-	8,741,211	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	-	-	7,822,585	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	197,976	-	4,594,508	-
Önem Gıda San. ve Tic. A.Ş.	-	-	4,382,815	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,353,770	-
Enfesler Gıda Pazarlama A.Ş.	-	-	3,342,340	-
Kerevitaş Gıda San. ve Tic. A.Ş.	2,367,762	-	-	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	1,767,170	-
Poleks Gıda San. ve Dış Tic. A.Ş.	1,473,011	-	2,649	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	935,364	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	393,660	-	536,180	-
G2m Dağıtım Pazarlama veTic A.Ş.	140,438	-	-	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	50,614	-
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	45,816	-	245	-
Nissin Yildiz Gida San. ve Tic. A.Ş.	-	-	38,065	-
Dank Gıda San. ve Tic. A.Ş.	-	-	11,831	-
PNS Pendik Nişasta San. A.Ş.	1,562	-	-	-
Other	580,371	-	958,071	-
	27,362,610	-	357,587,212	-

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

25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 December 2019				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	335.040	-	(3.995.613)	73.286	(2.799.293)
Related parties					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	551.744.166	-	-	32.688	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	310.744.941	-	-	360	-
Yeni Teközel Markalı Ürünler Dağ. Hiz. A.Ş.	257.146.497	-	-	6.796	-
Bizim Toptan Satış Magazaları A.Ş.	2.616.665	-	-	121.714.551	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	65.034.974	-	-	25.895	-
Özen Kişisel Bakım Ürünleri Üretim A.Ş.	42.706.313	-	-	11.340	-
Asil Hamur Undan Mam. Gıda San. ve Tic. A.Ş.	29.125.606	-	-	10.627	(2.592)
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	-	18.890.601	-
Azmüsebat Çelik San. Tic. A.Ş.	7.869.635	-	-	122.883	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	-	-	31.994	(2.557.329)
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	(299.011)	-	(1.322.670)
Önem Gıda San. ve Tic. A.Ş.	-	-	-	48.762	(1.552.027)
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1.289.471	-	-	-	(78.802)
Other	15.220	-	-	1.678.300	(6.827.899)
	1.268.628.528	-	(4.294.624)	142.648.083	(15.140.612)

25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 December 2018				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	-	9.537.711	(35.269.179)	38.795	(1.955.830)
Related parties					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	410.229.755	-	(4.220.525)	32.068	(341.439)
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	286.968.947	-	-	26.796	-
Yeni Teközel Markalı Ürünler Dağ. Hiz. A.Ş.	253.795.687	-	-	-	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	86.352.836	-	-	26.604	(114)
Bizim Toptan Satış Magazaları A.Ş.	1.914.503	-	-	81.141.596	-
Natura Gıda San. ve Tic. A.Ş.	64.677.119	-	-	108.306	-
Asil Hamur Undan Mam. Gıda San. ve Tic. A.Ş.	48.090.539	-	-	-	(515)
Enfesler Gıda Pazarlama A.Ş.	47.996.485	-	-	15.685	(684)
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	42.939.336	-	-	23.587	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	36.614.362	-	-	35.654	-
Kerevitaş Gıda San. ve Tic. A.Ş.	31.032.859	-	-	5.153.420	-
Milhans Gıda Ürün. San. Tic. A.Ş.	28.009.258	-	-	55	-
Aktül Kağıt Üretim Pazarlama A.Ş.	26.843.480	-	-	94.476	-
Poleks Gıda San. ve Dış Tic. A.Ş.	590.707	-	-	13.371.428	(4.111)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	13.921.703	-	-	28.110	-
Azmüsebat Çelik San. Tic. A.Ş.	10.712.574	-	-	74.776	(12.032)
Atademir Gıda San. ve Tic. A.Ş.	8.100.097	-	-	4.554	-
Marsa Yağ San. ve Tic. A.Ş.	7.966.854	-	-	27.552	-
Önem Gıda San. ve Tic. A.Ş.	-	-	-	61.258	(5.661.698)
Polinas Plastik San. Tic. A.Ş.	3.731.888	-	-	209.867	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	42.122	1.961.343	(512.188)	414	(1.364.400)
CCC Gıda San. ve Tic. A.Ş.	2.913.460	-	-	25.447	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1.514.225	-	-	-	-
Kellogg Med Gıda Tic. Ltd. Şti.	916.693	-	-	3.720	(1.069)
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	34.587	(592.888)
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	15.197	-	-	92.867	(347.073)
Örgen Gıda San. ve Tic. A.Ş.	254.852	-	-	-	-
Nissin Yildiz Gida San. ve Tic. A.S.	52.128	-	-	2.687	(24.803)
PNS Pendik Nişasta San. A.Ş.	-	-	-	18.322	-
Other	233.315	-	-	686.059	(987.375)
	1.416.430.981	11.499.054	(40.001.892)	101.338.690	(11.294.031)

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

	1 January-31 December 2019	1 January-31 December 2018
Salaries and short term benefits	23,365,186	7,179,756
	23,365,186	7,179,756

26. 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 25, 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 19.

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 2019 and 31 December 2018 net debt / total capital ratio is as follows:

	31 December 2019	31 December 2018
Total liabilities (*)	108,499,301	284,244,096
Less: Cash and cash equivalents (Note 5)	(431,286,166)	(354,087,758)
Net debt	(322,786,865)	(69,843,662)
Total equity	(26,864,823)	262,989,023
Total capital	(349,651,688)	193,145,361
Gearing ratio	92%	0%

(*) Effect of IFRS 16 is 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.

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

(c) Credit Risk Management (Continued)

The credit risks exposured because of financial instrument types	**Receivables**				
	Trade receivables		**Other Receivables**		
31 December 2019	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	26,934,858	47,482,181	-	24,810,563	317,459,086
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	26,934,858	6,100,328	-	24,810,563	317,459,086
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	-	41,381,853	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount)	-	8,877,791	-	-	-
- Impairment (-)	-	(8,877,791)	-	-	-
- 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 "the part of maximum risk under guarantee with collateral.", there is a credit card receivable amounting to TL 27,790,691 which holds no credit risk.

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

(c) Credit Risk Management (Continued)

The credit risks exposured because of financial instrument types	**Receivables**				
	Trade receivables		**Other Receivables**		
31 December 2018	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	27,362,610	42,177,172	-	17,020,074	248,794,055
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	27,362,610	2,672,076	-	17,020,074	248,794,055
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	-	39,505,096	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount)	-	8,259,855	-	-	-
- Impairment (-)	-	(8,259,855)	-	-	-
- 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 "the part of maximum risk under guarantee with collateral ", there is a credit card receivable amounting to TL 22,690,645 which holds no credit risk..

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

(c) Credit Risk Management (Continued)

Aging of overdue receivables as 31 December 2019 and 31 December 2018 is as follows:

	Trade receivables	
	31 December 2019	31 December 2018
Overdue between 1-30 days	39,670,936	38,966,874
Overdue between 1-3 Months	1,022,921	404,569
Overdue between 3-12 Months	687,996	133,653
Total overdue receivables	**41,381,853**	**39,505,096**
The portion of under guarantee with collateral etc	-	-

(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

31 December 2019	**Book value**	**Contractual undiscounted cash flow (I+II+III+IV)**	**Up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**Over 5 years (IV)**
Financial liabilities						
Bank borrowings	-	-	-	-	-	-
Leasing payables	108,499,301	121,378,058	21,553,560	64,660,680	35,163,818	-
Lease liabilities	1,966,652,722	3,910,290,449	173,473,076	472,724,951	2,135,061,324	1,129,031,098
Trade payables	3,395,061,181	3,515,593,180	3,515,593,180	-	-	-
Other payables	2,460,720	2,460,720	-	1,482,122	978,598	-
Total liability	5,472,673,924	7,549,722,407	3,710,619,816	538,867,753	2,171,203,740	1,129,031,098

31 December 2018	**Book value**	**Contractual undiscounted cash flow (I+II+III+IV)**	**Up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**Over 5 years (IV)**
Financial liabilities						
Bank borrowings	75,397,282	84,287,288	84,287,288		-	-
Leasing payables	208,846,814	244,923,309	31,325,325	93,975,977	119,622,007	-
Trade payables	2,484,528,147	2,594,951,087	2,594,951,087	-	-	-
Other payables	1,440,979	1,440,979	-	555,874	885,105	-
Total liability	2,770,213,222	2,925,602,663	2,710,563,700	94,531,851	120,507,112	-

26. 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 2019	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Monetary financial assets	166,937	18,521	8,383	150
CURRENT ASSETS	166,937	18,521	8,383	150
Monetary financial assets	235,232	39,600	-	-
NON CURRENT ASSETS	235,232	39,600	-	-
TOTAL ASSETS	402,169	58,121	8,383	150
Trade payables	11,750,262	713,088	1,129,880	-
CURRENT LIABILITIES	11,750,262	713,088	1,129,880	-
Monetary other liabilities	237,473	-	35,707	-
CURRENT LIABILITIES	237,473	-	35,707	-
TOTAL LIABILITIES	11,987,735	713,088	1,165,587	-
Net foreign currency position	(11,585,566)	(654,967)	(1,157,204)	150
Monetary items net foreign currency asset / liability position	(11,585,566)	(654,967)	(1,157,204)	150

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

Foreign currency risk management (Continued)

31 December 2018	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade recivables	188,499	-	31,271	-
Monetary financial assets	592,434	3,228	95,463	-
CURRENT ASSETS	780,933	3,228	126,734	-
Monetary financial assets	206,753	39,300	-	
NON CURRENT ASSETS	206,753	39,300	-	-
TOTAL ASSETS	987,686	42,528	126,734	-
Trade Payables	4,180,465	548,501	214,068	670
CURRENT LIABILITIES	4,180,465	548,501	214,068	670
TOTAL LIABILITIES	4,180,465	548,501	214,068	670
Net foreign currency position	(3,192,779)	(505,973)	(87,334)	(670)
Monetary items net foreign currency asset / liability position	(3,192,779)	(505,973)	(87,334)	(670)

<u>Foreign currency sensitivity</u>

The Company undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 31 December 2019, a 20% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have increased loss before taxation by TL 778,127 (31 December 2018: TL 532,375).

The Company undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 31 December 2019, a 20% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have increased loss before taxation by TL 1,539,220 (31 December 2018: 105,290 increase).

<u>Interest rate sensitivity</u>

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

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

Other price risks

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

27. FINANCIAL INSTRUMENTS

Categories of financial instruments:

Categories of financial instruments and fair values

31 December 2019	Amortized cost	Carrying value	Note
Financial assets			
Cash and cash equivalents	431,286,166	431,286,166	5
Trade receivables (including related parties)	74,417,039	74,417,039	7
Other receivables (including related parties)	24,810,563	24,810,563	8
Financial liabilities			
Borrowings and finance leases	108,499,301	108,499,301	6
Lease liabilities	1,966,652,722	1,966,652,722	6
Trade payables (including related parties)	3,395,061,181	3,395,061,181	7
Other liabilities (including related parties)	1,482,122	1,482,122	8

31 December 2018	Amortized cost	Carrying value	Note
Financial assets			
Cash and cash equivalents	354,087,758	354,087,758	5
Trade receivables (including related parties)	69,539,782	69,539,782	7
Other receivables (including related parties)	17,020,074	17,020,074	8
Financial liabilities			
Borrowings and finance leases	284,244,096	284,244,096	6
Trade payables (including related parties)	2,484,528,147	2,484,528,147	7
Other liabilities (including related parties)	555,874	555,874	8

Group management believes that the carrying value of the financial instruments approximate to their fair values.

28. EARNINGS PER SHARE

As of 31 December 2019 and 2018 loss per share calculation is as follows:

Earnings / (Loss) per share	1 January- 31 December 2019	1 January- 31 December 2018
Average number of shares during the period (full value)	592,058,508	503,864,641
Net loss for the period attributable to equity holder of the parents	(298,637,678)	66,598,899
Earnings per share from continuing and discontinued operations	**(0.5044)**	**0.1322**
Net loss for the period attributable to equity holder of the parents	(298,637,678)	66,598,899
Less: Profit from discontinued operations during the period	-	(547,114)
Net loss for the calculation of share income from continuing operations	(298,637,678)	67,146,013
Earnings per share from continuing operations	(0.5044)	0.1333
Profit from discontinued operations during the period	-	(547,114)
Earnings per share from discontinued operations	-	(0.0011)

29. DISCONTINUED OPERATIONS

Due to change in its shareholding structure Teközel has decided to gradually discontinue its retail, wholesale and export operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") from 1 January 2018 and has discontinued the related operations on 30 June 2018.

All profit and loss items of the operations to be withdrawn are shown in the "Profit from discontinued operations" line in the income statement.

Profit for the period from discontinued operations	31 December 2019	31 December 2018
Revenue	-	106,189,409
Cost of sales (-)	-	(104,456,449)
Gross profit	**-**	**1,732,960**
Administrative expenses (-)	-	(1,047,433)
Marketing and sales expenses (-)	-	(860,161)
Other income and expenses from operating activities	-	(372,480)
Operating loss	**-**	**(547,114)**

30. EVENTS AFTER THE REPORTING PERIOD

None.

SUPPLEMENTARY INFORMATION

APPENDIX-1 - EBITDA

The supporting information not required by IFRS 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 2019	1 January - 31 December 2019
Profit / (Loss) from continuing operations for the period	**(298,329,722)**	**67,581,650**
Tax income / (expense)	(54,438,823)	315,803,135
Loss from continuing operations before taxation	**(243,890,899)**	**(248,221,485)**
Financial income and expense, net	(1,098,599,034)	(650,358,074)
Amortization and depreciation	(598,502,429)	(200,403,771)
EBITDA	**1,453,210,564**	**602,540,360**
Other income and expense net	(17,034,507)	(27,633,914)
Adjusted EBITDA	**1,470,245,071**	**630,174,274**
IFRS 16 Effect	660,145,147	-
Adjusted EBITDA excluding IFRS 16	**810,099,924**	**630,174,274**

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

SUPPLEMENTARY INFORMATION

APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE IFRS 16

IFRS 16 Leases

The effects of IFRS 16 lease standard on the Group's financial statements are presented below:

ASSETS	31 December 2019	IFRS 16 Effect	Before IFRS 16
Current Assets			
Prepaid expenses	12,757,107	(2,315,746)	15,072,853
Total Current Assets	**1,860,432,013**	**(2,315,746)**	**1,862,747,759**
Non Current Assets			
Right of use assets	1,823,015,010	1,823,015,010	-
Deferred tax assets	218,626,726	29,032,576	189,594,150
Total Non-Current Assets	**3,847,368,901**	**1,852,047,586**	**1,995,321,315**
TOTAL ASSETS	**5,707,800,914**	**1,849,731,840**	**3,858,069,074**

LIABILITIES AND EQUITY	31 December 2019	IFRS 16 Effect	Before IFRS 16
Current Liabilities			
Lease liabilities	601,120,543	601,120,543	-
Total Current Liabilities	**4,290,295,414**	**601,120,543**	**3,689,174,871**
Non current liabilities			
Lease liabilities	1,365,532,179	1,365,532,179	-
Total Non-Current Liabilities	**1,444,370,323**	**1,365,532,179**	**78,838,144**
EQUITY			
Net (loss) / profit for the year	(298,637,678)	(116,797,552)	(181,840,126)
Shareholder's equity	**(28,343,318)**	**(116,797,552)**	**88,454,234**
Non-controlling interest	**1,478,495**	**(123,330)**	**1,601,825**
Total Equity	**(26,864,823)**	**(116,920,882)**	**90,056,059**
TOTAL LIABILITIES AND EQUITY	**5,707,800,914**	**1,849,731,840**	**3,858,069,074**

SUPPLEMENTARY INFORMATION

APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE IFRS 16

IFRS 16 Leases

The effects of IFRS 16 lease standard on the Group's financial statements are presented below:

	1 January- 31 December 2019	**TFRS 16 Effect**	**Before IFRS 16**
Revenue	16,051,963,222	-	16,051,963,222
Cost of sales (-)	(12,311,478,936)	-	(12,311,478,936)
Gross profit	**3,740,484,286**	**-**	**3,740,484,286**
Marketing and sales expenses (-)	(2,771,035,995)	284,825,313	(3,055,861,308)
General administrative expenses (-)	(97,705,649)	1,420,100	(99,125,749)
Other income from operating activities	10,935,603	818,993	10,116,610
Other expenses from operating activities (-)	(27,970,110)	-	(27,970,110)
Operating profit	**854,708,135**	**287,064,406**	**567,643,729**
Financial expense	(1,118,798,262)	(433,017,864)	(685,780,398)
Financial income	20,199,228	-	20,199,228
Loss from continuing operations before taxation	**(243,890,899)**	**(145,953,458)**	**(97,937,441)**
Income tax expense	(1,880,407)	-	(1,880,407)
Deferred tax income / (expense)	(52,558,416)	29,032,576	(81,590,992)
PROFIT / (LOSS) FOR THE YEAR	**(298,329,722)**	**(116,920,882)**	**(181,408,840)**

SUPPLEMENTARY INFORMATION

APPENDIX-2 – CONSOLIDATED FINANCIAL STATEMENTS BEFORE IFRS 16

IFRS 16 Leases

The effects of IFRS 16 lease standard on the Group's financial statements are presented below:

	1 January- 31 December 2019	IFRS 16 Effect	Before IFRS 16
A. Cash Generated by Operating Activities			
Profit / (loss) for the year	(298.329.722)	(116.920.882)	(181.408.840)
Profit / (loss) from discontinued operations	-	-	-
Profit / (loss) from continued operations	(298.329.722)	(116.920.882)	(181.408.840)
Adjustments related to reconciliation of net profit / (loss) for the year			
-Depreciation of property and equipment	598.502.429	373.899.734	224.602.695
-Loss on sale of property and equipment, net	3.197.044	818.993	2.378.051
-Tax income / expenses	54.438.823	(29.032.576)	83.471.399
-Interest expenses	572.582.792	433.017.864	139.564.928
Cash generated by / (used in) operations before changes in working capital	**945.869.574**	**661.783.133**	**284.086.441**
Changes in working capital :			
Changes in prepaid expenses	(12.942.722)	2.315.745	(15.258.467)
Cash used in operations	**1.415.264.881**	**664.098.878**	**751.166.003**
Net cash generated by operating activities:	**1.388.017.394**	**664.098.878**	**723.918.516**
B.INVESTING ACTIVITIES			
Proceeds from the sale of property and equipment	1.892.660	(818.993)	2.711.653
Net cash used in investing activities	**(341.787.495)**	**(818.993)**	**(340.968.502)**
C.FINANCING ACTIVITIES			
Interest payments of lease liabilities	(433.017.864)	(433.017.864)	-
Payments of lease liabilities	(230.262.022)	(230.262.022)	-
Net cash (used in) / generated from financing activities	**(969.031.491)**	**(663.279.886)**	**(305.751.605)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**77.198.408**	**-**	**77.198.408**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**354.087.758**	**-**	**354.087.758**
E.CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	**431.286.166**	**-**	**431.286.166**

ŞOK MARKETLER
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