



**BIM**

**WELCOME TO  
THE RENEWED BIM!**

Annual Report 2020



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### Financial Information

91	Convenience Translation into English of Consolidated Financial Statements for the Period 1 January - 31 December 2020 Together with Auditor's Report
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Name of the Company:	BİM Birleşik Mağazalar A.Ş.
Report Period:	1 January - 31 December 2020
Trade Registry No.:	334499
Website:	www.bim.com.tr
Capital:	TL 607,200,000
Central Registration System No:	0175005184608645

As BİM, the biggest player in the food retail industry in Turkey, we stood by our country's people under the difficult pandemic conditions. Our shelves were always full, and we expanded our customer profile even during this period. In our stores, now renewed with our new concept design, we continue to deliver quality at low prices to our customers.

Our renewed stores are introduced by our employees, who are our hosts.





## A NEW STORE DESIGN

The transformation efforts initiated in our stores continue without any significant impact on the overall costs. Our renewed stores have a more modern appearance in line with the present conditions.



Number of stores renewed

~700





## A NEW SHOPPING EXPERIENCE

Our newly designed stores are now welcoming shoppers in a more dynamic, distinctive and vibrant atmosphere.



Average number of daily customer visits

**4.7** million



## MORE DIVERSE PRODUCTS

Constantly attentive to our customers' expectations, we continuously review our product range. Accordingly, we expanded the product lines without altering the general concept. In particular, we added more choices to the fruit and vegetable section and contributed to healthy shopping.



Number  
of products

~800 SKUs







## OUR PRIVATE LABELS ON SPECIAL SHELVES

We have our own immensely powerful and largely preferred private labels. We offer these products on attractive, wider shelves. By adding more diversity to our product range each year, we continue to please our customers.

Share of our private labels in net sales

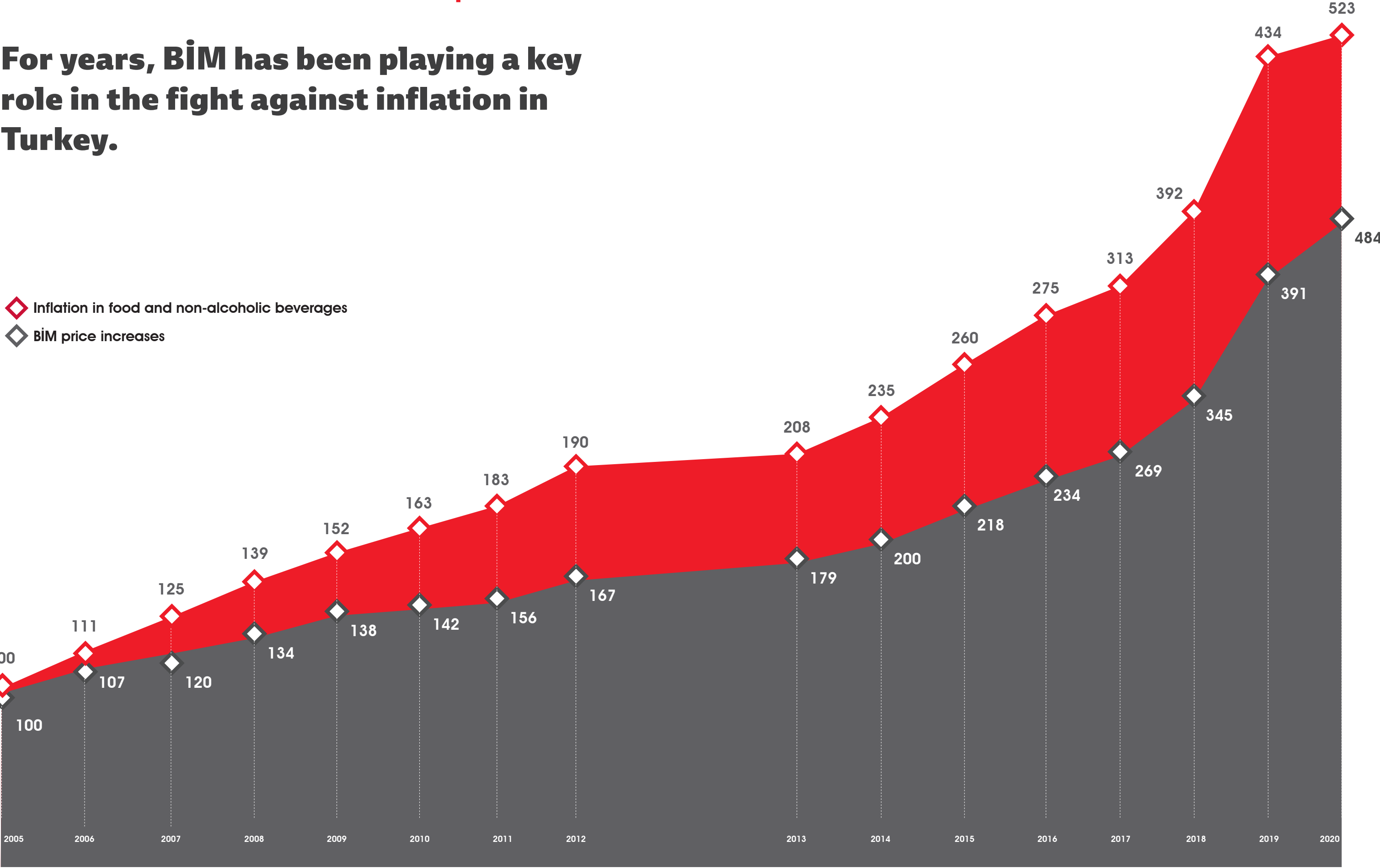
**63%\***

\*Valid for Turkey operations.



# Price Index and Inflation Graph

**For years, BiM has been playing a key role in the fight against inflation in Turkey.**





# Key Indicators

## Despite all challenges, BİM attained successful financial and operational results in 2020.



Net sales increase  
**38%**

Although 2020 has been a year under the shadow of the COVID-19 pandemic, BİM maintained a healthy growth rate. BİM was able to manage the pandemic period and despite all unfavorable conditions provided product availability and thus reinforced once again consumers' trust. At the same time, this has reflected favorably on the 2020 financial and operational results. The results obtained in 2020 were realized in parallel to the objectives determined and a net sales growth of 38% was achieved.



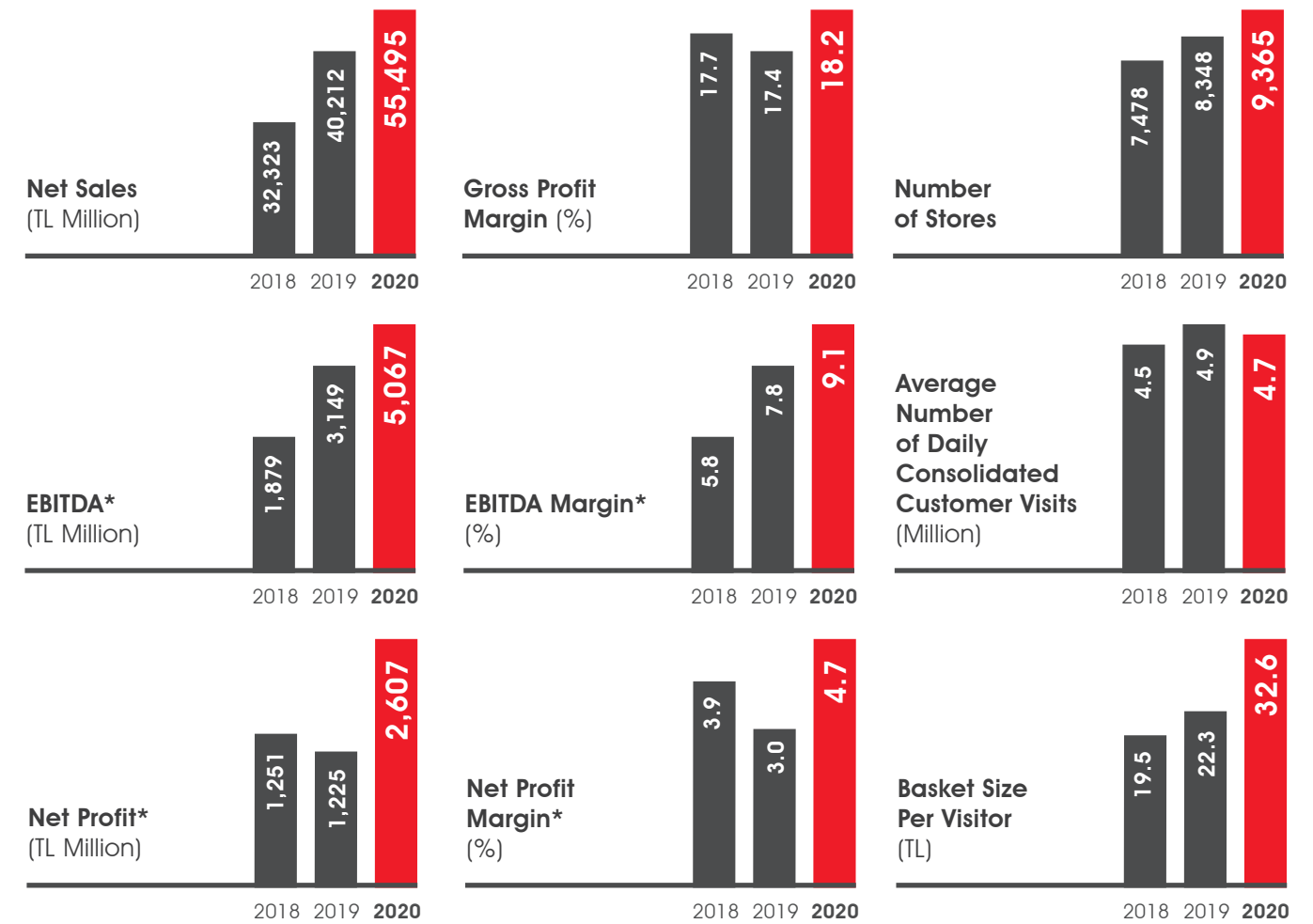
Total number of stores  
**9,365**

Carrying on the fight against inflation in 2020, BİM also continued to create added value for the country and contributed to the stabilization process of the Turkish economy as per its everyday low price policy.



Number of employees  
**60,663**

Financial results are prepared as consolidated statements within the framework of the Communiqué (Series II, No. 14.1) issued by the Capital Markets Board in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards (TMS/TFRS). BİM has a 100% participation rate in its affiliate companies, BİM Stores SARL in Morocco and BİM Stores LLC in Egypt, which have been fully consolidated. Both companies are engaged in activities in the field of food retail. GDP Sanayi ve Ticaret A.Ş., founded 100% by BİM capital and which engages in the packaging and shipment of rice and legume products has been fully consolidated in 2020.



\*2018 figures express the values before Turkish Financial Reporting Standards n. 16 (TFRS 16). TFRS 16 standard has been implemented as of January 1, 2019.



## Key Indicators

**The 2020 results stayed parallel with the forecasts and sales increased by 38%.**

Condensed Consolidated Income Statement (TL Million)	2020	2019	Change (%)
Sales	55,495	40,212	38
Gross Profit	10,121	6,985	45
Gross Profit Margin	18.2%	17.4%	
EBITDA	5,067	3,149	61
EBITDA Margin	9.1%	7.8%	
EBIT	3,697	2,066	79
EBIT Margin	6.7%	5.1%	
Net Profit	2,607	1,225	113
Net Profit Margin	4.7%	3.0%	

Condensed Consolidated Balance Sheet (TL Million)	2020	2019	Change (%)
Current Assets	11,136	5,806	92
Fixed Assets	12,294	9,046	36
<b>Total Assets</b>	<b>23,430</b>	<b>14,852</b>	<b>58</b>
Short-Term Liabilities	11,020	6,998	57
Long-Term Liabilities	5,234	3,617	45
Shareholder's Equity	7,176	4,237	69
<b>Total Equity and Liabilities</b>	<b>23,430</b>	<b>14,852</b>	<b>58</b>

## Expectations and Achievements

**BİM exceeded its investment target set at the beginning of 2020 and achieved an investment of TL 1.3 billion.**

Despite the onset of the COVID-19 pandemic and the challenging conditions it caused in 2020, BİM did not suspend its investments. BİM made investments of TL 1.3 billion, surpassing the TL 1 billion investment target determined at the beginning of 2020.

Although the Company had announced its 2020 targets on March 4, 2020, in consideration of the year's developments, the targets were updated on August 18, 2020 and December 14, 2020.

2020	Targets (March 4, 2020)	Targets (August 18, 2020)	Targets (December 14, 2020)	Achievements
Increase in Sales	21-25%	30-34%	36-38%	38%
EBITDA Margin*	4.5-5.5%	5.5-6.5%	6.5-7.0%	6.9%
Capital expenditures	TL 1 billion	TL 1 billion	TL 1 billion	TL 1.3 billion

\*The EBITDA margin target and achievement do not include the potential effects of Turkish Financial Reporting Standards n. 16 (TFRS 16). Achievement including potential effects corresponds to 9.1%.

2021	Expectations
Increase in Sales	20-25%
EBITDA Margin**	8.0% (±0.5)
Capital Expenditures	TL 1,750 Million

\*\*The EBITDA margin target for 2021 includes effects of TFRS 16.



## About BİM

**BİM currently has 9,365 stores in total, 8,530 of those are in Turkey and 835 stores are situated abroad. BİM has increased its sales by 124% in the last three years.**



Net sales

**TL 55.5 billion**



Number of employees

**60,663**

As the leader in Turkey's retail sector, BİM's journey to success started with 21 stores in 1995. Since the day it was established, BİM's primary objective has been to offer high-quality products to customers at the best and most affordable prices. The Company, which currently has 9,365 stores in total, 8,350 of those are in Turkey and 835 stores are situated abroad, has increased its sales by 124% in the last three years. BİM makes a significant contribution to the Turkish economy through employment support and has reached a total of 60,663 employees on a consolidated basis by the end of 2020.

### Sustainable business model

BİM, in accordance with its business model keeps the costs at a minimum level without disrupting the service quality; it reflects the consequent savings on the product prices and maintains operations with a limited level of profit margin. Therefore, the Company's fight against inflation has been continuous since the day it was established. Moreover, BİM has significantly contributed to the balanced course of the price mechanisms in the sector. BİM sets an example for the overall sector with the "everyday low price" policy. BİM will continue decisively to fight against inflation in the upcoming period as well.

### Successful results despite challenging conditions

Despite 2020 being a challenging year due to the COVID-19 pandemic, BİM successfully supported its customers by providing a high product availability throughout the year. Through successful inventory management, the Company effectively managed adverse conditions caused by the pandemic, not leaving its shelves empty and continuing to bring quality to its customers at an affordable price during a time when it was most needed. Increasing its SKU from 750 to 800 with a customer-focused perspective, BİM offered more alternatives to its customers by expanding its



product range during the pandemic. Managing the challenging year of 2020 with success and opening more than 1,000 new stores on a consolidated basis, BİM yet again gained the trust of its customers and achieved strong financial and operational results.

BİM maintained and strengthened its leading position in the food retail industry in 2020 as well. The Company had a 38% increase in net sales through newly opened 1,017 stores (999 stores in Turkey, 18 stores abroad) in 2020. Thanks to the adopted successful business model, the Company was able to sustain its operational profitability; its EBITDA margin scored 9.1% in the year.

The most important stakeholders of BİM are local and global suppliers. Their collaborations based on the quality journey and trust have been preserved in 2020 as well. The Company successfully managed the COVID-19 pandemic process through intensive cooperation with its suppliers. BİM, one of the favorite retailers in the sector for suppliers, is committed to providing the utmost support to its business partners, namely suppliers.

### Renewed BİM stores

BİM made an important decision regarding its store concept and made various changes in the design of its stores in 2020. BİM opened approximately 700 stores featuring the new concept throughout 2020 and started the renovations for its current and newly opened stores. The new store concept offered a more modern appearance while maintaining the high visibility of the products. In addition to this, both costs and environmental impacts were reduced, thanks to energy saving applications such as thermal insulation.

### Modern Market in the Neighborhood: FILE

BİM launched FILE, its new retail model, in March 2015. Structured as a supermarket, FILE stores have more stock items than existing BİM stores. FILE stores are well-focused, serving with an understanding of a store that offers multiple types of products under a single umbrella, with its "modern neighborhood supermarket" concept. FILE has relatively larger spaces in terms of square meter compared to other discount stores. It allows the customers to shop in a wide and spacious store. In just three years, FILE achieved profitability in EBITDA and grew beyond expectations and in 2020, the fifth year since its foundation, FILE achieved net profitability. FILE has a distinguished approach to the supermarket business with a strong, fresh, quality, and varied product range, and as a result, their concept was immediately acknowledged by customers and gained an essential place. Including the 30 net store openings within 2020, FILE has a total of 123 stores as of year-end. FILE conducts its activities through two warehouses in Istanbul and the construction of the third warehouse in Ankara continues, and it will be opened in 2021. FILE is preparing to provide services to its customers through the internet in 2021.

The backbone of BİM's 25-year corporate culture is comprised of customer satisfaction, flawless service principle, positive relations with suppliers, and qualified human resources.

BİM is planning to increase the number of regional offices to 73 with new regional offices to be opened in 2021 and aims to recruit a minimum of 6,000 new employees in the following year. Based on its transparent, open and honest management approach, the Company will maintain productive growth and employment generation with the same strength in 2021 as well.



# Corporate Profile

**In 2020, when the COVID-19 pandemic was at the heart of the world and our country, BİM fought with all drawbacks and did not leave its shelves empty throughout the year.**

Launched in 1995 with 21 stores, BİM's (BİM Birleşik Mağazalar A.Ş.) main commercial activity is the sale of staple food products to consumers at the most affordable prices. With a range of approximately 800 products, the Company has become the pioneer of the discount concept in Turkey. BİM revises the composition of its products in line with the changing customer expectations and requirements while also introducing new products or removing the old ones from its portfolio each year. In 2020, the product range of fruits and vegetables section was improved and diversified, and 108 new products were listed.

## **BİM grew with its customers in a difficult year**

In 2020, as the COVID-19 pandemic affected the world and our country, BİM met all challenges, keeping its shelves full thanks to its successful inventory and supply chain management. Despite the impact of the pandemic, BİM sustained a consistently high level of investment with its newly opened stores and renewed store designs, and continued to offer customers the best quality at the most affordable prices by expanding its product range. Once again, BİM demonstrated that it stands with its customers even under the most unfavorable conditions.

BİM increased its consolidated sales volume by 38% compared to the previous year by the end of 2020, thus, the weighted average growth of BİM in the last five years was realized as 26%. Opening 1,017 new stores on a consolidated basis, BİM increased the store portfolio by 12% in 2020 and has a total of 9,365 stores. With 8,530 stores in Turkey and 835 stores abroad, the Company continued its leading position in the retail sector in 2020.

## **International operations**

Entering the international arena through its operations in Morocco and Egypt, BİM sustains its growth in foreign activities. BİM's operation in Morocco started in 2009. Despite the challenging conditions caused by the pandemic in 2020, the Company opened an additional 38 new stores, reaching 535 stores in total. In 2019 BİM's operation in Morocco achieved net profitability; this success continued in 2020. The second foreign venture of the Company was in Egypt, with the first store opening in 2013. In 2020, while no new stores were opened, the total number of stores in Egypt operation is 300 by the end of 2020. BİM determined a localization strategy in international operations and has taken into its agenda the issue of researching and evaluating strategic options, including partnership alternatives with local or international investors in the markets where it is present. As a result of a development finalized within the scope of these activities, BİM signed a share sales agreement was signed for the sale of 35% of BİM's Moroccan operation to Helios Investment Partners, one of the UK-based private equity funds. Closing transactions are ongoing as of the Report date.

## **Future investments**

Despite the COVID-19 pandemic playing a key role in 2020, investments did not lose pace and have exceeded expectations. The Company's total investment amount on a consolidated basis was TL 1.3 billion and the entirety of this sum was financed with the Company's equity capital. Continuing with the investments in the following year, the Company expects to have investments amounting to TL 1.75 billion in 2021.



BİM, the pioneer of the private label approach in the retail sector in Turkey offers its customers high-quality and affordable private label products, thus, plays a key role in the fight against inflation in Turkey. BİM expands its private label product portfolio year by year. When BİM went public in 2005, the share of its private labels in net sales was 46%. This share has increased to 63% in 2020. Moreover, Bimcell, a brand of BİM operating in the field of mobile communications, has continued to support its customers with new internet and mixed packages in 2020. Bimcell is a virtual prepaid operator, and its subscriber base increases each day. Bimcell's number of subscribers was 2.1 million as of the end of 2020.

## **An Innovative, special and different customer experience**

BİM launched FİLE, its new retail model, in March 2015. Combining discount grocery shopping with the supermarket concept, FİLE enables its customers to shop in larger spaces. FİLE has achieved net profitability in 2020 and increased the number of its stores to 123 stores by opening 30 more stores in 2020. Preparing to activate its online shopping channel in 2021, FİLE will open its 3<sup>rd</sup> warehouse in Ankara. Thus, FİLE continues to expand its geographical area of activities.

Introducing innovation as a concept to the customers, FİLE stands out with its special sections, such as patisserie, meat-charcuterie, fresh food, and personal care. For continuous growth in 2021 as well, FİLE aims to be an alternative for the customers who want to buy high-quality and affordable products besides staple food products.

BİM will maintain its efficient cost management policy in its new stores with the aim of sustainable and productive growth in 2021 by remaining committed to customer satisfaction. In the upcoming period, BİM will carry out its operations based on the trust-based relationships it has established with all its stakeholders, especially with its suppliers, which it regards as its business partner, and the best service approach of its employees.



# Service Philosophy

BİM employs a sufficient number of personnel to provide uninterrupted service at its stores.

BİM displays products in their original cardboard boxes to avoid unnecessary store expenses.

BİM rents the most affordable stores in the locations closest to its customers.

BİM has a no-questions-asked return policy.

BİM stores are decorated as simply as possible.

For BİM, customer benefits are more important than short-term high profits.

BİM offers the highest quality products at the most affordable prices.

BİM offers high quality products manufactured specifically for its customers.

BİM avoids excessive advertising that could lead to an increase in the price of its products.

BİM customers pay for the product itself, not the packaging or the brand.

# Our Culture

We are honest, reliable, understanding and fair.

We avoid disturbances that would affect our customers.

We work in solidarity and unity, with trust and respect.

We learn from mistakes.

We have the courage to make decisions.

We are open to good service and learning.

We make recommendations to achieve targets.

We establish congenial relations with all our stakeholders.

We share duties, authorities and responsibilities.

We recognize and support achievements.

We refrain from personal and offending criticism.

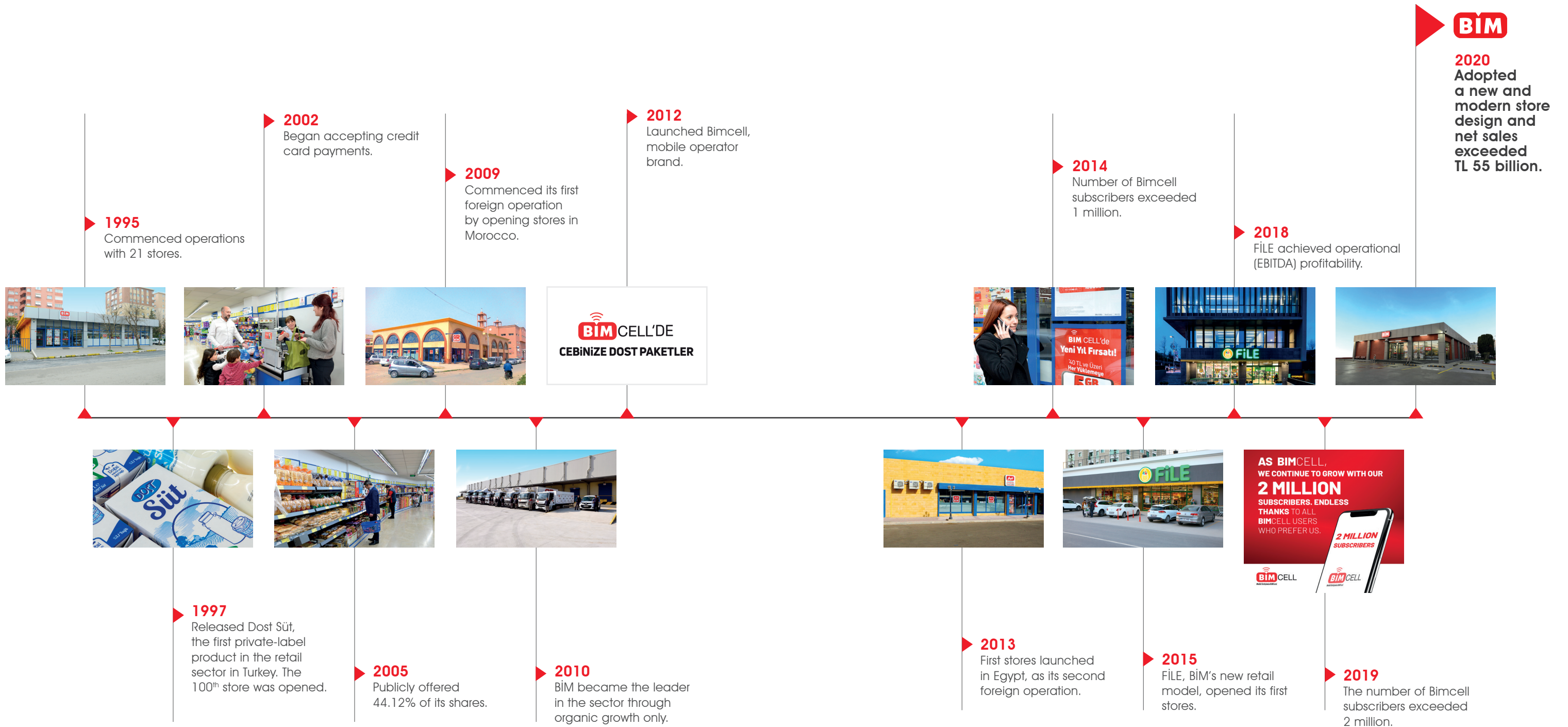
Our most important duty is to ensure the success of our employees.





# Milestones

## BİM adopted a new and modern store design and its net sales exceeded TL 55 billion.





# Message from the Board of Directors

## On behalf of our sector and country, BİM has played a key role in the fight of our country against the COVID-19 pandemic.

Dear Stakeholders,

Throughout 2020, we operated under the shadow of the COVID-19 pandemic. The entire world had to deal with the health crisis caused by the pandemic and the resulting economic challenges. In light of these developments, it is expected that the global economy will contract by 3.5% and that global trade volume will narrow by 9.6%. Meanwhile, the second half of 2020 did bring good news one after the other, as vaccination programs in many countries started.

Despite a challenging first six months in 2020, the Turkish economy entered a recovery period in the second half of the year. These difficult conditions did not impede the growth in Turkish economy, and the Turkish economy grew 1.8% in 2020. According to forecasts from the World Bank, the Turkish economy will grow 4.5% in 2021, and 5.0% in 2022. We firmly believe that in the coming year our country will be in a better place, thanks to the impact of vaccinations.

As BİM, we have always undertaken an important mission in Turkey's fight against inflation and, in the name of our sector and country, we played a key role this year in our country's fight against the COVID-19 pandemic. The shelves of our stores were full during the pandemic, a period when the demand for food products was especially intense. We demonstrated sensitivity during price transitions, and we decisively continued to battle inflation despite the impacts of the pandemic. Without compromising our "everyday low price" policy, we supported our customers and continued to be a role model for food retailers in this challenging period. Following our successful efforts, we are proud to once again gain the trust of all our stakeholders by achieving strong financial and operational results by the end of 2020.

In 2020, the year that was swayed by the pandemic we all witnessed that the food retail sector – of which we are a part – was at the forefront as the most dynamic sector. Following quarantine decisions taken during various periods, the demand for food rose significantly, particularly as most of the public turned to consumption at home. As a result, food retail was among the rare sectors that had a rising employment rate in 2020. We entered the year 2020 as the market leader in our sector and, by strengthening our success, we completed the year, again as the leader. Our strategic and accurate decisions taken during the pandemic played a key role in this achievement.

In 2020 we completed a successful period. Continuing our operational profitability, we achieved important growth numbers in our sales revenues; by the end of 2020, sales revenues increased by 38% reaching TL 55.5 billion. Our EBITDA grew by 61% to TL 5.1 billion. In the last three years, our Company achieved a 124% increase in sales revenues, further demonstrating its success in the sector.

Despite the many challenges, we are pleased to see that BİM exceeded the investment targets determined at the beginning of the year. Our investment target was TL 1 billion – by realizing it as TL 1.3 billion, we continued to earn the trust of our stakeholders. In accordance with our organic growth strategy, we continued opening new stores, which constitute the most important part of our investments. Setting a new record in the history of BİM, we opened 999 stores in Turkey and added 38 new stores to our operation in Morocco. Although we closed 20 stores in the Egypt operation, as of the end of 2020, we have 8,530 stores in Turkey and 835 stores abroad, totaling 9,365 stores.

At the same time, in 2020 we implemented the new store concept, renewing both the interiors and exteriors of the stores. The intensive use of the color anthracite gave the stores a more modern appearance. We renewed approximately 700 stores as of the end of 2020 in line with the new concept, which focuses on product visibility. We also made important additions to our product range and expanded our product portfolio from 750 to 800. We especially extended the product variety in our fresh fruit and vegetable category. The positive feedback from our customers regarding these investments is the most important indication that we have taken the right actions.

FILE, our retail model which started in 2015, yet again completed a successful year. Achieving operational profitability in the last two years, FILE again met expectations and reached net profitability in the fifth year following its foundation. With 30 new stores, in total reaching 123 stores by the end of 2020, FILE will start to meet customers' needs online in 2021. As the online

shopping trend has become more prevalent due to the pandemic, we have no doubt that in 2021 FILE will provide our customers with a quality shopping experience via its online sales channels on its website and mobile application.

Bimcell, our brand operating in the field of mobile communications, continued its success in 2020, as in previous years. Promising a special communication experience to subscribers through its new internet and mixed packages, Bimcell exceeded 2.1 million subscribers by the end of the year. Bimcell, with a population coverage of 98% across Turkey offers "charging per second" and "pay as you go" alternatives and continues to attract more clients each day.

In 2020, we made an important strategic decision regarding our international operations. Regarding our affiliates operating in Morocco and Egypt, the Company decided to research and assess strategic options in the related markets, including partnership alternatives with local and international investors. As a result of studies conducted within the framework of the adopted localization strategy, BİM signed an agreement for the sale 35% of the shares of BİM's Moroccan operation to Helios Investment Partners, one of the UK-based private equity funds.

As BİM, just as we prioritize the interests of our customers over short-term high profits in our daily operations, we care for the interests of the humanity and future generations in line with our understanding of sustainability. To that effect, we came a long way in 2020. As part of our environmental sustainability activities, we prevented the generation of 40 tons of solid waste in 2020. We installed solar panels on the roof of our Batman warehouse, meeting 70% of our warehouse energy needs and made a significant contribution to reducing carbon emissions. As one of the companies in Turkey providing the most employment, we supported our country in its fight against COVID-19 by providing approximately 9,000 more jobs in 2020. The scope of our sustainability activities will continue to expand at full speed, and we will move forward with important projects in 2021.

We aim for 2021 to be a year in which we continue our investments with commitment and determination. We plan to realize a total of TL 1.75 billion in investments together with the new stores and four logistics centers we intend to open in the coming year of operation.

Although we left a challenging year behind, we showed that, as a united country, we can overcome hurdles by working hard together and by making accurate and strategic decisions. As a big family with 60,000 employees and millions of customers, BİM will continue to work and generate added value for all its stakeholders and its country in 2021.



Total assets

**TL 23.4 billion**



FVAÖK

**TL 5.1 billion**



# Retail Industry in Turkey

## The year 2020 has been challenging due to the COVID-19 pandemic affecting the supply chain in the retail industry.

### **BİM responded effectively to the COVID-19 pandemic**

In 2020 the COVID-19 pandemic was at the core of the global agenda. During the first period of the pandemic, at the end of the year's first quarter, the food retail sector experienced extraordinary demand. BİM, the leading brand in the Turkish food retail sector, effectively managed the pandemic together with its suppliers: the stores' shelves were never empty, and BİM protected its customers from hardship. Turkey's giant food retailers, and BİM in particular, managed the pandemic-driven anxiety through accurate and strategic decision making, and succeeded in preventing potential supply problems.

### **Stars of the retail sector: discount stores**

Discount retailing has gained a crucial place in the retail sector and attained a significant growth acceleration in the recent years. BİM takes the leading position in the retail sector of Turkey, of which the important players are discount stores. The Company strengthened its leading position in the market by increasing its market share during the pandemic. The Company continues to expand not only in Turkey, but also abroad thanks to the low-profit margins, efficient cost management, and its unique store format that is implemented resolutely.

### **Contributing to economy by creating employment**

As a result of the delivery of the production to the end consumers, many channels, mainly stores are formed in the retail sector. Thus, just like the manufacturers, the retail sector turns out to create jobs and employment in various segments, such as logistics, warehousing, and packaging. If every link of the supply chain is improved and the system is properly utilized, every link of the chain will separately manage to create added value. Because the retail sector contributes to the production, and hence directly to the Turkish economy, it is undeniable that the retail sector has a crucial role.

Due to the nature of its operations, the modern retail sector does not allow any informal employment, but rather fosters the Turkish economy by contributing to the increase in production, employment and drop in inflation. The spread of the discount food retail countrywide day by day leads to an increase in employment across the country.

The retail sector harbors many opportunities for the companies' private-label products to fill the shelves and to spread. The pioneer of private-label products in the sector, BİM's private-label products ratio to net sales in the domestic stores reached 63% in 2020. Private-label products that are introduced to the public with the slogan "high quality, affordable price" play an essential role in the fight against inflation in Turkey. In 2021, the Company will maintain focusing on private-label product activities both for BİM and FILE stores.

### **BİM's new business model: FILE**

BİM launched its new business model in the supermarket segment with the brand "FILE" in March 2015. In just three years, the FILE concept achieved operational profitability and grew beyond expectations. The concept offers a strong, fresh, quality, and varied product range within the scope of a distinguished approach to supermarket business. Under the FILE concept, BİM has addressed the demands of both discount and supermarket segments of the retail industry for five years now. FILE stores are preparing to serve their customers through online channels as of the first half of 2021.





# BİM's Domestic and Foreign Operations

**BİM** DOMESTIC STORES

Stores

**8,407**

Logistic Centers

**62+1\***

**FILE**

Stores

**123**

Logistic Centers

**2**

**BİM** BİM MOROCCO

Stores

**535**

Logistic Centers

**3**

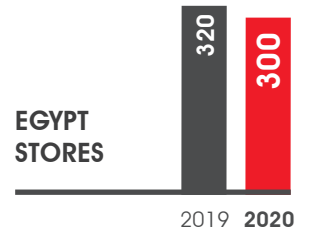
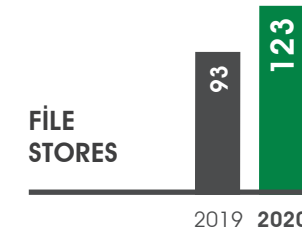
**BİM** BİM EGYPT

Stores

**300**

Logistic Centers

**2**



\*One of the logistic centers comprises the warehouse of GDP Gıda Paketleme Sanayi ve Ticaret A.Ş., a subsidiary subject to consolidation.

**1.2** million m<sup>2</sup>  
storage space on a total of  
**2.5** million m<sup>2</sup>  
of land

## ISTANBUL EUROPE

- ESENYURT I
- ESENYURT II
- ESENYURT III

- ESENYURT FILE**
- HARAMİDERE
- ESENKENT I
- ESENKENT II
- ÖMERLİ
- ARNAVUTKÖY I
- ARNAVUTKÖY II

## ISTANBUL ANATOLIA

- ÖMERLİ - FILE**
- SANCAKTEPE
- SAMANDIRA
- GEBZE I
- GEBZE II
- TUZLA

## KASTAMONU

## AKSARAY

## ANKARA

- AKYURT I
- GÜZELHİSAR
- YENİKENT
- HASANOĞLAN I
- HASANOĞLAN II

## ESKİŞEHİR

## DÜZCE

## ÇORUM

## KAYSERİ

## SAMSUN

## SİVAS

## GİRESUN PIRAZIZ

## TRABZON

## ÇORLU

## LÜLEBURGAZ

## İZMİT

## SAKARYA HENDEK - GDP

## BURSA NİLÜFER KESTEL

## BALIKESİR

## İZMİR

- KEMALPAŞA I
- KEMALPAŞA II
- ULUKENT
- AYRANCILAR

## AYDIN

## MUĞLA

## DENİZLİ

## ANTALYA DÖŞEMEALTI-1 DÖŞEMEALTI-2 KOCAYATAK

## AFYON

## KONYA KONYA ÇUMRA

## MERSİN

## ADANA ADANA I ADANA II

## HATAY İSKENDERUN

## GAZİANTEP GAZİANTEP I GAZİANTEP II

## MALATYA

## ŞANLIURFA

## DİYARBAKIR

## BATMAN

## ERZURUM

## İĞDIR

## VAN



# BİM Difference in Retail

## Strengthening its strong image in the sector during the pandemic, BİM's low price policy has been in great demand throughout 2020.

BİM is organized around its regional head offices each with their own management, staff, and logistics warehouses. The fact that the management has been decentralized is the most outstanding feature of an efficient organizational structure. This feature has led to the success of BİM. BİM manages its operations via respective regional offices. That is why its business processes are conducted in a fast and productive way. In 2020, the Company launched three regional offices and logistics centers, including Kastamonu, Antalya/Döşemealtı 2, and Denizli Regional Directorate, thus, raising the total number of regional offices to 69 on a consolidated basis. For 2021, BİM aims to raise the number of regional offices to 73 by opening four new regional head offices.

### BİM difference during the pandemic

Despite unfavorable conditions caused by the COVID-19 pandemic, BİM, the sector's leader, reacted effectively and demonstrated its support to customers with shelves that were always full. Further strengthening its reputation in the sector during the pandemic, BİM's low price policy was in great demand throughout 2020. Continuing non-stop investments even during these difficult times, BİM expanded its product variety to 800 and offered customers new items in the fresh fruit and vegetable category. Increasing the visibility of products through its renewed store designs and thus leading to efficient stores with an elegant appearance, BİM continued its customer-focused approach during the pandemic.

### Continuous discount concept

The main principle of BİM's business model is "everyday low price." BİM does not make any promotions, conduct campaigns, or issue loyalty cards; BİM customers do not have to follow price discount campaigns. Instead of campaigns and short-term discounts, BİM keeps the prices low everyday through its more understandable and simple business model. BİM reflects the savings from the cost deductions on the product prices. One of the most important features distinguishing BİM from its rivals in the sector is to avoid short-term discounts even when there is no sufficient consumption. This pricing policy is a key factor in establishing customer confidence.

The principle adopted by BİM in carrying out its operations is to keep costs to a minimum level and to reflect those gains as price discounts to customers. With its organizational structure, effective cost management practices and limited product range, BİM is the first representative of the discount model in Turkey. BİM's discount concept is based on three fundamental pillars:

- Accelerating the decision-making and implementation processes by establishing an active logistics and information network among regional head offices and stores through a dynamic organizational structure,
- Avoiding any unnecessary expenses that would raise product prices; keeping management, store decoration, personnel, distribution, marketing and advertising costs to a minimum,
- Maintaining effective quality standards controls by keeping the product portfolio around 800 items; and ensuring that the products reach the customers at the most affordable prices.





# BİM Difference in Retail

## BİM provides reliable products that fully and continuously meet customers' basic needs timely at most affordable prices.

BİM is the biggest purchaser of the majority of the products it sells in Turkey thanks to its high purchasing power. By this way, the Company encourages its suppliers to produce high-quality products at lower costs to procure quality products at affordable prices.

### Effective cost management

The amount BİM saves on costs through effective cost management is reflected in low prices without compromising on the quality of products and services. As a consequence, BİM increases its competitive advantage within the market every year. Eliminating any unnecessary costs in operational processes, BİM's costs related to the sales and marketing of the products are at a minimum level. Thus, the customers only pay for the product itself.

BİM keeps its product range limited and makes low-cost purchases in high volumes directly from suppliers and without an intermediary. This is then reflected as discounts on product prices.

With the effective cost management policy which it implements across all operations, BİM is constantly consolidating its leadership and strong position in the retail industry. In this context, all logistics activities are carried out in-house, without any need for outsourcing.

BİM adheres to the following principles of cost management:

1. In general, its stores are rented.
2. Instead of high-cost stores on main streets, BİM prefers to locate the stores in the back streets to save on rent.
3. Sufficient personnel is employed to maintain uninterrupted service.
4. Store decoration is kept as simple as possible, minimum shelving is used, costs are kept at a minimum and gains obtained are reflected on the product prices.
5. Promotion and advertising expenditures are kept to a minimum for what is required.
6. Products are distributed through the Company's logistics network.
7. The product range is kept limited, and large quantities of purchases are made from suppliers at low prices.
8. Private labels are included in the product range as much as possible.
9. Cost calculations are made daily, and effective cost controls are implemented, with immediate action taken when required.
10. New saving methods are continually explored, developed, and implemented.

### High Inventory Turnover Rate

The inventory management at BİM is conducted via a program used commonly in the world. This process, which is carried out by regional offices, is meticulously monitored during the transfer from warehouses to stores and from stores to customers. Results of inventory counts carried out at stores and warehouses are controlled and compared with previous data at regular intervals and evaluated accordingly.



Despite demand for some products occasionally increasing due to the pandemic in 2020, BİM did not experience any problems with product inventory and guaranteed that all products demanded by customers reached the shelves.

### Food Safety

Through its provision of reliable products that consistently meet customers' basic needs most affordably and efficiently, BİM always strives to improve product safety as a policy of the Company. For this reason, the Quality Assurance Unit exists as part of the Purchasing Head Office.

The Quality Assurance Unit is responsible for the following actions:

- Conducting activities to ensure the sustainable quality standards of the purchased products as per the defined strategies,
- Conducting activities for legal proceedings of the product packages,
- Following up on legal changes and problems in respective product groups,
- Inspecting the quality of the products as per the procedures,
- Carrying out tests when required and on scheduled times,
- Ensuring the continuity of the private-label product developments.

### Financing Resources

By carrying out activities with negative net working capital, BİM finances itself through its cash collection. In addition to operational cash outflows, the Company distributed TL 303.6 million in cash dividends and made TL 1.3 billion investment on a consolidated basis in 2020. BİM sets an investment target of an additional TL 1.75 billion for 2021.

BİM does not utilize bank loans since it finances both domestic and foreign operations with its internal resources. Moreover, BİM does not have a significant amount of foreign currency deficit or surplus since most of the operations of the company are carried out in Turkish Lira. Therefore, neither interest rate changes nor exchange rate variations cause any critical risk for BİM.



## 2020 Activities

# Despite all challenges, BİM welcomed its customers with full shelves during the year and achieved important successes in 2020.



EBITDA Margin

9.1%

Maintaining its leadership in the food retail sector by strengthening it in 2020, BİM has achieved a steady growth trend thanks to its successful business model and succeeded to increase its sales volume in the last three years by 124%. As in previous years, the Company grew through its organic business model in 2020 without any acquisitions in the sector; the annual growth rate reached 38%.

As the sector leader, BİM embarked on its fight against inflation from its establishment. The Company undertakes an important mission in the fight against inflation. The Company in accordance with its business model keeps the costs at a low level without compromising the service quality; it reflects the consequent savings on the product prices. Keeping the profit margins at a certain level, BİM sets an example for the sector with low prices.

Since it was founded, BİM has implemented the “everyday low price” policy. As a result, the Company did not reflect all the costs on the prices and continued to support the fight against inflation in Turkey in 2020. The Company will carry on its duties to fight against inflation in the next period, too. It will keep creating added value for the country and the people.

The no-questions-asked return policy implemented at stores keeps customer satisfaction high at all times. This policy allows the customers to return any product anytime without stating any reason. BİM cares about the prices of its products as well as their qualities. Thus, the Company puts up products for sale after the Purchasing Department checks the quality and conformity of each product. Product quality is also regularly controlled, during the sales stage.

### A successful year despite the pandemic

Due to the COVID-19 pandemic, 2020 was a difficult year for our country and the world. Despite the challenging conditions caused by the pandemic, 2020 was a year in which BİM maintained sustainable and increasing organic growth, met its financial and operational expectations, retained its leadership in the sector, and increased employment and investments to a considerable extent. Taking effective decisions and implementing critical strategies, BİM successfully managed the pandemic and reinforced its brand and reputation among the public. Despite all challenges, BİM welcomed its customers with full shelves throughout the year and achieved important successes in 2020.

In 2020, the decentralized structure of BİM allowed it to increase operational productivity since each region was enabled to focus on its own region only. BİM opened 1,017 new stores on a consolidated basis throughout the year, thus, the total number of stores reached 9,365. Additionally, three new regional offices and logistics centers were put into operation. In order to expand the sales network and to fulfill the changing customer needs and expectations, BİM implemented an efficient investment policy in 2020 and the total investment for the year amounted to TL 1.3 billion.

BİM uses only Turkish Lira in its transactions and finances the operational investments through its powerful equity capital. Therefore, the fluctuations in exchange rates and interest rates do not impact the Company. BİM had an annual consolidated sales volume of TL 55 billion by the end of 2020, which helped the Company maintain its leadership in the Turkish retail industry.

### Non-stop investments

BİM's investments are mainly focused on expanding the operational network. As per the investment policy, the Company prefers to promote organic growth by establishing new stores and regional centers. BİM usually rents the stores and decorates them as plainly as possible, which requires relatively low investment costs. The added value gained from efficient cost management is reflected in the product prices.

In 2020, a year in which the challenges presented by the pandemic played a key role, BİM continued its nonstop investments by opening 1,017 new stores on a consolidated basis, and renewed the appearance of approximately 700 stores through its new store concept initiative.

In 2020, BİM launched three regional offices and logistics centers, which are Kastamonu, Antalya Döşemealtı 2, and Denizli Regional Directorate, thus raising the total number of regional offices to 69 on a consolidated basis. With new investments, the Company aims to increase this number in 2021 to 73 with the opening of four new regional head offices.

Since BİM is managed via a decentralized organizational structure, the regional centers are very crucial for the Company. As per its investment policy, the construction of new warehouses and regional centers are conducted in accordance with the conformity criteria usually through the purchase of lands.

Since it began to be traded publicly, BİM has sustained a high level of nonstop investments since the company went public and in 2020, the Company financed all of the investments from its strong equity capital and reached a total of TL 1.3 billion consolidated investments.

BİM sets an investment target of a total of TL 1.75 billion for 2021.



## 2020 Activities

**FILE has proven that it is the right concept for Turkey and opened 30 new stores reaching 123 stores in total.**



### BRANDS

#### Harras

The product development and manufacturing

processes of Harras are closely monitored by FILE. These products are produced by the leading suppliers in the segment and have at least the same quality as the leading brands in the market and are only sold in FILE stores. The products and manufacturers of the Harras brand are regularly audited by independent and approved organizations.

#### ACTISOFT

Actisoft is FILE's private-label brand in the segment of general hygiene, paper products and supplementary products, which addresses the diverse needs of households, such as paper towels, garbage bags, baking papers, room odors. The products and manufacturers of the Actisoft brand are regularly audited by independent and approved organizations.

#### Daycare

Daycare is a brand for personal care products offered in FILE stores only. The brand has been developed innovatively according to customers' needs for health, hygiene, beauty, personal care, and colorful cosmetics. These products are manufactured by the leading suppliers in the segment and have at least the same quality as the leading brands in the market.



#### FILE and developments in 2020

In addition to the discount food retail sector, turning the growth potential in the supermarket segment into a business opportunity BIM launched a new business model in the supermarket segment under the brand FILE in March 2015.

The primary purpose of this model is to fulfill consumer needs in groceries, personal care and general hygiene with quality, healthy and fresh products produced at high standards and offered consistently at low prices. Decorated with a warm and sincere design, FILE stores stand out with a modern market image, aiming to make the customers feel comfortable as if they are shopping in their local neighborhood or market. FILE has relatively larger spaces in terms of square meters compared to other discount stores. It allows customers to have a more spacious shopping experience. Offering a wide range of products, FILE stores have a well-focused market approach. FILE-branded stores have more stock items than existing BIM stores. Approximately 4.500 products are accessible in FILE stores. Following the establishment of FILE, BIM has been addressing both discount and supermarket sub-segments of the retail industry since 2015.

FILE brings innovation to customers, including special sections such as patisserie, meat-charcuterie, fresh food and personal care. Practices such as promotions and loyalty cards are not offered by the FILE model. Instead, it applies everyday low pricing like BIM stores.

Establishing a new supply chain, FILE included new private-label products to its portfolio in addition to national and international products. Three new private-label brands in basic product categories were introduced to consumers, and 33% of the products sold at FILE consist of private label products. 63 products, which were never before launched in Turkey, were introduced for the first time at FILE.

Despite launching its first store in 2015, FILE successfully attained EBITDA profitability in a very short time thanks to the lean business model. The Company achieved net profitability in 2020, its fifth year of operations.

Crowned with profitability sooner than expected, this success is mainly based on preserving the strong presentation particularly in fresh products and correct quality-price balance in private-label products.

Since its establishment, FILE has created a positive impression and demonstrated that it is the right concept for Turkey. The Company maintained its growth in 2020 and opened 30 new stores reaching 123 stores in total. Taking firm steps towards its future targets, FILE will continue to open stores in 2021. In addition, FILE is planning to open its third warehouse in Ankara and thus expanding rapidly into the Central Anatolia region. In 2021, FILE will also provide virtual shopping to customers through an online platform.



## 2020 Activities

### For BIM, 2020 was the year of important strategic decisions regarding international operations.

#### INTERNATIONAL OPERATIONS

In 2020, BIM made an important strategic decision regarding international operations. Regarding its affiliates operating in the food retail sector in Morocco and Egypt, the Company has determined to research and assess strategic options in the related markets, including partnership alternatives with local or international investors. In light of these developments, Executive Committee Member and CFO Haluk Dorfluoğlu was given authority with a Company Statement issued on October 27, 2020.



### BIM's first foreign operation, Morocco, is the first discount chain in that country.



BIM's first foreign operation, Morocco, is the first discount chain in the country. BIM's operations in Morocco officially began when the first store in Casablanca was opened on April 11, 2009. BIM wholly owns the capital of the company that performs operations in Morocco.

As a result of the localization decision in the international markets, BIM engaged in various activities regarding the operations in Morocco. As a result of these activities, a share sales agreement was signed for the sale of 35% of BIM's shares in Morocco operation to Helios Investment Partners, one of the UK-based private equity funds. As of the report date, closing transactions are ongoing.

Being geographically close to Europe, Morocco is a more developed country in terms of culture, economy, infrastructure and politics compared to other African and Middle Eastern countries. In Morocco, which has a population of about 37 million, the modern retail industry has significant potential.

BIM Morocco achieved operational profitability by the end of 2018 and net profitability (before IFRS 16) by the end of 2019. BIM continued to maintain this profitability in 2020. Continuing its investments regarding the Morocco operations, BIM opened 38 new stores as of year-end 2020, bringing the number of stores to 535.



Number of stores in Morocco

535





## 2020 Activities

**As of the end of 2020, BiM has 300 stores in Egypt. BiM also owns the entire capital of the resident company in Egypt.**

### INTERNATIONAL OPERATIONS



BiM's second foreign venture was in Egypt in 2013. As of the end of 2020, the Company has 300 stores in Egypt. BiM also owns the entire capital of the resident company in Egypt.

Egypt, one of the largest countries in the Middle East, has a population of 100 million and is the production base of the region. BiM has two regional offices in Egypt.

Subsidiaries established in Morocco and Egypt were reflected in the financial statements by being consolidated with full consolidation method in the financial statements dated December 31, 2020.



Number of stores in Egypt

**300**



**With its tailored communication solutions through new internet and mixed packages in 2020, Bimcell increased the number of subscribers to more than 2.1 million subscribers.**



### Bimcell and Developments in 2020

Bimcell, introduced in March 2012, is BiM's brand operating in the field of mobile communications. With its tailored communication solutions through new internet and mixed packages in 2020, Bimcell increased the number of subscribers to more than 2.1 million subscribers. With a population coverage of 98% across Turkey, Bimcell offers "charging per second" and "pay as you go" alternatives and attracts more customers day by day thanks to its economic, competitive and innovative packages. Introducing the BiM quality to the telecommunication sector, Bimcell aims to expand its customer base with new advantageous packages in 2021.

### Bimcell Principles

- It is plain and simple.
- It is transparent.
- There is no hidden pricing.
- There are no terms and conditions.
- It provides high-quality service at low prices.

**AS BIMCELL,  
WE CONTINUE TO GROW WITH OUR  
2 MILLION  
SUBSCRIBERS. ENDLESS  
THANKS TO ALL  
BIMCELL USERS  
WHO PREFER US.**





## R&D Activities

**As a result of the activities and tests conducted by BİM together with its suppliers, 108 new products were introduced to consumers in BİM stores in 2020.**



2020 investments

**TL 1.3 billion**



### R&D Activities

R&D activities at BİM are carried out by the Purchasing Head Office. The responsibilities of the Department include:

- Ensuring the quality standards of the products purchased in accordance with the determined strategies,
- Carrying out activities to improve the quality and packaging of products,
- Following up on legal changes, current prices, conditions and problems in product groups,
- Inspecting the product quality in accordance with the procedures, and performing scheduled tests when necessary,
- Demonstrating maximum effort in the preparation of private-label products, ensuring their continuity, and preserving and improving their quality.

63% of BİM's net sales are obtained from private-label products, which makes BİM the leader of the private-label products in Turkey. The quality control activities are maintained to preserve and to improve the taste and packaging qualities of products.

As a result of the activities and tests conducted by BİM and its suppliers, 108 new products were introduced to consumers in BİM stores in 2020. The Company continues to search for new products in line with the changes in the consumption habits of households.



### Product range

High quality and low prices constitute the basic criteria for constituting the product portfolio at BİM. The products offered at the stores are carefully selected to meet the daily basic needs of a household. The Company has adopted a detailed and precise working method for the selection and pricing of the products.

In line with the discount concept, there are a limited number of approximately 800 products available in stores. Observing the changes in customer habits and behaviors, BİM launches new products every year. In 2020, new products in food and non-food categories were put on shelves in BİM stores. The private-label products, which are the main elements of BİM's discount concept, constituted the majority of newly released products in 2020.

The products offered by BİM to its customers are divided into four main groups:

#### **BİM's private label products**

Introducing the concept of private-label products to the organized retail industry with "Dost Süt," BİM takes the lead in this segment in Turkey. BİM stores offer only high-quality private label products that are produced by suppliers selected by the Company; BİM solely owns the brands and formulas of these products. The most outstanding feature of these products is that they are relatively cheaper than their counterparts of the same quality. BİM's private-label products ratio to net sales in

the stores reached 63% in 2020. Meticulously conducting activities in this area, BİM pays significant attention to private-label products; it aims to increase its sales ratio in the upcoming years.

#### **Spot products**

These are products that are kept in stock for a limited period and offered to customers in weekly periods. When they are on offer, spot products increase the number of visitors and hence impact the sales of standard listed products as well.

#### **Exclusive products**

These are branded products with packages and contents specifically designed for BİM.

#### **Branded products**

Branded products are products that are widely available in the market.

#### **Awards**

The first consumer initiative in Turkey, Consumer Protection Association (TTKD) conducted a research to assess the consumer interest for the brand in the olive oil sector. The result showed that the brand 'Sırım Olive Oil' was one of the most favorite and preferred brands. In the assessment, Sırım won the "Golden Brand Consumer Award" and was entitled to carry the logo "Recommended to All Consumers."

In 2020, "International Taste Institute" has awarded Superior Taste Awards to 3 of our private label products.



# Sustainability

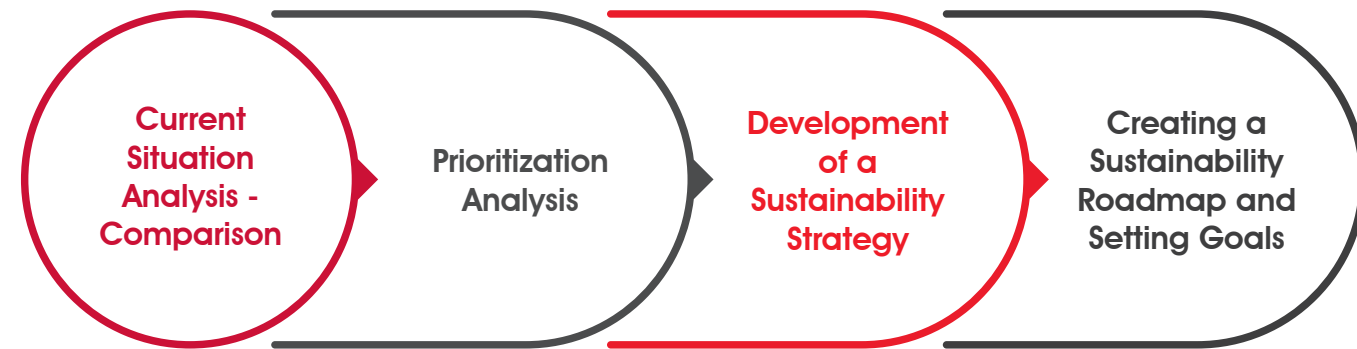
## Since the day it was established, BIM has always prioritized its responsibilities towards the environment and society.

For BIM, the concept of sustainability is considering economic, environmental, and social factors together with corporate management principles in its activities and decision-making mechanisms, and actively managing the related risks to generate long-term values, and to perpetuate and increase this generated value.

### BASICS OF THE SUSTAINABILITY STRATEGY

BIM's philosophy, consisting of an "everyday low price" policy, the principle of reflecting the savings obtained from costs to product prices, and a lean business model, through which BIM has undertaken an important societal mission, also reflects the basis of its

sustainability approach. The Company's sustainability approach is reflected under 10 points summarizing BIM's service philosophy. Since the day it was established, BIM has always prioritized its responsibilities regarding the environment and society. In 2020, with a Board of Directors' resolution, studies have commenced for the integration of sustainability into the business model, aiming to provide a robust foundation for sustainability activities and approach, and to correctly draw, improve, and report the contours of responsibility and impact areas. Within the scope of these studies, an independent consulting company was employed in 2020. The stages of the related studies are as follows:



### Current Situation Analysis - Comparison

In order to present the current position of BIM Birleşik Mağazalar A.Ş., a comparison was made with examples of local and international best practices, and BIM's pioneering status in terms of sustainability was established at the end of the studies. As the result of the comparison, and since the business model and philosophy of BIM currently constitute the basis of a sustainability concept, it has been revealed that there are no significant differences to examples of best practices and that some issues are already carried out within the scope of a business model based on effective cost management. The areas that need to be developed have also been determined. Also, it was determined that all activities related to sustainability issues should be carried out under a sustainability strategy to be determined and reported according to international standards.

### Prioritization Analysis

At this stage, the aim is to determine the Company's sustainability priorities by evaluating international literature on sustainability, stakeholders' opinions, and an integrated business strategy.

- The opinions and expectations of various stakeholders, including employees working with stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard, investors, customers, suppliers, business partners, NGOs, and international organizations,
- Global risks pointed out by the World Economic Forum, which guides the retail industry within the scope of external trend analysis, priority issues of the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals, and the 11<sup>th</sup> Development Plan,

- BIM's business strategy and managers' opinions on sustainability have all been evaluated within the framework of a specific methodology.

As a result of the analysis, the sustainability issues that are a top priority for BIM were clearly identified, and the resulting prioritized issues are listed as follows:

#### 1. Product quality and safety

Products offered to customers conforming to safety standards and being of high quality.

#### 2. Customer experience and satisfaction

Receiving customers' feedback on products/services provided by BIM through effective channels, providing a shopping experience that meets customer expectations, and increasing satisfaction.

#### 3. Economic performance

Long-term sustainable and profitable economic growth.

#### 4. Packaging and waste

Volume reduction of all wastes caused by activities especially packaging, recycling and reusing the wastes.

#### 5. Responsible purchasing and supply management

Integrating and controlling environmental, social, and ethical conditions into the supply chain, purchasing raw materials/products only from suppliers that comply with these conditions.

#### 6. Risk management

Integrated management of financial and non-financial risks and the integration of sustainability risks into the risk management system.

### Development of a Sustainability Strategy

After prioritized sustainability issues are identified, the aim is to develop a clear and meaningful sustainability strategy that supports the business strategy and model by considering the priorities. In addition, the establishment of a sustainability structure within the existing organization of the Company was evaluated in order to successfully implement the strategy. To better understand, improve and report potential responsibilities and impacts regarding this subject, an Investor Relations and Sustainability Department, reporting to the Reporting and Investor Relations Directorate, was established on December 1, 2020 and a manager was appointed.

Both the strategy development and the efforts to establish a sustainability structure are ongoing. As of the date of the report, the Board of Directors has not created a policy regarding these issues.

### Creating a Sustainability Roadmap and Setting Goals

To successfully implement the sustainability strategy, the aim is to create a roadmap that considers risks and opportunities in the field of sustainability and improves sustainability performance. Within the scope of the ongoing studies on this matter, short- and long-term targets and action plans that reflect the priority issues are being developed.

### ENVIRONMENTAL ACTIVITIES

BIM offers affordable products to its customers within the framework of its low-cost policy and streamlined approach; at the same time, keeping its environmental load at the lowest level. To make BIM's packaging management and cost structure more effective for its brands and to produce more environmentally friendly packaging, the Company established a new unit and created new assignments in 2020. Thanks to the improvements for testing purposes performed during the year, 40 tons of waste per year have been prevented from entering the environment. Also, BIM transfers plastic and cardboard wastes generated from its activities to municipalities and licensed companies engaged in the recycling of packaging waste; this way, almost all the solid wastes generated in the warehouses and stores are recycled. The Company, within the framework of environmental sustainability, has recycled 300 tons of solid waste in 2020.

The plastic bags distributed by BIM to its customers in the stores are being sold for a small fee since January 1, 2019; bag consumption has declined significantly compared to the years before 2019. To further reduce plastic bag usage, the Company offers cloth bags suitable for multiple uses to customers at affordable prices. In parallel to this practice, around 1,000 tons fewer plastic bags per month were consumed.





## The aim is to reduce BİM's carbon footprint by investing in renewable energy.

Carrying out all its activities in an environmentally friendly manner, BİM is currently continuing work on various sustainability projects to conserve energy and water. BİM is aiming to meet its warehouse energy need through solar energy by fitting solar panels on the roofs of regional warehouses. The first application of this project was implemented at the Batman warehouse. In 2021, the Company plans the installation of solar energy panels on the roofs of seven regional warehouses by investing TL 60 million into these projects. Thanks to these investments, BİM will make an important contribution to decreasing its carbon footprint.

In 2020, important achievements were also reached in paper savings. During the pandemic, the distribution of flyers in the stores was stopped, saving 2.4 tons of paper. Also, at the end of 2020, hard copy approval was removed from various approval mechanisms at the head office, and various electronic approvals (invoices, expenses, permits, etc.) via an e-approval portal were implemented. Work continues for the aforementioned approval portal to be implemented at all regional offices.

Within the scope of the "Zero-Waste" project, approximately 4,200 BİM stores obtained a zero-waste certificate. The application and approval procedures for the rest of the stores are continuing. Accordingly, separate areas were allocated in stores for the separation of recyclable wastes.

As required by its business model, the Company has an important business discipline regarding food waste. Food waste is well below industry averages and, in 2020, its ratio to net sales was around 0.37%\*. As per its business philosophy, the Company aims to improve the ratio of food waste to net sales in each period. Efforts are already underway to further reduce food waste. One of these projects, namely maintaining the cold food chain intact in logistics operations, has started. The truck beds used for distribution are supplied with ATP-FNB-X and/or FRC certificates in accordance with the Reefer Container's ATP (Agreement on Transport of Perishable Food). As of the end of 2020, 9% of the truck fleet was integrated with refrigerator bodies. In 2021, an investment of TL 13 million is to be made for refrigerator bodies. It is foreseen that by 2026 all trucks will be transitioned with reefers.

In line with the renewed store format in 2020, BİM made important improvements in terms of energy savings and thermal insulation. Stone wool was used to provide thermal insulation and energy-saving lighting models were utilized to reduce energy consumption. Also, for energy saving, lighting and energy-consuming tools are automatically closed by a control board at the end of business hours, if they are not to be used. As of the end of 2020, approximately 700 stores have started to provide services with the new design.

In the regional warehouses used by the Company for logistics purposes, exterior facades are built in a manner that provides thermal insulation through curtain walls/glass systems. In addition to that, in 14 of the Company's logistics centers, energy consumption is recorded and regularly controlled through "energy scale" software (an energy monitoring system).

\*Only involves BİM Turkey operations.

As per its business model, the Company regularly tracks fuel consumption. Due to its decentralized structure, BİM's operations in Turkey are realized through regional warehouses located in different regions. By opening new regional warehouses each year, the Company ensures that each regional warehouse focuses on a limited number of stores, thus increasing business productivity and reducing fuel consumption between the warehouses and stores. The Company also holds significant achievements in fuel consumption efficiency. The trucks used in deliveries from warehouses to the stores operate with an almost 100% fill rate; 54% of the trucks in the Company fleet are Euro 6 motor vehicles. BİM's FILE brand, active in the supermarket field in Turkey, implemented a FLEET Tracking System in 2019 for the trucks used in the logistics activities of its 123 stores. By supplying the most appropriate routes to the drivers, the FLEET Tracking System provides fuel-saving possibilities through efficient vehicle driving and minimum fuel consumption. As of the end of 2020, the Company-wide fuel consumption to net sales ratio decreased 0.08 base points to 0.21%\*. BİM opened three new regional warehouses in 2020 and plans to open four more regional warehouses in Turkey.

### FOOD SAFETY

Through its provision of reliable products that continuously meet customers' needs most affordably and efficiently, BİM always strives to improve product safety as company policy. For this reason, the Quality Assurance Unit exists as part of the Purchasing Head Office.

The manufacturing sites of candidate suppliers are audited with a questionnaire exclusive to BİM and only those that have been deemed eligible and sufficient are selected to manufacture for BİM. Our existing suppliers are subjected to periodic announced/unannounced inspections. A specific question list contributes to the product safety and infrastructure development of supplier companies, which undergo periodic audits.

BİM demonstrates the importance it attributes to human health with the quality products it offers. To control the quality of the product portfolio, the Company works in coordination with public and private laboratories and, if necessary, with international laboratories. All food products sold at BİM undergo physical, chemical, and microbiological tests at these laboratories. Food products offered for sale are regularly checked in terms of content such as pathogenic and non-pathogenic

\*Only involves BİM Turkey operations.

microorganisms, toxins, pesticides, veterinary drugs, antibiotic residues, limited use additives and preservatives, GMO presence, etc. and non-food products offered for sale are also checked in terms of legal parameters such as azo-dyes, phthalates and heavy metals that can threaten human health. In 2020, the Quality Assurance Unit inspected 892 suppliers.

BİM prioritizes human health and the reliability of the products sold above any financial returns. The "no-questions-asked return" policy implemented at stores keeps customers' well-being at the forefront. This policy allows a customer to return any product at any time – without the need to provide an explanation – at the closest BİM store by providing the receipt and credit card slip.

### IMPORTANT CONTRIBUTIONS TO THE TURKISH ECONOMY

From the day of its establishment, BİM has maintained its sustainable growth and, as of the end of 2020, it is among the companies in Turkey providing the most employment. In 2020, when the pandemic played a key role and caused challenges, the Company provided employment for around 9,000 more people. In 2020, the newly recruited personnel consisted of 43% female employees; 83% of the employees were under the age of 30. In line with supporting the development and sustainable growth of the Turkish economy, BİM shapes its activities in awareness of its responsibility towards its country.

BİM provided assistance during our country's fight against the pandemic in 2020. During the 2020 operations period, BİM made donations and aid of a total of TL 47,679,273 under its donation and aid policy. The Company has transparently disclosed its donation and aid policy to its stakeholders. As per the donation and aid policy on the Company's website, a maximum of 0.1% of its annual turnover is distributed as donation and aid. The details of donations and aids are disclosed to shareholders during the General Assembly.

BİM will continue to create value for our environment, country, and people in the coming years in accordance with its sustainability targets.



# Sustainability

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

### A. General Principles

#### A1. Strategy, Policy and Targets

- The Board of Directors determines the ESG priority issues, risks, and opportunities and creates ESG policies accordingly. In terms of active implementation of said policies, Partnership internal regulations, business processes, etc. can be prepared. The Board of Directors makes decisions for these policies and discloses them to the public.

Currently, there are no ESG policies approved by the Board of Directors. However, regarding the principal resolution of the Board of Directors taken in 2020, it was announced to start works related to sustainability. Accordingly, as of July 2020 works on the following subjects are continuing.

- Revealing the current state of the Company in terms of sustainability (completed),
- Comparison analysis with similar companies (completed),
- Determining sustainability priorities for the Company in the eyes of the stakeholders through a stakeholder analysis (completed),
- Determining the Company's sustainability roadmap by considering priority issues (Short Term and Long Term) (work in progress),
- Determining indicators to measure the development of sustainability issues and setting long-term goals (work in progress).

When the above stages are completed, information is continuously given to the Corporate Governance Committee. However, there is no written resolution yet.

BİM is planning to publish its first sustainability report in 2021 operating period. Within the scope of these studies, sustainability priorities were determined by also consulting with various stakeholders.

The top 6 issues in the prioritization analysis:

- Product quality and safety,
- Customer experience and satisfaction,
- Economic performance,
- Packaging and waste management,
- Responsible supply and purchasing,
- Risk management.

And 6 secondary prioritized issues are:

- Climate change and energy,
- Business ethics,
- R&D and innovation,
- Human rights and fair working conditions,
- Food accessibility,
- Food waste

#### A2. Application; Monitoring

-Determines the committees/units responsible for the implementation of ESG policies and discloses them to the public. The responsible committee/unit reports the activities carried out in scope of the policies at least once a year to the Board of Directors; in any case, this reporting shall be within the maximum periods determined in the Board's relevant regulations for the public disclosure of annual reports.

BİM has decided to establish a Sustainability Unit on 1 December 2020. In this context, an Investor Relations and Sustainability Department was established under the Reporting and Investor Relations Directorate and a manager was appointed as head of the unit. The related unit shall coordinate the sustainability activities across the organization's structure. Although works on the structuring of the committee to be responsible for sustainability activities are continuing, current works are carried out under the responsibility of the Corporate Governance Committee.

-This committee creates implementation and action plans in line with the short and long-term targets determined and discloses them to the public. ESG determines the Key Performance Indicators (KPI) and announces them on a year based comparison. In the presence of verifiable data, it presents KPIs based on comparisons with local and international sectors. Announces the innovation activities improving the sustainability performance for business processes or products and services.

BİM carries out its current activities by considering sustainability issues. Currently, however, there are no targets announced to the public regarding sustainability issues. BİM plans to publicly announce its sustainability targets together with the 2020 sustainability report.

It is believed that BİM, with its "everyday low price" policy, cost-oriented and lean business model, has already contributed significantly to ESG issues since its establishment. Together with the current sustainability strategy studies, these policies will be monitored under a specific sustainability policy and their effects will be tracked.

#### A3. Reporting

-Reports its sustainability performance, targets, and actions at least once a year and discloses them to the public. Announces the information regarding sustainability activities in the annual report.

BİM is planning to publish its first sustainability report in 2021 operating period.

-It is essential to share information that is important for stakeholders to understand the position, performance, and development of the partnership with a direct and concise account. Also, the Company may announce detailed information and data on its corporate website and may prepare separate reports that directly meet the needs of different stakeholders. Takes maximum care in terms of transparency and reliability. Objectively announces any type of developments regarding prioritized subjects in announcements and reports within a balanced approach. Gives information on which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals. Makes a statement regarding the lawsuits filed and/or concluded against the company regarding environmental, social, and corporate governance issues.

In the upcoming period, BİM aims to open a sustainability chapter on its website.

In the upcoming period, BİM aims to conduct a matching study between sustainability priorities and SDGs. The aim is to share studies related to this subject in the sustainability report to be published.

The number of final rulings against the Company regarding employee rights: There are 53 finalized court cases in 2020.

The number of final rulings against the Company regarding responsibility related to work accidents: There are 2 finalized court cases in 2020.

#### A4. Verification

-In case of verification by independent third parties (independent sustainability assurance providers), the Company publicly discloses its sustainability performance measurements and tries to increase the verification processes.

The verification of BİM's data other than financial information will be evaluated in the coming years.

### B. Environmental Principles

-Announces policies and practices, action plans, environmental management systems (known as the ISO 14001 standard), and programs in the field of environmental management.

Currently BİM has no environmental management systems. However, works continue to acquire a zero-waste certificate. In addition to conducting studies to reduce energy costs, reduce carbon emissions with renewable energy production and reduce all kinds of packaging waste without being dependent to environmental management systems regarding the issues related to environment (see BİM 2020 Annual Report Sustainability Section), the company plans to regularly disclose the results of the studies in sustainability reports.

-Complies with the laws and other regulations related to the environment and announces them.

BİM fully complies with environmental laws as well as other laws.

-Announces the limitations, reporting period, reporting date, data collection process and reporting conditions of the environmental report to be included in the report to be prepared according to Sustainability Principles.

BİM continues its operations in various countries with various brands. The Company strives to reveal as much comprehensive data as possible in terms of environmental data. However, in cases where it is impossible to access data, only those within Turkey or only the data of BİM brands may be given. Clarification is always provided when limited data are shared.



# Sustainability

-Announces the highest-level official, the relevant committees, and their duties in the partnership related to the environment and climate change.

BİM has decided to establish a Sustainability Unit on December 1, 2020. In this context, an Investor Relations and Sustainability Department was established under the Reporting and Investor Relations Directorate and a manager was appointed as head of the unit. The related unit will ensure the coordination of the sustainability activities throughout the Company. Although the studies regarding the structuring of the committee to be responsible for sustainability activities are continuing, the current studies are carried out under the responsibility of the Corporate Governance Committee.

-Announces the incentives offered for the management of environmental issues, including the achievement of targets. Announces how environmental problems are integrated into business targets and strategies. The Company announces the sustainability performances for business processes or products and services, and the actions to improve this performance. The Company announces how it manages environmental issues along the partnership value chain (not just in terms of direct operations) and integrates suppliers and customers into its strategies.

This information is included in the Sustainability Section of the BİM 2020 Annual Report.

- The Company announces whether it is involved in policy-making processes on environmental issues (sectoral, regional, national, and international), its cooperation regarding the environment with member associations, related organizations, and non-governmental organizations, and duties assumed and activities supported if any. In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Scope-3 (Other indirect) 1), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), BİM periodically reports comparable information on its environmental impacts.

BİM aims to include this information in the Sustainability Report aimed to be published in the upcoming period.

-Describes the details of the standards, protocols, methodologies, and base year used to collect and calculate its data.

BİM aims to include this information in its Sustainability Report aimed to be published in the upcoming period.

-Describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years. Sets short and long-term targets to reduce its environmental impact and announces these targets. The recommendation is that these goals be determined based on Science, as suggested by the United Nations Climate Change Conference of the Parties. If progress is seen during the reporting year according to the previously set targets, the Company provides information on the subject. It announces its strategy and actions in the fight against the climate crisis. BİM announces the programs or procedures for preventing or minimizing the potential negative impacts of its products and/or services; it announces the actions of third parties regarding the reduction of greenhouse gas emissions. Announces the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits/gains, and cost savings they provide.

To increase energy efficiency within the organizational structure of BİM, energy-saving LED lighting is introduced to new stores. Also, solar energy panels are installed on roofs of warehouses so that renewable energy sources are increased. In 2020, the first application in this regard has been implemented at the Batman Regional Warehouse, and the energy panels have started to generate electricity. And in 2021, plans are made to complete the installation of energy panels on 7 regional warehouse roofs. Thanks to the first solar energy power plant (SPP) project commissioned in June 2020, 141 MWh of electricity was generated.

-Reports total energy consumption data (excluding raw materials) and announces energy consumption in terms of Scope1 and Scope-2. Provides information on electricity, heat, steam, and cooling generated and consumed in the reporting year. Conducts and

<sup>1</sup> Scope 1 Direct Greenhouse Gas Emissions  
Greenhouse gas emissions released from greenhouse gas sources owned or controlled by an organization.  
- Stationary incineration (boilers, furnaces, turbines, heaters, incinerators, engines, etc.)  
- Mobile incineration (automobiles, trucks, ships, planes, etc.)  
- Process emissions (such as CO<sub>2</sub> from calcination in cement production, CO<sub>2</sub> from catalytic cracking processes in the petrochemical industry, PFC (Perfluorocarbon) emissions in aluminum melting)  
- Fugitive emissions (leaks from equipment connections, wastewater treatment plants, cooling towers, gas processing facilities, etc.)  
Scope 2 Energy indirect greenhouse gas emissions  
Greenhouse gas emission generated during the generation of electricity, heat, or steam, which is externally supplied and consumed by an organization  
Scope 3 Other indirect greenhouse gas emissions  
Apart from energy indirect greenhouse gas emissions, greenhouse gas emissions arising from greenhouse gas sources owned or controlled by other organizations as a result an organization's operations

announces the studies on increasing the use of renewable energy, the transition to zero or low carbon electricity. Announces the production and consumption data of renewable energy.

It is recommended to include said information in the BİM Sustainability Report, which is planned to be published in the upcoming period.

-Implements energy efficiency projects and announces the amount of energy consumption and emissions reduction caused by these studies.

It is recommended to include said information in the BİM Sustainability Report, which is planned to be published in the upcoming period.

-Reports the amount of water withdrawn, used, recycled, and discharged from underground or above-ground, its sources, and procedures (total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).

It is recommended to include said information in the BİM Sustainability Report, which is planned to be published in the upcoming period.

-Announces whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).

BİM does not engage in carbon trading.

-Announces the carbon credit information accumulated or purchased during the reporting period.

BİM does not engage in carbon trading.

-If carbon pricing is applied within the partnership, BİM announces the details.

BİM does not engage in carbon trading.

-Announces all compulsory and voluntary platforms where it discloses environmental information.

It is recommended to include said information in the BİM Sustainability Report, which is planned to be published in the upcoming period.

## C. Social Principles

### C1. Human Rights and Employee Rights

-Creates Corporate Human Rights and Employee Rights Policy, in which full compliance to Universal Declaration of Human Rights, ILO Agreements ratified by Turkey and legal frameworks and legislation of Turkey regulating human rights and working life is guaranteed. The Company announces publicly said policy and the roles and responsibilities related to its implementation. Guarantees equal opportunity in recruitment processes. Considering the supply and value chain impacts, the Company includes fair labor, improvement of labor standards, women's employment, and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies. Announces the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equal opportunities. Reports developments regarding preventive and corrective practices for discrimination, inequality, human rights violations, and forced labor. Announces the regulations against employment of child labor. Announces policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work/life balance solutions, and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. Regularly announces activities carried out to ensure employee satisfaction.

At BİM, there is no discrimination between employees in terms of career development. Always promoting the employees to make use of their potentials and skills, BİM has not only young and dynamic human resources but also an experienced and qualified senior management.



# Sustainability

One of the priorities of the Company is to fill any strategical position from its human resources internally. The majority of current executives are employees who either started their careers at BİM or have been at the Company since its foundation and were promoted due to their outstanding performances. It not only ensures the adoption of corporate culture but also positively impacts employee motivation. As per its human resources policy, BİM can be considered as a school where the executives are trained within its infrastructure.

At BİM, no discrimination is made in recruitment. In 2020, 83% of the recruitments were people under the age of 30, and 43% of them were women.

At BİM, no children are employed. In addition, outsourcing contracts with third parties prohibit child labor.

-Prepares occupational health and safety policies and makes them public. Announces the precautions taken to protect health and prevent work accidents, and discloses accident statistics.

At BİM, for each region such as offices, warehouses (also internal sections such as cold storage in warehouses), and trucks, separate risks are determined. Accordingly, regular OHS training is provided to employees. In addition, during the 2020 operations period, extensive measures were taken due to COVID-19, and overtime arrangements were made, including the shift system. In agreements made with contractors for warehouse construction, each of the OHS rule violations is stipulated as a penal clause in the contract.

-Draws up policies on the protection of personal data and data security and makes them public.

BİM continues its activities in full compliance with the Law on the Protection of Personal Data. Since there are no customer loyalty, etc. applications, customer information is not retained.

-Creates an ethics policy (including works such as work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) and makes them public.

BİM Donation and Aid Policy  
(See: <https://english.bim.com.tr/Categories/674/policies.aspx>)

BİM Disclosure Policy  
(See: <https://english.bim.com.tr/Categories/674/policies.aspx>)

BİM Remuneration Policy  
(See: <https://english.bim.com.tr/Categories/674/policies.aspx>)

Regulation on Ethical Issues for Personnel is included in the document named BİM's organizational goals.

-Announces activities within the scope of social investment, social responsibility, financial inclusion, and access to financing.

Said information has been included in the Sustainability Section of the BİM 2020 Annual Report.

-Organizes information meetings and training programs for employees on ESG policies and practices.

As of 2020, BİM is conducting online training for trial in one region. The content and extent of this training will be re-evaluated later.

## C2. Stakeholders, International Standards and Initiatives

-Carries out its activities in the field of sustainability by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society, and non-governmental organizations, etc.).

Said information has been included in the Sustainability Section of the BİM 2020 Annual Report.

-Organizes a customer satisfaction policy regarding the management and resolution of customer complaints and makes it public.

At BİM, customer complaints are received via a form on the Company's website and submitted to the relevant units. The speed and rate of solving complaints are not tracked. However, studies on this subject are ongoing.

-Conducts stakeholder communication continuously and transparently; announces communications with stakeholders, their purposes, their subjects and their amount, and the developments in sustainability activities.

BİM communicates with stakeholders through the forms on its website and through investor relations.

-Publicly discloses the international reporting standards adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), etc.)

BİM plans to publish a Sustainability Report in compliance with the GRI standards in 2021.

- Publicly discloses its memberships in international organizations or principles (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.), and international principles it adopts (such as International Capital Market Association (ICMA) Green/ Sustainable Bonds' Principles).

Not available.

-Makes substantial efforts to be included in Borsa İstanbul (Istanbul Stock Exchange) Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).

BİM performs necessary preparations to be included in the BIST Sustainability Index in the short term, and the Dow Jones Sustainability Index in the medium term. Accordingly, studies are continuing to primarily prepare the required reporting.

## D. Corporate Governance Principles

-The company makes the maximum effort to comply with all Corporate Governance principles in addition to the mandatory Corporate Governance principles foreseen under the Capital Markets Board Corporate Governance Communiqué No. II-17.1. It considers the sustainability issue, the environmental impacts of its operations, and the related principles while determining its corporate governance strategy. As stated in the Corporate Governance Principles, it takes necessary measures to comply with the principles related to stakeholders and to strengthen its communication with stakeholders. When determining measures and strategies regarding sustainability, it consults with stakeholders. It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities, and training. It strives to become a member of international sustainability standards and initiatives and to contribute to studies. -Announces policies and programs for anti-bribery and anti-corruption, and for the principle of tax integrity.

We declare that all mandatory recommendations of the Corporate Governance Principles Communiqué: II-17.1, published on 03.01.2014, by the Capital Markets Board of Turkey, have been complied with. Regarding non-mandatory recommendations, we have continued to act in accordance with these. The company will strive to improve any deficiencies and continue its efforts to increase compliance level under changing circumstances. BİM's Compliance to Corporate Governance Principles Studies is explained in detail in the Corporate Governance Principles Compliance Report included in the 2020 Annual Report and on the PDP page.



# Human Resources

**In 2020, the number of employees increased by 17%. BİM has a total of 60,663 employees, of which approximately 56,000 are in Turkey.**



### Human Resources Profile

BİM believes that the development of employees and team spirit are essential for achievements and target realizations. Based on this notion, BİM shapes and improves its human resources policy. Most of the recruitments and promotions are carried out within the Company. The fact that BİM manages its operational network through the regional offices with its decentralized structure offers many opportunities especially for young managers.

As the key members of the BİM family, employees convey the corporate culture to the customers to the best of their abilities. The Company offers its employees an environment and a career opportunity to develop their professional and personal skills. The decentralized organizational structure allows young managers to take initiatives and improve their managerial skills.

The Company attaches importance to training programs for the development of human resources. The Company organizes orientation training and programs for both recruits and promoted employees. The topics to be addressed during the training are standardized through internal regulations. Additionally, occupational training is offered for positions requiring expertise; occupational health and safety and hygiene training is delivered for recruits regularly.

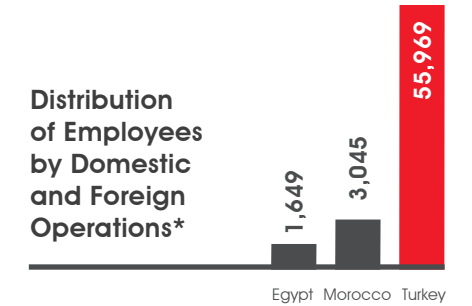
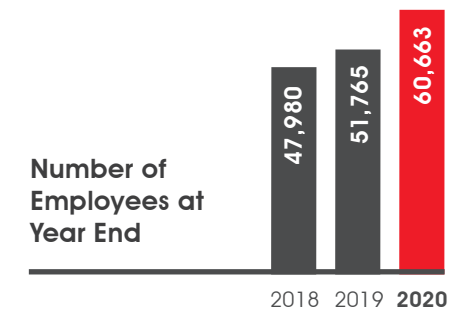
### BİM is built on its own human resources

Consistently promoting its employees to make use of their potentials and skills, BİM has a young and dynamic human resources as well as experienced and qualified senior management. One of the Company's priorities is to fill any strategic position from its human resources internally. The majority of current executives are employees who either started their careers at BİM or have been at the Company since its foundation and were promoted due to their outstanding performances. This policy not only ensures the adoption of corporate culture but also positively impacts employee motivation. As per its human resources policy, BİM can be considered as a school where the executives are trained within its infrastructure.

BİM started its journey towards being the biggest discount market in Turkey in 1995 with 21 stores. The Company reached 9,365 stores in 2020. Behind this success is its organic growth model. The organic growth model also plays an essential role in the creation of a successful corporate culture and high loyalty within the Company.

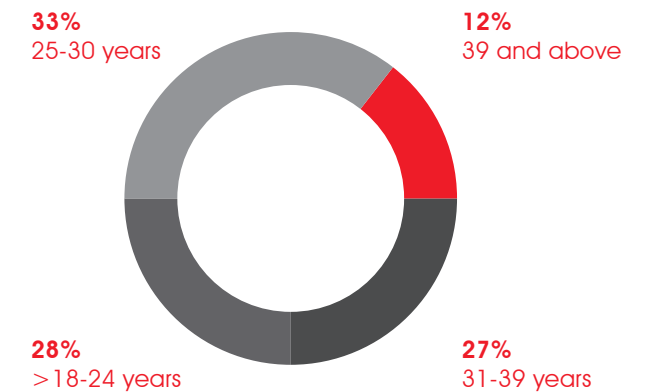
The employee turnover rate in BİM is below the average of the sector rates, which is a critical indicator of a high loyalty level among its personnel. The main reasons for employee commitment are the conservation of the cultural structure and the vertical career policy that encourages the personnel.

In 2020, when the challenging pandemic played a key role, BİM considerably increased the number of its employees and supports the growth of the Turkish economy by providing employment. In 2020, the number of employed personnel increased by 17%. BİM has a total of 60,663 employees, of which approximately 56,000 are in Turkey. Through the employment opportunities, the Company does not only contribute to a single region, but rather to the entire country. BİM will continue to create added value for the Turkish economy in 2021 as well.



\* As of 31.12.2020

### Distribution of Employees (Age)



### Gender Distribution (%)





# Risk Management and Internal Control Mechanisms

COVID-19, which started to spread globally since the beginning of 2020, has impacted Turkey especially as of March and has posed many risks. In this period, protecting the health of employees and customers, maintaining the continuity of the supply chain, and ensuring the continuity of operations emerged as priority risk areas. The efficient and decentralized organizational structure of BİM, which makes it possible to act quickly in the local and national area, allows it to effectively manage said risks. In addition to the measures required by the public authorities, the Company management took many additional measures in this period to protect the health of its employees and customers. In addition, regional offices can act independently and take necessary actions in situations where local action is required.

During this period, various challenges were encountered in the supply chain, such as the production capacity not being able to meet the increasing demand and labor losses due to quarantine practices. To ensure the continuity of the supply chain, BİM has included alternative suppliers, and thanks to its strong cash flow, it made positive contributions to the financial situation of suppliers by making early payments. In addition, most of the products sold by the Company are supplied from local channels. Therefore, compared to most companies, BİM was less affected by the damage the pandemic caused on international supply chains.

BİM carries out all its activities considering the risks it is exposed to, as well as taking risk prevention measures. Within this framework, the risk management methods defined by the Board as per the risk appetite have become part of the Company's policies and procedures as well as its business processes.

In addition, and in accordance with the regulations of the Capital Markets Board and the relevant provisions of the Turkish Commercial Code, an Early Detection of Risk Committee has been established within the Company. This Committee is tasked with ensuring the early detection of risks that could endanger the existence, development, and future of the Company, and the implementation of necessary measures regarding such risks. The Committee has identified the types of risks that the Company may be exposed to and the associated risk indicators. Developments in these risk indicators are continuously monitored and analyzed, and appropriate risk prevention actions are regularly assessed.

The Company may be exposed to strategic, operational, credit/counterparty, exchange rate, liquidity, compliance and reputation risks as a result of its activities.

**Strategic risk** is the probability of loss arising from miscalculations in the Company's strategy or errors in the implementation of the current strategy. The Company's strategic objective is to attain high productivity in the discount retailing industry, to expand into the countries where this concept can be applied in the future, and to serve consumers in those countries. Consistently offering quality products, increasing operational efficiency, providing discounted prices, increasing the ratio of private-label products in the product portfolio, and reducing costs by increasing the productivity of suppliers are also among the Company's objectives. Compliance with strategic objectives is closely monitored through supervision by the management and by means of the budget. Furthermore, customer preferences and the actions of other players in the market are closely monitored. Accordingly, the product portfolio is periodically reviewed and renewed in line with these needs. Additionally, the Company has realized a business model under FILE brand that targets various customer segments to expand its market share in the retail industry. In 2020, the Company has started studies at FILE regarding online shopping which increased enormously due to the pandemic.

**Operational risk** consists of potential damages due to inadequate and unsuccessful work processes, employees and systems, or due to external events. The Company has created appropriate policies and procedures for business processes, has made functional segregation of duties within the organization, and has set up approval and authorization mechanisms as part of these processes. In addition, procedures have been put in place for the protection and reconciliation of physical assets. Effective reporting and monitoring practices also have been established. Operational procedures and practices are regularly reviewed by the management and audit agencies. The development opportunities are assessed in terms of more efficient and productive operations, the favorable ones are put into effect. The Company's essential processes are carried out through a computer program that is widely used all over the world.

Capacity-building activities are carried out to meet the need for remote work, brought on by the new era that started with the pandemic. Also, various projects are carried out to expand the use of information technologies in business processes. Data security is prioritized in both design and implementation phases, while these processes are carried out.

The recent İzmir earthquake showed once again the fact that Turkey is a country with earthquake risks. In this context, the Company has started studies to determine the earthquake risk it is exposed to in the regions where it operates.

**Credit/counterparty risk** is the risk that the Company may be exposed to if the parties with which the Company has business relationships do not fulfill their commitments. The Company may be exposed to these risks due to credit card receivables, money collected from stores by contracting companies, bank deposits, financial investments made and advances that may be paid to some suppliers. The Company has defined the selection procedures of parties with which it may be involved in a business relationship and has determined the information and documents to be obtained from these parties. In this way, the responsibilities for the commitments of the other party are examined before commencing business relations, and business relations are initiated with those considered appropriate. The Company works with reputable financial institutions. The operational and financial status of the subsidiaries and affiliates to which financial investments are made are closely monitored. Appropriate warranties are also taken for advance payments that are made as a natural process of the business.

**Exchange rate risk** is the probability of loss arising from uncertainties in exchange rate variations. The Company's transactions are for the most part in Turkish Lira, and assets and liabilities in foreign currencies are not significant. The Company is exposed to exchange rate risk mainly due to its operations in Morocco and Egypt. Their impact, however, is low.

**Liquidity risk** is the risk when the assets held cannot meet the cash demand. The maturity alignment between the assets and liabilities is in favor of the Company. The liquidity requirement is closely monitored, asset and liability maturity adjustments are made, and sufficient cash reserves are maintained.

**Compliance risk** consists of the possibility of loss due to failure to fulfill legal obligations, or an adverse effect on operations because of changes in the regulations. Based on its structure and operations, the Company is subject to various laws and regulations. In determining its policies and procedures, the Company has taken into consideration the requirements of the relevant legislation, and has established its processes in compliance with these requirements. The amendments in relevant regulations are monitored through internal sources, consultants and sectoral associations. The potential effects are evaluated. The strategies and business procedures are revised if required.

**Reputation risk** refers to the current and possible effects of negative public opinion on the Company. The company is mainly exposed to reputation risk based on products sold, customer services, employee relations and legislation. An effective control framework has

been established for product and customer services with limitless return policy, scheduled supplier inspections, product analyses and testing. Besides, all customer complaints are handled and finalized with precision. The regulations stipulated by labor legislation are complied with. The Company considers its employees as the key element for success and offers them an environment and career opportunity to improve themselves. Executive appointments are made mainly from internal human resources, which in turn enhance employee satisfaction.

Risk exposures were closely monitored through predefined indicators within the year. The Early Detection of Risk Committee convened five times in 2020. The Committee has informed the Company's Board of Directors through reports regarding the outcomes they have reached and the assessments they have made.

BİM has placed suitable internal control mechanisms against risks in the business processes. In addition, the Company has also developed organizational structures, policies, job descriptions, procedures and monitoring practices.

The Company has an Internal Audit Unit tasked with assessing and developing the effectiveness of risk management, internal control, and corporate governance processes, helping the Company develop these and achieve its goals. The Internal Audit Unit operates under the Audit Committee, which consists of Independent Members of the Board of Directors. This unit identifies any major potential risks or deficiencies in internal control systems and identifies measures to be taken to reduce these risks in the relevant management units. The unit then reports the actions taken and their outcomes to senior management and the Audit Committee.

All the activities of the Company are under the scope of the Internal Audit Unit. The activities are audited within the framework of annual plans prepared as a result of risk assessment. All phases of the internal audit process and the implementation procedures have been already defined. The activities of the Unit are carried out within this framework with the support of an international audit software. Internal audit activities are subject to an independent quality assessment once in five years. As a result of the assessments made in 2019, the activities were rated as "Generally Compatible," which is the highest level in terms of International Internal Auditing Standards and Code of Ethics.

The Internal Audit Unit presented their business plans, the situation of the existing activities according to this plan, the outcomes of their tasks, substantial risks and control issues, during the five meetings of the Audit Committee held in 2020.



# Convenience Translation into English of Independent Auditor's Report on the Early Detection of Risk System and Committee Originally Issued in Turkish

To the Board of Directors of BİM Birleşik Mağazalar Anonim Şirketi,

We have audited the Early Identification of the Risk System and Committee established by BİM Birleşik Mağazalar Anonim Şirketi.

## Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

## Responsibility of the independent auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

## Information Regarding the Early Identification of the Risk System and Committee

The Company established the Early Identification of the Risk System and Committee which consists of 2 members. For the period between January 1 – December 31, 2020, the committee has met for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the five reports it has prepared to the Board of Directors.

## Conclusion

Based on our audit, we have reached the conclusion that except for the matter(s) stated in the paragraph below, the early identification of the risk system and committee of BİM Birleşik Mağazalar Anonim Şirketi is, in all material respects, in compliance with article 378 of the TCC.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Kaan Bıkdal, SMMM  
Partner

8 March 2021  
İstanbul, Türkiye

# Share Buyback Programs

In 2020, the Company has started two share buyback programs:

**1<sup>st</sup> Program:** Stayed in effect during April 9, 2020 - May 5, 2020 and no transaction has been realized during the program.

**2<sup>nd</sup> Program:** Stayed in effect during August 7, 2020 - November 26, 2020 and a resource of TL 700,000,000 has been allocated for the program. During the program, 5,670,992 shares, comprising 0.93% of the total capital have been purchased from the stock market with a cost of TL 374,707,649.

# Shareholding Structure

## BİM Birleşik Mağazalar A.Ş. Shareholding Structure

	2020	2019
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	14.8%	14.8%
Naspak Gıda Sanayi ve Ticaret A.Ş.	10.7%	10.7%
Non-Public Part (Other)	3.0%	3.0%
Free Float (Other)	71.5%	71.5%
	100%	100%



# Board of Directors and Senior Management - Executive Committee

## BOARD OF DIRECTORS

### Mustafa Latif Topbaş

#### *Chairman of the Board and the Executive Committee*

Born in Istanbul in 1944, Mustafa Latif Topbaş began his career in 1961 as partner and executive at Bahariye Mensucat A.Ş., a family-run business in the textile industry. In subsequent years, he served as founder and executive of various industrial and commercial companies. In 1995, Topbaş was one of the founding partners of BİM and served as Deputy Chairman of the Board of Directors. He has been serving as Chairman of the Board of Directors since 2005, and as the Chairman of the Executive Committee since January 2010.

### Mahmud P. Merali

#### *Vice Chairman of the Board*

Mahmud Merali was born in 1952 in Mombasa, Kenya and completed his higher education there. Having completed his professional education and training in the UK in a medium-size firm, he joined one of the large firms & gained experience in large owner-managed companies & public listed group of companies. Mahmud has over 50 years' experience in auditing, accounting, taxation, and business advisory. He is a Fellow of the Institute of Chartered Accountants of England & Wales (ICAEW), Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Chartered Accountants of Zambia (ZICA) & an Associate Member of the Institute of Taxation (ATI-UK). A Managing Partner of the Merali Group, Mahmud P. Merali, is the Regional Manager for the EMEA (Europe, Middle East and Africa) region. Also, he serves as the Group's International & Financial Consultant. Merali serves as a consultant to multi-national companies in the UK, UAE, and East Africa. Mahmud P. Merali is a member of the BİM Board of Directors, Corporate Governance Committee, Early Detection of Risk Committee, and he also gives support to the Audit Committee in the Company.

### Jozef Wilhelmus Johannes Simons

#### *Board Member and Advisor*

Born in Raalte in the Netherlands in 1945, Simons graduated from the Top Management Course at the University of Nijenrode. With a proven track record of over 40 years in the retail industry, he served as a General Manager at Aldi-Netherlands for over a decade and has managed his own consultancy company for the retail market. Simons was General Manager for five years at the Vendex Food Group, one of the largest food retailers in the Netherlands at the time. In 2001, he assumed the position of Chief Operating Officer at BİM, and in January 2006 became the CEO. In April 2008, he was appointed as a member of the Board of Directors. As of January 1, 2010, he left his position as the CEO and since then has been working with BİM as a member of the Board of Directors and as a Consultant.

### Ömer Hulusi Topbaş

#### *Board Member*

Born in Istanbul in 1967, Ömer Hulusi Topbaş began his career as a sales executive at Bahariye Mensucat A.Ş., where he worked from 1985 to 1997. Employed at Naspak Ltd. from 1997 to 2000, he then served as Purchasing Manager for Seranit A.Ş. between 2000 and 2002. Since then he has been the General Manager at Bahariye Mensucat A.Ş., and has also been serving as a member of the Board of Directors at BİM since June 2005.

### Ahmet Akça

#### *Independent Member of Board*

Ahmet Akça studied mathematics at Middle East Technical University and sociology at İstanbul University and graduated from the Bursa Economics and Commercial Sciences Academy's Department of Economics. From 1981 to 1988, he served as a Foreign Trade Manager in the glass and food industries. In 1988, he became the CEO of an international trading company, a position he held until 1992. He later started his own business, which he still runs. He is the founder and Chairman of the Board of Directors of the logistics company, Akça Lojistik Hizmetleri ve Ticaret A.Ş. He was a member of the Committee of Trustees in April 2010, at the time of the establishment of Bezmialem Vakıf University and has been serving as the Chairman of the Committee of Trustees since November 2011. In March 2013, he was appointed as a Board Member at Turkcell, by the Capital Markets Board, and he served as the Chairman of the Board of Directors at Turkcell between August 2013 and March 2020. Akça, who has also been the Chairman of the Board of Directors of the Tedarik Lojistik company since 2018, has been serving as the Independent Board Member of BİM as of April 2018.

### Paul Michael Foley

#### *Independent Member of the Board*

Born in London 1958, Paul Foley is currently serving as the Board Chairman at KONZUM Plus in Croatia and as a member of the Supervisory Board at MERCATOR d.d. in Slovenia, VOLI in Montenegro, BİM in Turkey and Korzinka in Uzbekistan.

Paul previously held Board positions at FORTENOVA (Ex Agrokor) in Croatia, MAGNIT in Russia, GIPPO in Belarus, AHT Cooling Systems in Austria, INVERTO AG (a BCG company) in Germany, Iceland Foods UK and at EKO Holdings in Poland.

Paul started his career with Bejam Frozen Foods in 1974 and has over 45 years of experience in retail management.

The main bulk of his career was 23 years at Aldi Süd, a privately held, German-headquartered global retailer, with operations in 10 countries covering Europe, the US and Australia ending in 2012. During his tenure, Paul served on Aldi Süd international management board.

He was the CEO for the UK and Republic of Ireland from 1999 -2009 as well as identifying and implementing new business opportunities, including market entry into new geographies.

Paul, is a British citizen residing in Austria and is married with 5 children.

Name Surname	Independence Status	Date of Appointment and Term of Office	Duty at the Board of Directors	Duties Outside the Company
Mustafa Latif Topbaş	Not Independent	05.05.2020-1 Year	Chairman of Board	Board Memberships in Companies
Mahmud P. Merali	Not Independent	05.05.2020-1 Year	Vice Chairman of Board, Member of Corporate Governance Committee, Member of Early Detection of Risk Committee	Managing Partner and Chairman of EMEA Region at Merali's Group, Consultant at International Companies in the United Kingdom, UAE and Africa, Member of Chartered Accountancy Organizations
Jozef Wilhelmus Johannes Simons	Not Independent	05.05.2020-1 Year	Board Member	No additional duty
Ömer Hulusi Topbaş	Not Independent	05.05.2020-1 Year	Board Member	General Manager of Bahariye Mensucat A.Ş.
Ahmet Akça	Independent	05.05.2020-1 Year	Board Member, Chairman of Audit Committee	Chairman of Akça Lojistik Board of Directors, Chairman of the Committee of Trustees at İstanbul Bezmialem University, Chairman of the Board of Tedarik Lojistik
Paul Michael Foley	Independent	05.05.2020-1 Year	Member of the Board of Directors, Chairman of the Corporate Governance Committee and the Early Detection of Risk Committee, Member of the Audit Committee	Founding Partner at Foley Retail Consulting/Austria, Chairman of the Board at Konzum Plus/Serbia, Member of Audit Boards at Mercator/Slovenia, Voli/Montenegro and Korzinka/Uzbekistan

The Board of Directors convened in person two times in 2020. Additionally, 27 occasions took place to make decisions with the consent of its members without holding an actual meeting as sanctioned in Article 390/4 of the Turkish Commercial Code. No counter vote was cast against the decisions taken. The attendance status of the members of the Board of Directors is listed below:

Board Member	Attendance Percentages of Board Members
Mustafa Latif Topbaş	100%
Mahmud P. Merali	100%
Jozef Wilhelmus Johannes Simons	100%
Ömer Hulusi Topbaş	100%
Ahmet Akça	100%
Paul Michael Foley	100%

The General Assembly Meeting of 2019 was held on May 5, 2020 the election of Board Members was made. The members of the Board of Directors and Executive Committee hold first-degree signature authorization, with the limits of their authority being specified by the Board of Directors and registered on May 28, 2020.



# Board of Directors and Senior Management - Executive Committee

## SENIOR MANAGEMENT - EXECUTIVE COMMITTEE

### Mustafa Latif Topbaş

#### Chairman of the Board and Chairman of the Executive Committee

Born in Istanbul in 1944, Mustafa Latif Topbaş began his career in 1961 as partner and executive at Bahariye Mensucat A.Ş., a family-run business in the textile industry. In subsequent years, he served as Founder and Executive of various industrial and commercial companies. In 1995, Topbaş was one of the founding partners of BİM and served as Deputy Chairman of the Board of Directors. He has been serving as Chairman of the Board of Directors since 2005, and as Chairman of the Executive Committee since January 2010.

### Galip Aykaç

#### Chief Operating Officer (COO)

Galip Aykaç was born in 1957 in Yozgat Akdağmadeni. Having more than 18 years of professional experience in various executive positions at Gima, Turkey's first organized retail chain, Aykaç started to work for BİM in 1997 as Purchasing Director. Mr. Aykaç became the Chief Operating Officer (COO) in November 2007. He is currently the Chief Operating Officer (COO), and Member of the Executive Committee as of January 2010. Since October 2017, Mr. Aykaç is the Chairman of the Purchasing Committee. In Retail Sun Awards, the most prestigious awards of the retail sector, he received "The Most Successful Professional Manager in 2010" Award. He is also a Vice Chairman of the Turkish Retailing Council, established by The Union of Chambers and Commodity Exchanges; and the President of the Food Retailers Association and Board Member of the Federation of Shopping Centers and Retailers. According to the assessment of Fortune magazine, Mr. Aykaç was rated as the third most successful business person in 2013 and 2014, as well as the second in 2015 ranking. In a research conducted by Xsights Research and Consultancy on behalf of Marketing Turkey Magazine in 2013, Mr. Aykaç ranked 7<sup>th</sup> among "The Most Prestigious Executives in Business World."

### Haluk Dortluoğlu

#### Chief Financial Officer (CFO)

Haluk Dortluoğlu was born in Akşehir in 1972. Upon his graduation from Boğaziçi University Department of Management in 1995, he worked for the international independent audit companies Arthur Andersen, and Ernst & Young for about eight years. In 2003, Mr. Dortluoğlu started working for Turkish Airlines as Accounting Director. In November 2005, he became the CFO of BİM and also assumed tasks as a member of the Operations Committee between 2006 and 2009. Completing the Advanced Management Program of Harvard Business School in 2007, Mr. Dortluoğlu was granted the "The CFO of the Year" award in 2009 by Finance in Emerging Europe, a business magazine published in Europe under the structure of Frankfurter Allgemeine Zeitung Group. According to the results of the research made by Thomson Reuters Extel in the field of investor relations, Mr. Dortluoğlu was chosen "The Best CFO in Turkey" by the international corporate investors in 2014. In 2010, he was appointed as a Member of the Executive Committee of BİM, a position he still holds. Having directed the whole process of conceptualizing and establishing the FİLE – that opened its first store in March 2015 – as a new retailing model in the supermarket sector, Dortluoğlu is still the Chairman of the Executive Committee of FİLE.

#### Other Executive Management

Ürfet Nacar	Member of the Operation Committee
İlkay Zengin	Member of the Operation Committee
Tolga Şahin	Member of Operation Committee & Member of Purchasing Committee
Uğur Kıvrak	Member of the Operation Committee
Murat Dalgıç	Member of the Operation Committee
Faruk Öztürk	Member of the Operation Committee
Aynur Çolpan	General Manager of Purchasing & Member of Purchasing Committee

Pursuant to the decisions of the General Assembly, an honorarium is paid to the members of the Board of Directors. The company does not provide loans, credit, or other such benefits to the members of the Board of Directors or executives.

The total value of financial rights such as honorariums, wages, premiums, and bonuses, for a total of 158 people comprising the members of the Board of Directors, Senior Executives and other managers, amounted to TL 81,580,647 in 2020. Executives do not receive dividends. All Members of the Board of Directors have directors & officers liability insurance.

# Committees Established Under the Board of Directors

Pursuant to the Corporate Governance Principles issued by the Capital Markets Board, an Audit Committee, a Corporate Governance Committee, and an Early Detection of Risk Committee have been formed within the Board of Directors.

#### Audit Committee

The Audit Committee was formed to ensure that the Board of Directors is carrying out its duties and responsibilities in a healthy manner and with the needs of the company in mind. The audit committee presents its reports to the Board of Directors on a quarterly basis. The members do not hold any other executive position at the Company.

Four reports were issued and submitted to the Board of Directors over the period. The reports issued include reviews to investigate whether the annual and interim financial statements reflect the facts in accordance with the accounting principles followed by the Company; no significant findings were obtained suggesting that legal regulations were not observed or that the Company's financial and operational situation does not reflect the facts, according to the results of such reviews.

#### Ahmet Akça - Chairman

Paul Michael Foley - Member

#### Corporate Governance Committee

Corporate Governance Committee has three members. One of the members holds an executive position as the Reporting and Investor Relations Director at the Company. The Corporate Governance Committee also assumes the duties and responsibilities of the Nomination Committee and the Remuneration Committee.

The Corporate Governance Committee meets at least once a year. The members of the Corporate Governance Committee are given below:

#### Paul Michael Foley - Chairman

Mahmud P. Merali - Member

Serkan Savaş - Member (Executive)

#### Early Detection of Risk Committee

The members of the Early Detection of Risk Committee do not have executive duties/positions at the Company. The aim of the committee is to preemptively diagnose any risks that could endanger the existence, development, and continuity of the company, and to take necessary measures to mitigate these identified risks and manage the risks. Early Risk Detection Committee presents reports to the Board of Directors every two months.

#### Paul Michael Foley - Chairman

Mahmud P. Merali - Member

The committees can make use of the independent expert opinions when necessary. In 2020, the Corporate Governance Committee has received support from independent experts and consultants for the design of a sustainability strategy and roadmap of the Company.

The Board of Directors thinks that the expected benefits were obtained from the activities of the committees during the year 2020.

The working principles of both committees and the names of their respective members have been announced to the public through the company's website <http://english.bim.com.tr/Category/661/comittees.aspx>



# Report on Transactions with Related Parties

In accordance with the Communiqué Serial: II-17.1, Article 10 of the Corporate Governance Communiqué by the Capital Markets Board, it is stated that in the case that the amount of prevailing and continuing transactions between the Company and its related parties in any accounting period is expected to be more than 10% of the cost of sales in accordance with the last annual financial statements announced to the public in purchasing transactions, or that the ratio of revenue to sales is expected to be more than 10% in sales transactions, it is obligatory for the partnership Board of Directors to prepare a report on the conditions of transactions and provide a comparison with market conditions.

The report, which was prepared to examine the prevailing and continuing purchases from related institutions in 2020 in accordance with the relevant legislation, and to determine the suitability of similar transactions to be

carried out in 2021, has been approved by the Board of Directors, and the aforementioned report will be presented to the shareholders at the General Assembly. The conclusion section of the report is provided below.

## Conclusion Section of the Report

In this report, which was prepared by the Board of Directors in accordance with the regulations in the related communiqués of the Capital Markets Board, the related party transactions of BİM Birleşik Mağazalar A.Ş. have been evaluated, and it was concluded that BİM Birleşik Mağazalar A.Ş. did not show any significant difference in compliance with the International Accounting Standard No. 24 in terms of its prevalence and continuity of transactions with its related parties in 2020 and that there are no issues preventing BİM Birleşik Mağazalar A.Ş. from making prevailing and continuous purchases from the related parties in 2021 under similar conditions.

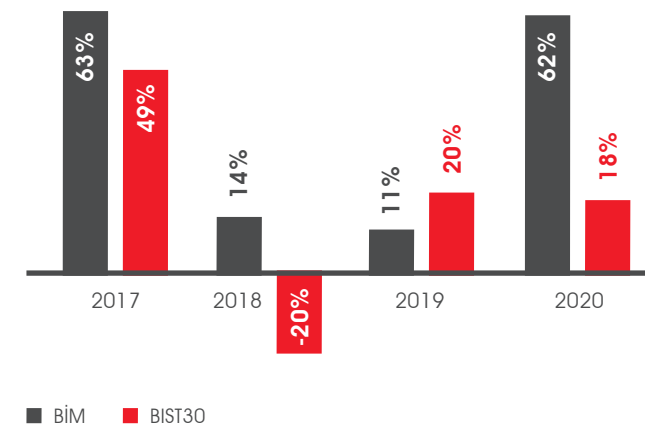
# Investor Relations

Investor relations activities at BİM are carried out by the Investor Relations and Sustainability Department, which reports to the Reporting and Investor Relations Directorate. The Unit carries out activities in accordance with the Capital Markets Board legislation to provide its investors accurately and promptly with the most correct and complete information within the Company's Information Policy. In 2020, the Unit made 38 material disclosures. Information was provided to investors and shareholders at three investor conferences.

According to the Dividend Distribution Policy set in 2007 and updated in 2014 by the Company, the principle is to distribute at least 30% of the distributable profit to be calculated in line with the Turkish Commercial Code and the Capital Markets Board regulations. On the other hand, the dividend distributions made so far have surpassed this ratio. Accordingly, within limitations due to the pandemic in 2020, 25% of the 2019 profit, which is equal to TL 303.6 million, has been distributed in cash in 2020.

Following the end of the aforementioned limitations, the Company convened an Extraordinary General Assembly on January 6, 2021 and decided to distribute a cash dividend of gross TL 1,214.4 million (TL 2.0 gross per share) to be compensated from extraordinary reserves. The cash dividend distribution was completed on January 8, 2021.

## The Comparison of BİM and BİST-30 Share Performance\*\*



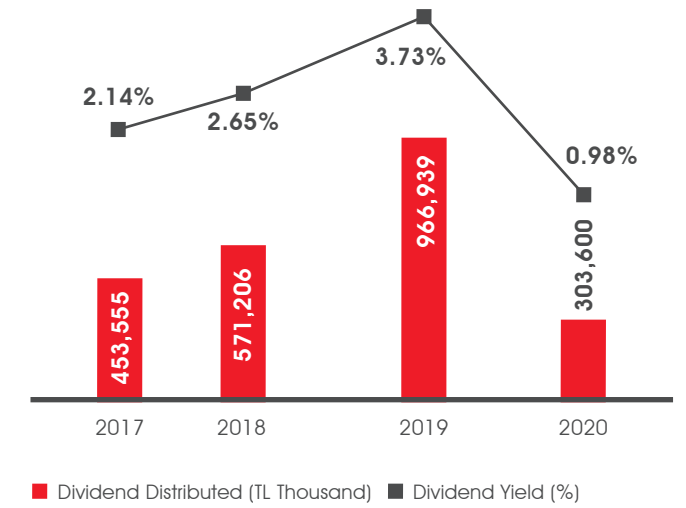
\*\*BİM share performance variations have been calculated based on the adjusted share values.

## Investor Relations Contact

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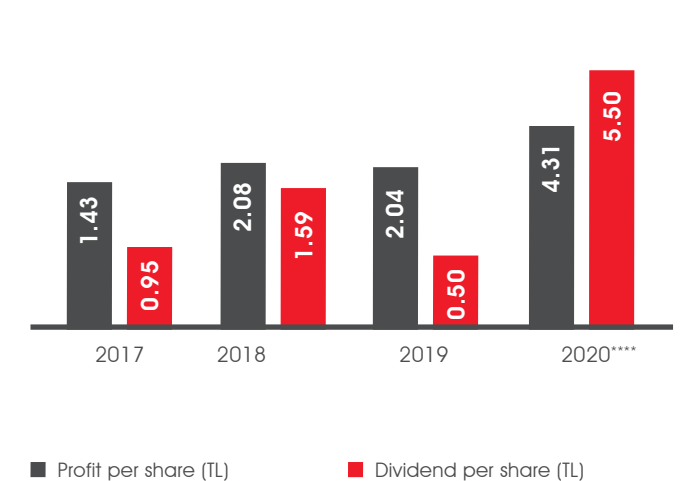
Also, on March 8, 2021, the Company's Board of Directors submitted a recommendation to the General Assembly with regard to the distribution of a gross TL 2,125 million (TL 3.5 gross per share) cash dividend from 2020 profit among the shareholders.

## Cash Dividend Graph 1\*



\*The graph expresses the dividend distributed from the profit of the previous year and the dividend yield in the related year.

## Cash Dividend Graph 2\*\*\*



\*\*\*All amounts per share in the graph have been calculated based on the last year's number of shares, i.e. 607,200,000 to show the comparison. The distributed dividend amount per share expresses the amount from the relevant year's profit paid in the following year. \*\*\*\*In addition to the cash dividend payment (gross TL 2.0) distributed from the extraordinary reserves on January 8, 2021, the distribution of the 2020 dividend includes the Board of Directors' resolution (gross TL 3.5) dated March 8, 2021. The dividend distribution will become valid upon the approval of the General Assembly.



# Ordinary General Assembly Meeting Agenda

The 2019 Ordinary General Assembly Meeting of the Company was held on Tuesday, May 5, 2020, at 14:00 at the Company's head office located in Abdurrahmangazi Mahallesi Ebubekir Caddesi No.73 Sancaktepe İstanbul under the supervision of the Ministry Representative Ms. Hatice ÖNDER assigned by Istanbul Provincial Directorate of Trade's letter no. 90726394-431.03-E-00054170173 dated 04/05/2020. At the meeting:

1) It was decided that as per the consolidated financial statements prepared according to the Capital Markets Board's (CMB) Communiqué Series II – 14.1, based on the profit of 2019 after tax, which was finalized as TL 1,224,877,000,

- To distribute in cash gross TL 303,600,000 equivalent to 50% of the paid-in capital to partners and 24.8% of the profit of 2019,

- To allocate TL 60,720,000 as primary reserves,

- To allocate TL 27,324,000 as secondary reserves,

2) The recommendation of the Board's amendment to the articles of association has been discussed.

It was stated that the basic aim of the amendment to the articles of association is to implement an electronic board of directors at our Company as permitted by the Turkish Commercial Code and related secondary regulation, to provide the Company's Members of the Board to participate to Board meetings more effectively and easily.

As per the approvals of the Republic of Turkey Capital Market Board dated 13.03.2020 with No 29833736-110.03.03-E.3176 and the Republic of Turkey Ministry of Commerce dated 26.03.2020 with No 50035491-431.02, it has been discussed to approve the amendment of the Company's Articles of Association as follows,

3) It was decided to select Mustafa Latif TOPBAŞ, Mahmud Pyarali MERALI, Ömer Hulusi TOPBAŞ, Jozef Wilhelmus Johannes SIMONS, Ahmet AKÇA (Independent) and Paul Michael FOLEY (Independent) as the members of the Board and to pay a net monthly honorarium of TL 10,000,

4) As per the recommendation of the Board,

It was negotiated to approve the selection of an independent auditor by the Board as per the regulations of the Turkish Commercial Code and the Capital Markets Board.

The provision of Article 400/2 of the Turkish Commercial Code No 6102 states that "An auditor, who has been selected as an auditor for a total of seven years for the same company within ten years, cannot be selected again as auditor until three years have passed," therefore, it has become obligatory to change the current independent auditor working since 2013.

It was decided to disqualify 'Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi' as the independent audit services provider in 2020 in accordance with the Board's proposal and compliance with the Turkish Commercial Code and Capital Markets Board regulations.

The amendment to the Articles of Association is as follows.

# Articles of Association Amendment

## BİM BİRLEŞİK MAĞAZALAR A.Ş. ARTICLES OF ASSOCIATION AMENDMENT TEXT

OLD TEXT	NEW TEXT
<p><b>PURPOSE AND SUBJECT MATTER</b>  <b>Article 4.</b>            To operate in a different area of business apart from mentioned above, Board of Directors shall present the amendment of the Articles of Association for approval to General Assembly. To this end, prior approval from CMB and Ministry of Customs and Trade shall be obtained.</p>	<p><b>PURPOSE AND SUBJECT MATTER</b>  <b>Article 4.</b>            To operate in a different area of business apart from mentioned above, Board of Directors shall present the amendment of the Articles of Association for approval to General Assembly. To this end, prior approval from CMB and Ministry of Trade shall be obtained.</p>
<p><b>CAPITAL SHARES OF THE SHAREHOLDERS</b>  <b>Article 7.</b>            Shareholders shall not request their capital contribution to be returned. The rights of the shareholders in case of liquidation of the Company are reserved.</p>	Removed.
<p><b>BOARD OF DIRECTORS MEETINGS</b>  <b>Article 15.</b>            15.1 The Board of Directors convenes as frequently as is required for its efficient fulfillment of duties. The Chairman of the Board of Directors negotiates with other members of the Board and the Chairman of the Executive Board/General Manager and determines the agenda of the meetings. Members pay due attention to participate in every meeting and to express their opinions.</p> <p>Information and documentation about the items included in the agenda of the Board meeting are presented to the Members of the Board of Directors for assessment, with equal information flow, sufficiently early prior to the meeting.</p> <p>The Member of the Board of Directors may suggest a change in the agenda to the Chairman prior to the meeting. The opinions of a member who is unable to participate in the meeting but who nevertheless submits their opinions to the Board in written form are presented to the other members.</p> <p>Each member of the Board of Directors is entitled to a single voting right. The items on the agenda are openly and thoroughly discussed during the Board of Directors meetings. The Chairman of the Board of Directors makes their best effort to assure the effective participation of non-executive members in meetings of the Board of Directors. The Member of the Board records in minutes the justification of counter vote for issues they disagree with during the meeting.</p>	<p><b>BOARD OF DIRECTORS MEETINGS</b>  <b>Article 15.</b>            15.1 The Board of Directors convenes as frequently as is required for its efficient fulfillment of duties. The Chairman of the Board of Directors negotiates with other members of the Board and the Chairman of the Executive Board/General Manager and determines the agenda of the meetings. Members pay due attention to participate in every meeting and to express their opinions.</p> <p>Information and documentation about the items included in the agenda of the Board meeting are presented to the Members of the Board of Directors for assessment, with equal information flow, sufficiently early prior to the meeting.</p> <p>The Member of the Board of Directors may suggest a change in the agenda to the Chairman prior to the meeting. The opinions of a member who is unable to participate in the meeting but who nevertheless submits his/her opinions to the Board in written form are presented to the other members.</p> <p>Each member of the Board of Directors is entitled to a single voting right. The items on the agenda are openly and thoroughly discussed during the Board of Directors meetings. The Chairman of the Board of Directors makes their best effort to assure the effective participation of non-executive members in meetings of the Board of Directors. The Member of the Board records in minutes the justification of counter vote for issues they disagree with during the meeting.</p>
<p>15.2 Meetings of the Board of Directors may convene at the Company's headquarters or at a location in Turkey or at another location abroad if unanimously agreed upon by the members of the Board of Directors.</p>	<p>15.2 Meetings of the Board of Directors may convene at the Company's headquarters, via electronic platform or at a location in Turkey or at another location abroad if unanimously agreed upon by the members of the Board of Directors.</p>
<p>15.3 If necessary, the Board of Directors may adopt a resolution by obtaining written approvals (letter, fax) of the Board Members to the proposed decision or through the execution of the resolution by the members without holding a meeting.</p>	<p>15.3 If necessary, the Board of Directors may adopt a resolution by obtaining written approvals (letter, fax) of the Board Members to the proposed decision or through the execution of the resolution by the members without holding a meeting.</p>
	<p>15.4 Attendance to the Board of Directors Meeting via an Electronic Platform</p> <p>Persons who have the right to participate in the Board of Directors meetings of the Company may participate in these meetings via an electronic media pursuant to Article 1527 of the Turkish Commercial Code. The Company may set up its own electronic meeting system, or subscribe to services from the systems formed by service providers for this purpose, that will enable the right holders to participate and vote at these meetings via the electronic media pursuant to the provisions of the Communiqué Regarding Boards to be Convened via Electronic Media in Commercial Companies other than General Assemblies of Joint Stock Companies. It is required to ensure that the right holders exercise their rights specified in the related legislation on the basis set forth in the provisions of the above mentioned Communiqué in meetings to be held via the system set up or the system subscribed to from commercial vendors pursuant to this provision of the Articles of Association herein.</p>



# Articles of Association Amendment

OLD TEXT	NEW TEXT
<p><b>MINUTES OF THE MEETINGS OF THE BOARD OF DIRECTORS</b>  <b>Article 19.</b>                      The Board of Directors shall keep the minutes of the meetings of the Board of Directors as a real and accurate record of the meeting process and have the members attending the meeting sign such minutes. These records shall contain information at least relating to the date and place of the meeting, the members that are present and the text of each resolution.</p> <p>Any member of the Board of Directors who does not wholly or partially agree with a resolution of the Board of Directors will have their objections recorded in the minutes. The Minutes should be kept both in Turkish and English and attached to the Decision Book of the Company after being duly signed by the Board of Directors. The Turkish Minutes shall prevail.</p>	<p><b>MINUTES OF THE MEETINGS OF THE BOARD OF DIRECTORS</b>  <b>Article 19.</b>                      The Board of Directors shall keep the minutes of the meetings of the Board of Directors physically or in electronic platform as a real and accurate record of the meeting process and have the members attended the meeting physically or in electronic platform sign such minutes. These records shall contain information at least relating to the date and place of the meeting, the members that are present and the text of each resolution.</p> <p>Any member of the Board of Directors who does not wholly or partially agree with a resolution of the Board of Directors will have his objections recorded in the minutes physically or in electronic platform. The Minutes should be kept both in Turkish and English and attached to the Decision Book of the Company (physically or in electronic platform) after being duly signed by the Board of Directors. The Turkish Minutes shall prevail.</p>
<p><b>THE GENERAL ASSEMBLY MEETINGS</b>  <b>Article 26.</b></p> <p>26.1. Meeting                      For convoke of meetings, related provisions of the Turkish Commercial Code and relevant regulations of CMB shall be fulfilled. Minority rights are exerted in compliance with the Capital Markets Law and Capital Markets Board regulations. Declarations of ordinary and extraordinary General Assembly meetings are made in compliance with the Turkish Commercial Code and Capital Markets Board regulations.</p> <p>In addition to legislation and all methods set forth, the announcement of the General Assembly meeting is made at least three weeks prior to the meeting via all kinds of communication tools including electronic communication in an effort to reach as many shareholders as possible.</p> <p>In addition to the announcement of the General Assembly meeting and declarations and statements of the Company as required by legislation, issues specified on the CMB Corporate Governance Principles are announced to the shareholders on the website of the Company.</p> <p>According to the provisions of the related article of the Turkish Commercial Code, rights granted to shareholders representing at least one tenth of the paid capital are enjoyed by shareholders who represent at least one twentieth of the issued capital of the Company.</p>	<p><b>THE GENERAL ASSEMBLY MEETINGS</b>  <b>Article 26.</b></p> <p>26.1. Meeting                      For convoke of meetings, related provisions of the Turkish Commercial Code and relevant regulations of CMB shall be fulfilled. Minority rights are exerted in compliance with the Capital Markets Law and Capital Markets Board regulations. Declarations of ordinary and extraordinary General Assembly meetings are made in compliance with the Turkish Commercial Code and Capital Markets Board regulations.</p> <p>In addition to legislation and all methods set forth, the announcement of the General Assembly meeting is made at least three weeks, excluding the days of announcement and meeting, prior to the meeting via all kinds of communication tools including electronic communication in an effort to reach as many shareholders as possible.</p> <p>In addition to the announcement of the General Assembly meeting and declarations and statements of the Company as required by legislation, issues specified on the CMB Corporate Governance Principles are announced to the shareholders on the website of the Company.</p> <p>According to the provisions of the related article of the Turkish Commercial Code, rights granted to shareholders representing at least one tenth of the paid capital are enjoyed by shareholders who represent at least one twentieth of the issued capital of the Company.</p>
<p>26.2 Place of Meeting                      All the General Assembly meetings shall be held at the headquarters of the Company or at any place resolved by the Board of Directors within the Istanbul city and with attendance of the Ministry of Customs and Trade representative.</p>	<p>26.2 Place of Meeting                      All the General Assembly meetings shall be held at the headquarters of the Company or at any place resolved by the Board of Directors within the Istanbul city and with attendance of the Ministry of Trade representative.</p>
<p>26.3. General Meetings Attended Electronically                      The persons entitled to attend the general meetings of the Company may attend such meetings by electronic means pursuant to Article 1527 of the Turkish Commercial Code. The Company may install electronic general meeting system to enable the relevant persons to attend the general meetings by electronic means, to state their opinions, to make proposals and cast vote or outsource such a system from third parties pursuant to the provisions of the Regulation on General Meetings of Joint Stock Companies to be Held Electronically. At all the general meetings, it is ensured that all the eligible persons and their representatives to exercise their relevant rights over that electronic system installed pursuant to this provision of the articles of association.</p>	<p>26.3. General Meetings Attended Electronically                      The persons entitled to attend the general meetings of the Company may attend such meetings by electronic means pursuant to Article 1527 of the Turkish Commercial Code. The Company may install electronic general meeting system to enable the relevant persons to attend the general meetings by electronic means, to state their opinions, to make proposals and cast vote or outsource such a system from third parties pursuant to the provisions of the Regulation on General Meetings of Joint Stock Companies to be Held Electronically. At all the general meetings, it is ensured that all the eligible persons and their representatives to exercise their relevant rights over that electronic system installed pursuant to this provision of the articles of association.</p>

OLD TEXT	NEW TEXT
<p><b>LIST OF ATTENDANTS</b>  <b>Article 28.</b>                      A list, prepared by the Board of Directors indicating the identities, addresses, share percentages and number of votes of the shareholders who either attend the meeting or who are represented through their proxies, shall be posted up to a place which can be seen by everyone before the casting of first votes. Furthermore, such list shall also be signed by the representative of the Ministry of Customs and Trade and the chairman of the meeting.</p>	<p>Removed.</p>
<p><b>MINUTES</b>  <b>Article 30.</b>                      The meeting minutes to reflect the accurate records of the General Assembly meetings shall be prepared in Turkish and English and shall be signed by the present shareholders after the General Meeting Board's signature. In case of any dispute, the summary of the meeting discussions, the date of the meeting, the present members and the text of the adopted resolutions shall be stated in these minutes. The representative of the Ministry of Customs and Trade shall attend each meeting and only sign the minutes in Turkish as per the relevant legislation.</p>	<p><b>MINUTES</b>  <b>Article 30.</b>                      The meeting minutes to reflect the accurate records of the General Assembly meetings shall be prepared in Turkish and English and shall be signed by the present shareholders after the General Meeting Board's signature. In case of any dispute, the summary of the meeting discussions, the date of the meeting, the present members and the text of the adopted resolutions shall be stated in these minutes. The representative of the Ministry of Trade shall attend each meeting and only sign the minutes in Turkish as per the relevant legislation.</p>
<p><b>AMENDMENTS OF ARTICLES OF ASSOCIATION</b>  <b>Article 32.</b>                      In order for any amendments to be valid on this Articles of Association a proposal text of amendments prepared by the Board shall be submitted to the General Assembly's approval after a prior approval from the Ministry of Customs and Trade and CMB. The amendments hereof required to be registered with the trade registry and published in the Turkish Trade Registry Gazette.</p>	<p><b>AMENDMENTS OF ARTICLES OF ASSOCIATION</b>  <b>Article 32.</b>                      In order for any amendments to be valid on this Articles of Association a proposal text of amendments prepared by the Board shall be submitted to the General Assembly's approval after a prior approval from the Ministry of Trade and CMB. The amendments hereof required to be registered with the trade registry and published in the Turkish Trade Registry Gazette.</p>
<p><b>ARTICLES OF ASSOCIATION TO BE SENT TO THE MINISTRY &amp; CAPITAL MARKET BOARD</b>  <b>Article 40.</b>                      Sufficient number of copies of this Articles of Association is printed and sent to Ministry of Customs and Trade and Capital Markets Board.</p>	<p><b>ARTICLES OF ASSOCIATION TO BE SENT TO THE MINISTRY &amp; CAPITAL MARKET BOARD</b>  <b>Article 40.</b>                      Sufficient number of copies of this Articles of Association is printed and sent to Ministry of Trade and Capital Markets Board.</p>



# Statement of Independence

To the attention of BİM Birleşik Mağazalar A.Ş. Board of Directors

Due to my "Independent Member" nomination and in accordance with the Corporate Governance Principles of the Capital Market Boards; I declare that;

a) Within the past five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and BİM Birleşik Mağazalar A.Ş. and subsidiaries of BİM Birleşik Mağazalar A.Ş., shareholders who control the management of the company or who have significant influence at the company, and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations.

b) I have not worked for those companies that carry out, in part or in full, the activities or organization of Bim Birleşik Mağazalar A.Ş. within the framework of existing agreements, primarily those that audit, rate, or provide consulting services for BİM Birleşik Mağazalar A.Ş., or have been a member of the Board of Directors at these companies within the past five years; I have not worked as an executive manager who would have important duties and responsibilities nor have I been a member of the Board of Directors or been a shareholder (with more than 5% of shares) in the companies that BİM Birleşik Mağazalar A.Ş. purchases significant amounts of products and services from or sells significant amounts of products and services to.

c) I have the professional education, knowledge, and experience to carry out the duties I would assume as a result of becoming an independent member of the Board of Directors.

d) I do not work full time for any public institution or organization, except any academic membership at any university (on the condition that it is compliant with the related legislation),

e) I am considered a resident in Turkey according to Income Tax Law, dated 31/12/1960 and numbered 193,

f) I have strong ethical standards, professional reputation, and experience that would enable me to make positive contributions to the operations of BİM Birleşik Mağazalar A.Ş., enabling me to maintain impartiality during times of conflict of interest among the partners of the company, and to decide independently by taking the beneficiaries' rights into consideration.

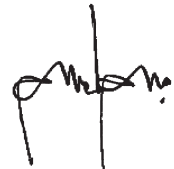
g) I shall devote enough time for the activities of BİM Birleşik Mağazalar A.Ş. to follow the operations of BİM Birleşik Mağazalar A.Ş. and to fully carry out the duties I would assume.

h) I have not been a member of the Board of Directors of Bim Birleşik Mağazalar A.Ş. for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in Bim Birleşik Mağazalar A.Ş. or in more than three of the companies controlled by the shareholders who control the management of Bim Birleşik Mağazalar A.Ş. and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

Kind regards,



**Ahmet AKÇA**

To the attention of BİM Birleşik Mağazalar A.Ş. Board of Directors

Due to my "Independent Member" nomination and in accordance with the Corporate Governance Principles of the Capital Market Boards; I declare that;

a) Within the past five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and BİM Birleşik Mağazalar A.Ş. and subsidiaries of BİM Birleşik Mağazalar A.Ş., shareholders who control the management of the company or who have significant influence at the company, and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations.

b) I have not worked for those companies that carry out, in part or in full, the activities or organization of Bim Birleşik Mağazalar A.Ş. within the framework of existing agreements, primarily those that audit, rate, or provide consulting services for BİM Birleşik Mağazalar A.Ş., or have been a member of the Board of Directors at these companies within the past five years; I have not worked as an executive manager who would have important duties and responsibilities nor have I been a member of the Board of Directors or been a shareholder (with more than 5% of shares) in the companies that BİM Birleşik Mağazalar A.Ş. purchases significant amounts of products and services from or sells significant amounts of products and services to.

c) I have the professional education, knowledge, and experience to carry out the duties I would assume as a result of becoming an independent member of the Board of Directors.

d) I do not work full time for any public institution or organization, except any academic membership at any university (on the condition that it is compliant with the related legislation),

e) I have strong ethical standards, professional reputation, and experience that would enable me to make positive contributions to the operations of BİM Birleşik Mağazalar A.Ş., enabling me to maintain impartiality during times of conflicts of interest between the Company and shareholders, and to decide independently by taking the rights of the beneficiaries into consideration.

f) I shall devote sufficient time for the activities of BİM Birleşik Mağazalar A.Ş. to follow the operations of BİM Birleşik Mağazalar A.Ş. and to fully carry out the duties I would assume.

g) I have not been a member of the Board of Directors of Bim Birleşik Mağazalar A.Ş. for more than six years in total within the last decade,

h) I have not been an independent member of the Board of Directors in Bim Birleşik Mağazalar A.Ş. or in more than three of the companies controlled by the shareholders who control the management of Bim Birleşik Mağazalar A.Ş. and in more than five of the publicly traded companies in total,

i) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors.

Kind regards,



**Paul Michael FOLEY**



# Corporate Governance Principles Compliance Report

## DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Capital Markets Board of Turkey requires a declaration from all listed companies on the Borsa Istanbul A.Ş. regarding their compliance with the Corporate Governance Principles. In case of non-compliance, the companies are obliged to state the necessary explanations in their Corporate Governance Principles Compliance Report.

In this regard, we declare that all mandatory recommendations of the Corporate Governance Principles Serial: II-17.1, published on January 03, 2014, by the Capital Markets Board of Turkey, has been complied with. Regarding non-mandatory recommendations, we have continued to act in accordance with these. The company will strive to improve any deficiencies and continue its efforts to increase compliance level under changing circumstances. The issues that do not comply with the Corporate Governance Principles are listed below, and there are no conflicts of interest arising from related issues.

There is no provision in the Articles of Association concerning the General Assembly meetings to be held open to public. The participants of the General Assembly Meetings are defined in accordance with the General Assembly Internal Directive. Participation requests of others will be evaluated and responded by the Chairmanship of the meeting.

Articles of Association include a provision stipulating that minority rights are to be respected in compliance with the Capital Markets Law and the regulations of the Capital Markets Board. Accordingly, no less than one-twentieth of the legally applicable capital was assigned for minority rights. No applications were made or no conflict of interest took place in this regard.

There is no provision in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chairman of the Executive Committee. In the current organizational structure of the company, the Chairman of the Board of Directors performs at the same time the duties of the Chairman of the Executive Committee. This issue and its justification were publicly disclosed on 05.05.2020 via material disclosure. To make the company's decision-making processes faster and efficient, and to foster a more dynamic organizational structure, it has been preferred to have the same person holding both positions.

There are no female members in the Board of Directors and there is no policy established regarding this issue.

In accordance with the structuring of the Board of Directors, some members can hold positions in multiple committees.

Pursuant to the Corporate Governance Principles, the total amount of the remuneration paid to the members of the Board of Directors and executive managers and all other granted benefits are publicly announced in the annual report. However, these announcements are not made on an individual basis.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The Company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					



# Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			In accordance with the Internal Directive on the Working Principles and Procedures of the General Assembly, the shareholders who are registered to the list of attendants or their representatives, Board Members, auditor, the Ministry representative and the persons to be elected or appointed to the presiding chair, are nominated to the Board of Directors, Members of the Executive Committee of the Company, those with responsibilities in the agenda, other company managers and employees invited to the meeting, voice and video reception officers, officers who provide services for Electronic General Assembly (EGKS) and other guests can join the meeting. On the other hand, if the stakeholders who are not included in the related directive wish to participate in the General Meeting, the relevant demand is evaluated by the presidency and usually accepted. No any negativity detected regarding this issue.
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The Company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Articles of Association include a provision stipulating that the minority rights are to be used in compliance with the regulations of the Capital Markets Law and Capital Markets Board. Accordingly, no less than one twentieth of the capital was assigned for minority rights. There is not any proposal regarding this issue and no any conflict of interest detected. The Company does not have any short term plan to take action for this issue.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the corporate website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1. - The corporate website includes all elements listed in Corporate Governance Principle 2.1.1.	X					Due to the fact that the offering circular prepared for IPO in 2005, has been out of date, it does not appear on the website.
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					



# Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1.4 - The corporate website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The Board of Directors ensures that the annual report represents a true and complete view of the Company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					Since the Company has not received any services in such areas as investment advisory and rating companies, the annual report does not contain any relevant issues.
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the corporate website.		X				Although no specific policies and procedures have been set up for stakeholders to exercise their rights, the Company's corporate website contains e-mail addresses and phone numbers for all stakeholders to contact. In addition, it is aimed to inform all stakeholders through press releases, annual report, website, investor relations activities, social media within the scope of information policy.
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.		X				The Company's general communication tools are used to inform the Company about illegal and unethical transactions by stakeholders. No specific mechanism has been established for this. The Company has a plan to implement a Whistleblowing Policy and Ethic Line in the very near future.
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Although the Company does not have a specific regulation for the participation of the employees in the management and decision-making mechanisms, it is encouraged by the company management that the employees express their opinions and requests in the way they want while giving the necessary authorities and responsibilities within the team they are in.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		X				Stakeholders' opinions are taken in important decisions that may have consequences for stakeholders. However, methods such as surveys etc. are not applied.
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The Company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				Although there is no succession planning approved for key management positions, the appointment of personnel from internal sources to strategic positions is one of the Company's priorities. As of today, a large part of the management team consists of employees who have started their careers at BiM or have been working at the Company since their establishment and have been promoted because of their performances.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The Company has a policy on human resources development, and organises trainings for employees.		X				Although the Company does not have a written and approved human resources development policy, additional trainings are provided like orientation trainings, occupational information trainings, occupational health and safety trainings and specialized cadres who can enable them to train and develop themselves professionally.



# Corporate Governance Principles

## Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				The decisions that affect the employees are reported directly to the employees as soon as possible.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The Company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The Company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The Company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The Company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of the Directors has adopted a code of ethics, disclosed on the corporate website.		X				The ethical rules are stated in the personnel and other internal regulations. Since no any separate document was established for this, it is not published on the corporate website.
3.5.2 - The Company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the Board of Directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X					
4.2.3 - The Board has ensured the Company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					



# Corporate Governance Principles

## Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			There is no issue in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chairman of the Executive Committee. In the current organizational structure of the company, the Chairman of the Board of Directors performs the duties of the Chairman of the Executive Committee. This issue and its justification was publicly disclosed on the 5 <sup>th</sup> of May 2020 via disclosure of material matters. In order to make the company's decision-making processes more efficient, and to foster a more dynamic organizational structure, it has been preferred to have the same person holding both positions.
4.2.7 - The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The Company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Although there is insurance for Board Members, the guarantee of insurance does not exceed 25% of the capital.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There are no female members in the Board of Directors and there is no policy established regarding this issue. No any conflict of interest detected.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each Board Member attended the majority of the board meetings in person.		X				Due to travel restrictions imposed by pandemic conditions, some meetings in 2020 were held online.
4.4.2 - The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all Board Members.	X					
4.4.3 - The opinions of Board Members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	
4.4.4 - Each Board Member has one vote.	X					
4.4.5 - The Board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of Board Members. Shareholders are informed of Board Members' external commitments at the General Shareholders' Meeting.		X				Although the duties of the members of the Board of Directors outside the Company are not bound to a certain rule, detailed resumes of the members and the duties they receive outside the Company are presented to the shareholders through annual report at the general assembly.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board Members serve in only one of the Board's committees.			X			In accordance with the structure of the Board of Directors of our company, some of the members of the Board of Directors may be present in more than one committee. No conflict of interest was detected. The Company has no plans to increase the number of Board Members in the short term.
4.5.6 - Committees have invited participants to the meetings as deemed necessary to obtain their views.	X					



# Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	X					Consultancy service received from an independent consultancy firm in the area of sustainability and the independency of the provider is stated in the annual report.
4.5.8 - Minutes of all committee meetings are kept and reported to Board Members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				Although there is no mechanism for the performance evaluation of the Board of Directors, the effectiveness of the Board of Directors are evaluated from time to time.
4.6.4 - The Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of Board Members and executives is disclosed in the annual report.			X			Pursuant to the Corporate Governance Principles, remuneration paid to the members of the Board of Directors and executive managers and all other benefits granted, are publicly announced via annual report. However, the announcement is not made on an individual basis and the Company does not have any plans for this.

## CORPORATE GOVERNANCE INFORMATION FORM

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the Company during the year	The company participated in 3 conferences in 2020 and organized 4 investor teleconferences regarding financial results.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/832877">https://www.kap.org.tr/en/Bildirim/832877</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present Board Members in the context of Principle 1.3.9	No such transaction took place during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/en/Bildirim/820587">https://www.kap.org.tr/en/Bildirim/820587</a>
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/en/Bildirim/824417">https://www.kap.org.tr/en/Bildirim/824417</a>
The name of the section on the corporate website that demonstrates the donation policy of the Company	Investor Relations/Corporate Governance/Policies
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/431725">https://www.kap.org.tr/tr/Bildirim/431725</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	26
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Only the shareholders participated the General Assembly.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	14.78%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations/Corporate Governance/Policies
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	None
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	None



# Corporate Governance Principles Compliance Report

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the Board of Directors	The link to the related PDP general shareholder meeting notification
05/05/2020	0	86.47%	0%	86.47%	Investor Relations/ General Assembly Information	Investor Relations/ General Assembly Information	Article 9	0	<a href="https://www.kap.org.tr/en/Bildirim/842877">https://www.kap.org.tr/en/Bildirim/842877</a>

2. DISCLOSURE AND TRANSPARENCY	
<b>2.1. Corporate Website</b>	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations and About us sections
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Shareholders
List of languages for which the website is available	Turkish and English
<b>2.2. Annual Report</b>	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of Board Members	Board of Directors and Senior Management, Declaration of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Committees established within the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board of Directors and Senior Management
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Risk Management and Internal Control Functions
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	There are no significant lawsuits filed against the Company.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Such services are not received.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There are no mutual subsidiaries in which direct participation in capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources and Sustainability

3. STAKEHOLDERS	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	The Company carries out the compensation related matters within the scope of the relevant provisions of the Labor Law. Although a compensation policy has not been established in particular due to the consideration of the matters specific to the Company in accordance with the relevant law, the Company considers creating a compensation policy.
The number of definitive convictions the company was subject to in relation to breach of employee rights	53
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Related managers of the Company
The contact detail of the company alert mechanism	HQ Phones (+90 216 564 03 03), "Contact Us" section on website
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Due to internal regulations, it was preferred not to publish on the website.
Corporate bodies where employees are actually represented	Audit Committee, Corporate Governance Committee, Occupational Health and Safety Committee
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There is no succession plan.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	There is no written human resources policy. In-house regulations including personnel recruitment criteria are not published on the website in accordance with the Company policy.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	None
The number of definitive convictions the company is subject to in relation to health and safety measures	2
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	The Company's Code of Ethics and other internal regulations are not published on the website.
The name of the section on the corporate website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	There is no corporate social responsibility report. Environmental and corporate governance issues are included in the Corporate Governance / Social Responsibility and Donations Within the Year section of the Company's Annual Report.
Any measures combating any kind of corruption including embezzlement and bribery	Internal policies and procedures, management oversight, control practices and effective functioning of the internal audit mechanism are among the measures taken.



# Corporate Governance Principles

## Compliance Report

4. BOARD OF DIRECTORS-I	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	Evaluated from time to time
Whether the board evaluation was externally facilitated	No
Whether all Board Members released from their duties at the GSM	Yes
Name(s) of the Board Member(s) with specific delegated duties and authorities, and descriptions of such duties	Mustafa Latif Topbaş was authorized as Chairman, and P.K. Merali as Vice Chairman.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	10
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management an Internal Control Functions
Name of the Chairman	Mustafa Latif Topbaş
Name of the CEO	Mustafa Latif Topbaş - Chairman of the Executive Committee
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	<a href="https://www.kap.org.tr/en/Bildirim/842883">https://www.kap.org.tr/en/Bildirim/842883</a>
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Although Board Members are insured, the amount is not exceeding 25% of the company's capital. This is not stated publicly, since its not mandatory to make such a statement.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	0

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to the Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has At Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Mustafa Latif Topbaş	Executive	Not independent director	05/05/1995		Not applicable	Not applicable	Not applicable
Mahmud P. Merali	Non-executive	Not independent director	04/04/2006		Not applicable	Not applicable	Not applicable
Ömer Hulusi Topbaş	Non-executive	Not independent director	01/06/2005		Not applicable	Not applicable	Not applicable
Jozef Wilhelmus Johannes SIMONS	Non-executive	Not independent director	30/04/2008		Not applicable	Not applicable	Not applicable
Ahmet Akça	Non-executive	Independent director	25/04/2018	<a href="https://www.kap.org.tr/en/Bildirim/832880">https://www.kap.org.tr/en/Bildirim/832880</a>	Considered	No	Yes
Paul Michael Foley	Non-executive	Independent director	21/05/2019	<a href="https://www.kap.org.tr/en/Bildirim/832880">https://www.kap.org.tr/en/Bildirim/832880</a>	Considered	No	No

4. BOARD OF DIRECTORS-II	
<b>4.4. Meeting Procedures of the Board of Directors</b>	
Number of physical board meetings in the reporting period (meetings in person)	2
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7 days
The name of the section on the corporate website that demonstrates information about the board charter	Investor relations/Corporate Governance/ Articles of Association
Number of maximum external commitments for Board Members as per the policy covering the number of external duties held by directors	There is none such policy.
<b>4.5. Board Committees</b>	
Page numbers or section names of the annual report where information about the board committees are presented	Committees established within the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/tr/Bildirim/206977">https://www.kap.org.tr/tr/Bildirim/206977</a> ; <a href="https://www.kap.org.tr/tr/Bildirim/353650">https://www.kap.org.tr/tr/Bildirim/353650</a>

Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" In the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Ahmet Akça	Yes	Board Member
Audit Committee	-	Paul Michael Foley	No	Board Member
Corporate Governance Committee	-	Paul Michael Foley	Yes	Board Member
Corporate Governance Committee	-	Mahmud Pyrali Merali	No	Board Member
Corporate Governance Committee	-	Serkan Savaş	No	Not Board Member
Committee of Early Detection of Risk	-	Paul Michael Foley	Yes	Board Member
Committee of Early Detection of Risk	-	Mahmut Pyrali Merali	No	Board Member



# Corporate Governance Principles Compliance Report

<b>4. BOARD OF DIRECTORS-III</b>	
<b>4.5. Board Committees-II</b>	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report - Committees Established Within the Board of Directors, Website - Investor Relations/Corporate Governance / Board Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report - Committees Established Within the Board of Directors, Website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee fulfills the duties of the nominating committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report - Committees Established Within the Board of Directors, Website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee fulfills the duties of the Remuneration Committee.
<b>4.6. Financial Rights</b>	
the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Future Expectations and Realizations
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations/Corporate Governance/ Policies/Remuneration Policy
Specify where the individual remuneration for Board Members and senior executives are presented in your annual report (Page number or section name in the annual report)	Board of Directors and Executive Management

<b>Composition of Board Committees-II</b>					
<b>Names of the Board Committees</b>	<b>Name of committees defined as "Other" in the first column</b>	<b>The Percentage of Non-executive Directors</b>	<b>The Percentage of Independent Directors in the Committee</b>	<b>The Number of Meetings Held in Person</b>	<b>The Number of Reports on its Activities Submitted to the Board</b>
Audit Committee	-	100%	100%	5	4
Corporate Governance Committee	-	66.66%	33.33%	2	2
Committee of Early Detection of Risk	-	100%	50%	5	5

# Statement of Responsibility of the Annual Report and Consolidated Financial Statements

RESOLUTION OF THE BOARD ON THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS  
RESOLUTION DATE: 8 March 2021  
RESOLUTION NUMBER: 870/21

STATEMENT OF RESPONSIBILITY  
AS PER THE 9<sup>TH</sup> ARTICLE OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE NO.14.1 SERIES: II

Our consolidated financial statements and related footnotes, and the consolidated annual report issued for the accounting period between the 1<sup>st</sup> of January and the 31<sup>st</sup> of December 2020, as per the Capital Markets Board's (CMB) "Communiqué II-14.1. (Communiqué) on the Principles of Financial Reporting in Capital Markets";

- Were reviewed by us and them;
- Do not include any statements about any material matters that would be contrary to facts and do not have any imperfections that could be misleading as of the date the statement was made, within the framework of the information we have obtained in our area of duty and responsibility at our company; and
- The consolidated financial statements, issued in accordance with the applicable financial reporting standards, truly reflect the facts about the Company's assets, liabilities, financial situation, and profit and loss and that the annual report truly reflects the progress of the business, the performance of the Company, the consolidated financial situation of the Company, significant risks and uncertainties the Company faces, within the framework of the information we have obtained in our area of duty and responsibility at our company,

We hereby declare the above-mentioned matters.

Respectfully,

BİM Birleşik Mağazalar A.Ş.



# Convenience Translation into English of Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish

To the Shareholders of BİM Birleşik Mağazalar Anonim Şirketi Company

## 1) Opinion

We have audited the annual report of BİM Birleşik Mağazalar Anonim Şirketi Company ("the Company") and its subsidiaries ("the Group") for the period of 1 January 2020-31 December 2020.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

## 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 8 March 2021 on the full set consolidated financial statements of the Group for the period of 1 January 2020-31 December 2020.

## 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

Güven, Etik ve Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
Ernst & Young Global Limited



8 March 2021  
İstanbul, Türkiye

# BİM BİRLEŞİK MAĞAZALAR A.Ş. Convenience Translation into English of Consolidated Financial Statements for the Period 1 January - 31 December 2020 Together with Auditor's Report



**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of BİM Birleşik Mağazalar Anonim Şirketi

**A) Report on the Audit of the Consolidated Financial Statements**

**1) Opinion**

We have audited the consolidated financial statements of BİM Birleşik Mağazalar Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

**2) Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). 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 are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Other Matter**

The consolidated financial statement of the Group, prepared in accordance with Turkish Financial Reporting Standards (TFRS), as of December 31, 2019 were audited by another audit firm whose independent auditor's report thereon dated March 4, 2020 expressed an unqualified opinion.

**4) Key Audit Matters**

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

**Key audit matters**

**How our audit addressed the key audit matter**

**Application of TFRS 16, "Leases," its impacts on the consolidated financial statements and notes to the consolidated financial statements**

The application of the standard resulted in the recognition of right of use assets amounting to TRY 5.398.800 thousand and increase in financial lease liabilities amounting to TRY 5.961.885 thousand.

The audit procedures performed in relation to the application of TFRS 16 include a combination of validation of key controls in leasing process and substantive tests.

The amounts recognized as a result of the adoption of TFRS 16 are significant for the consolidated financial statements and the determination of the accounting policy requires the assessment of the Group management. In addition, the measurement of the right of use assets and financial lease liabilities are based on significant estimates and assumptions of the management. The substantial part of these estimates are interest rates used to discount cash flows and assessment of options to extend or terminate lease contracts.

The completeness of the contract lists obtained from the Group management is evaluated. It is evaluated whether the contracts defined as lease contracts are within the scope of TFRS 16.

The right of use assets and related financial lease liabilities recognized in the consolidated financial statements are recalculated by using rates such as interest rate, rent increase rate etc. for the selected lease contracts that are in scope of TFRS 16.

Therefore, the impacts of the first time adoption of TFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit.

The lease contracts used in the calculation of right of use assets and financial lease liabilities are selected on a sample basis and the compliance of the discount rates, term of the lease contracts and the assessment of the extension options applied if such options exist with the provision of the contract are tested.

Explanations regarding TFRS 16 are made in Notes 6 and 12.

The disclosures in the consolidated financial statements in relation to the application of TFRS 16 is tested and the adequacy of such disclosures are evaluated.



## Key audit matters

### Revenue recognition

The Group operates in hard discount retail markets on domestic and abroad with 9,365 stores in total as of 31 December 2020.

In addition to being the most important financial statement line item for the retail industry, revenue is one of the most important criteria for evaluation of performance and results of strategies applied by the management.

Revenue, amounting to TRY 55.495.364 thousand for the year ended 31 December 2020 is material to the financial statements and its audit is a key audit matter since the completeness and accuracy of revenue transactions are difficult to audit due to the high volume of transactions, due to number of stores and the high number of sales points.

Explanations regarding Revenue are made in Notes 18.

## How our audit addressed the key audit matter

The audit procedures performed include a combination of validation of key controls in revenue recognition process, substantive tests and analytical procedures.

The revenue recognition process was understood by way of inquiries with the process owners and the design effectiveness, implementation and operating effectiveness of key controls were evaluated with the support of our experts in Information Technology ("IT").

Access to programs, program changes and program development controls were tested by our IT experts.

The controls of accounting entry of sales data to make sure that it can only be performed by the approval of accounting department, automatic transfers of sales data to accounting system, sales prices to cashboxes and sales transactions of stores to the accounting system at the end of the day were tested to make sure that pricing and invoicing of revenue are complete and accurate.

Testing on a sample basis was performed for recognition of daily transfers made to the cash boxes.

Substantive analytical procedures were performed in order to assess the variance in revenue. Annual inflation rate used in the analytics was obtained from independent sources, the square meters were tested by tracing to documents of stores on a sample basis. Thus, the reliability of data used was validated. Product and category based sales and gross margins were compared to prior periods and their consistency was evaluated.

## 5) 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 TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## 6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism 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.

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

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

#### B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 8, 2021.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2020 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Kaan Birdal, SMMM  
Partner

8 March 2021  
İstanbul, Türkiye

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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Consolidated Balance Sheets for the Years Ended December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### ASSETS

	Notes	Audited December 31, 2020	Audited December 31, 2019
<b>Current assets</b>		<b>11.135.793</b>	<b>5.806.245</b>
<b>Cash and cash equivalents</b>	<b>4</b>	<b>1.112.693</b>	<b>1.158.847</b>
<b>Financial investments</b>	<b>5</b>	<b>2.663.781</b>	<b>537.591</b>
<b>Trade receivables</b>		<b>2.615.234</b>	<b>1.433.320</b>
- Trade receivables from third parties	7	2.615.234	1.433.320
<b>Other receivables</b>	<b>8</b>	<b>13.554</b>	<b>17.348</b>
- Other receivables from related parties		233	169
- Other receivables from third parties		13.321	17.179
<b>Inventory</b>	<b>9</b>	<b>4.228.394</b>	<b>2.368.527</b>
<b>Prepaid expenses</b>	<b>14</b>	<b>395.512</b>	<b>219.210</b>
<b>Other current assets</b>	<b>16</b>	<b>106.625</b>	<b>71.402</b>
<b>Non-current assets</b>		<b>12.294.499</b>	<b>9.046.025</b>
<b>Financial investments</b>	<b>5</b>	<b>523.420</b>	<b>622.760</b>
<b>Other receivables</b>		<b>9.775</b>	<b>7.039</b>
- Other receivables from third parties		9.775	7.039
<b>Property, plant and equipment</b>	<b>10</b>	<b>6.230.953</b>	<b>4.329.172</b>
<b>Intangible assets</b>	<b>11</b>	<b>43.461</b>	<b>38.420</b>
<b>The right of use assets</b>	<b>12</b>	<b>5.398.800</b>	<b>4.010.948</b>
<b>Prepaid expenses</b>	<b>14</b>	<b>61.103</b>	<b>27.800</b>
<b>Deferred tax assets</b>	<b>25</b>	<b>26.987</b>	<b>9.886</b>
<b>Total assets</b>		<b>23.430.292</b>	<b>14.852.270</b>

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

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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Consolidated Balance Sheets for the Years Ended December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### LIABILITIES

	Notes	Audited December 31, 2020	Audited December 31, 2019
<b>Current liabilities</b>		<b>11.020.795</b>	<b>6.998.109</b>
<b>Short-term liabilities</b>	<b>6</b>	<b>1.377.627</b>	<b>1.031.688</b>
- Bank loans		131.421	47.330
- Lease liabilities		1.246.206	984.358
<b>Trade payables</b>		<b>8.894.471</b>	<b>5.559.439</b>
- Trade payables due to related parties	27	804.124	557.473
- Trade payables due to third parties	7	8.090.347	5.001.966
<b>Other payables</b>		<b>246</b>	<b>166</b>
- Other payables due to third parties		246	166
<b>Deferred income</b>	<b>14</b>	<b>44.407</b>	<b>18.193</b>
<b>Payables related to employee benefits</b>		<b>74.606</b>	<b>57.029</b>
<b>Short term provisions</b>		<b>87.339</b>	<b>72.245</b>
- Provision for employee benefits	13	41.533	24.507
- Other short-term provisions	13	45.806	47.738
<b>Current income tax liabilities</b>	<b>25</b>	<b>243.713</b>	<b>103.986</b>
<b>Other current liabilities</b>	<b>16</b>	<b>298.386</b>	<b>155.363</b>
<b>Non-current liabilities</b>		<b>5.233.810</b>	<b>3.616.871</b>
<b>Long - term liabilities</b>	<b>6</b>	<b>4.715.679</b>	<b>3.280.209</b>
- Lease liabilities		4.715.679	3.280.209
<b>Non - current provisions</b>		<b>241.859</b>	<b>180.114</b>
- Provision for employee benefits	15	241.859	180.114
<b>Deferred tax liabilities</b>	<b>25</b>	<b>276.272</b>	<b>156.548</b>
<b>Equity</b>		<b>7.175.687</b>	<b>4.237.290</b>
<b>Equity holders of the parent company</b>		<b>7.175.687</b>	<b>4.237.290</b>
<b>Paid-in share capital</b>	<b>17</b>	<b>607.200</b>	<b>607.200</b>
<b>Treasury Shares</b>	<b>17</b>	<b>(374.708)</b>	<b>-</b>
<b>Other comprehensive income/(expense) not to be reclassified to profit or loss</b>		<b>1.906.697</b>	<b>981.646</b>
- Property and equipment revaluation fund	10,17	1.711.884	785.683
- Actuarial loss on defined benefit plans		(152.820)	(117.556)
- Fair value changes in available-for-sale financial assets		347.633	313.519
<b>Other comprehensive income/(expense) to be reclassified to profit or loss</b>		<b>134.177</b>	<b>68.101</b>
- Foreign currency translation differences		134.177	68.101
<b>Restricted reserves</b>		<b>893.850</b>	<b>431.098</b>
<b>Retained earnings</b>		<b>1.401.656</b>	<b>924.368</b>
<b>Net income for the period</b>		<b>2.606.815</b>	<b>1.224.877</b>
<b>Total liabilities</b>		<b>23.430.292</b>	<b>14.852.270</b>

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



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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Consolidated Statement of Comprehensive Income for the Years Ended December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Audited January 1- December 31, 2020	Audited January 1- December 31, 2019
<b>PROFIT OR LOSS</b>			
Revenue	18	55.495.364	40.211.942
Cost of sales(-)	18	(45.374.131)	(33.226.484)
<b>GROSS PROFIT</b>		<b>10.121.233</b>	<b>6.985.458</b>
Marketing expenses (-)	19	(5.608.409)	(4.278.730)
General administrative expenses (-)	19	(815.913)	(640.439)
Other operating income	21	109.085	73.808
Other operating expense (-)	21	(20.440)	(18.034)
<b>OPERATING PROFIT</b>		<b>3.785.556</b>	<b>2.122.063</b>
Income from investing activities	24	139.056	115.150
Expense from investing activities	24	(5.266)	(3.423)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>3.919.346</b>	<b>2.233.790</b>
Financial income	22	260.721	20.623
Financial expense (-)	23	(828.409)	(663.539)
<b>PROFIT BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>3.351.658</b>	<b>1.590.874</b>
- Current tax expense	25	(801.238)	(424.831)
- Deferred tax income	25	56.395	58.834
<b>PROFIT FROM CONTINUED OPERATIONS</b>		<b>2.606.815</b>	<b>1.224.877</b>
<b>NET INCOME FOR THE PERIOD</b>		<b>2.606.815</b>	<b>1.224.877</b>
<b>Profit for the period attributable to</b>			
Non-controlling interests		-	-
Equity holders of the parent		2.606.815	1.224.877
<b>Earnings per share</b>			
Earnings per share from continued operations (Full TRY)	26	4,31	2,04
Earnings per share from discontinued operations		-	-
<b>Other comprehensive gain/(loss)</b>			
<b>Items not to be reclassified to profit/(loss)</b>			
Losses on remeasurements of defined benefit plans, net		(35.264)	(27.392)
Gain/(losses) on revaluation of property, plant and equipment, net		926.201	-
Gains on revaluation of availablefor sale financial assets, net		52.877	129.912
<b>Items to be reclassified to profit /(loss):</b>		<b>66.076</b>	<b>27.076</b>
Currency translation difference		66.076	27.076
<b>Other comprehensive income/(loss)</b>			
<b>Total comprehensive income</b>		<b>3.616.705</b>	<b>1.354.473</b>
<b>Total comprehensive income attributable to</b>			
Non-controlling interests		-	-
Equity holders of the parent		3.616.705	1.354.473

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

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

## BİM BİRLEŞİK MAĞAZALAR A.Ş.

### Consolidated Statement of Changes in Shareholders' Equity for the Years Ended December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Audited		Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss		Retained earnings		Net income for the period	Total Equity
	Paid-in share capital	Treasury shares	Restricted reserves	Fair value changes in available-for-sale financial assets	Property, plant and equipment revaluation fund	Actuarial loss on defined benefit plans	Foreign currency translation differences	Retained earnings		
<b>Balance at January 1, 2019</b>	303.600	(235.729)	571.193	183.607	785.683	(90.164)	41.025	702.337	1.250.464	3.512.016
Transfers	-	-	95.634	-	-	-	-	1.154.830	(1.250.464)	-
Increase/decrease due to acquisition of treasury shares	-	-	(235.729)	-	-	-	-	337.740	-	337.740
Dividend paid (Note 17)	-	-	(235.729)	-	-	-	-	(966.939)	-	(966.939)
Capital increase (Note 17)	303.600	-	-	-	-	-	-	(303.600)	-	-
Total comprehensive income	-	-	-	129.912	-	(27.392)	27.076	-	1.224.877	1.354.473
<b>Balance at December 31, 2019</b>	<b>607.200</b>	<b>-</b>	<b>431.098</b>	<b>313.519</b>	<b>785.683</b>	<b>(117.556)</b>	<b>68.101</b>	<b>924.368</b>	<b>1.224.877</b>	<b>4.237.290</b>
<b>Balance at January 1, 2020</b>	<b>607.200</b>	<b>-</b>	<b>431.098</b>	<b>313.519</b>	<b>785.683</b>	<b>(117.556)</b>	<b>68.101</b>	<b>924.368</b>	<b>1.224.877</b>	<b>4.237.290</b>
Transfers	-	-	462.752	-	-	-	-	762.125	(1.224.877)	-
Increase/decrease due to acquisition of treasury shares	-	(374.708)	-	-	-	-	-	-	-	(374.708)
Other (Note 5)	-	-	-	(18.763)	-	-	-	18.763	-	-
Dividend paid (Note 17)	-	-	-	-	-	-	-	(303.600)	-	(303.600)
Total comprehensive income	-	-	-	52.877	926.201	(35.264)	66.076	-	2.606.815	3.616.705
<b>Balance at December 31, 2020</b>	<b>607.200</b>	<b>(374.708)</b>	<b>893.850</b>	<b>347.633</b>	<b>1.711.884</b>	<b>(152.820)</b>	<b>134.177</b>	<b>1.401.656</b>	<b>2.606.815</b>	<b>7.175.687</b>

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



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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Consolidated Statement of Cash Flows for the Years Ended December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Audited January 1- December 31, 2020	Audited January 1- December 31, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>4.743.926</b>	<b>3.384.491</b>
<b>Adjustments to reconcile profit for the period</b>		<b>2.606.815</b>	<b>1.224.877</b>
<b>Depreciation and amortization</b>		<b>2.516.447</b>	<b>1.986.080</b>
Depreciation and amortization	10,11,12	1.370.073	1.082.616
Provisions for impairments		6.434	3.951
- Provisions for impairments of inventories	9	6.248	2.509
- Allowance for doubtful receivables	8	186	1.442
Adjustments related to provisions		96.672	81.477
- Adjustments related to provision for employment termination benefits	13,15	98.604	73.576
- Adjustments related to the legal provisions	13	2.066	7.316
- Adjustments related to other provisions	13	(3.998)	585
Adjustments related to financial income and expense		617.349	576.429
- Adjustments related to financial expenses	23	708.446	633.939
- Adjustments related to deferred financial expense from future purchases.		(91.097)	(57.510)
Adjustments related to the financing income and other financial instruments		(303.726)	(124.249)
Adjustments for tax expense	25	744.843	365.997
Gain/(loss) on sale of property and equipment	24	5.266	3.423
Fair value losses/(gains) related to fixed assets	10	2.341	-
Other adjustments related to cash flows arising from investing and financing activities		(788)	(2.858)
Adjustments related to gain/(loss)		(22.017)	(706)
<b>Changes in net working capital</b>		<b>322.888</b>	<b>609.082</b>
Increases/decreases in inventories		(1.866.115)	(273.142)
Increases/decreases in trade receivables		(1.182.100)	(273.718)
Increases/decreases in other assets		872	7.575
Increases/decreases in trade payables		3.426.129	1.100.810
Increases/decreases in other payables		80	69
Increases/decreases other net working capital		(55.978)	47.488
<b>Net cash generated from operating activities</b>		<b>5.446.150</b>	<b>3.820.039</b>
Income taxes paid	25	(662.951)	(403.719)
Other cash inflow/outflow		8	-
Employee benefits paid	15	(39.281)	(31.829)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash inflows for sale of shares or debt instruments of other businesses or funds</b>		<b>(2.974.291)</b>	<b>(1.150.253)</b>
Cash inflows for sale of shares or debt instruments of other businesses or funds	5	155.000	-
Cash outflows for acquisition of shares or debt instruments of other businesses or funds		-	(130.945)
Proceeds from sale of tangible and intangible assets		17.203	27.354
Cash outflows from purchases of tangible and intangible assets	10,11	(1.298.275)	(1.082.649)
- Purchases of tangible assets		(1.282.701)	(1.074.812)
- Purchases of intangible assets		(15.574)	(7.837)
Cash inflows from participation (profit) share and other financial instruments		841.317	105.429
Cash outflows from participation (profit) share and other financial instruments		(2.663.781)	(76.460)
Cash advances given and liabilities		(26.543)	4.160
Dividends received	24	788	2.858
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows from financial liabilities</b>		<b>(1.822.137)</b>	<b>(1.615.566)</b>
Cash inflows from financial liabilities	6	84.091	9.477
Cash outflows from payments of rent agreements		(1.227.920)	(1.024.616)
Dividend paid	17	(303.600)	(966.939)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments	17	(374.708)	366.512
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>(52.502)</b>	<b>618.672</b>
<b>D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>10.398</b>	<b>(11.083)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(42.104)</b>	<b>607.589</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>4</b>	<b>1.154.508</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)</b>		<b>4</b>	<b>1.112.404</b>

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

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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### 1. ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

BİM Birleşik Mağazalar Anonim Şirketi ("BİM" or "the Company") was established on 31 May 1995 and commenced its operations in September 1995. The registered address of the Group is Ebubekir Cad. No: 73 Sancaktepe, İstanbul.

The Company is engaged in operating retail stores through its retail shops throughout Turkey, which sell an assortment of approximately 800 items, including a number of private labels. The Company is publicly traded in Istanbul Stock Exchange (ISE) since July 2005.

The Company established a new company named BIM Stores SARL on 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 July 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of December 31, 2020.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of December 31, 2020.

GDP Gıda Paketleme ve Sanayi ve Ticaret A.Ş. ("GDP Gıda"), which is a 100% subsidiary to provide the supply and packaging of various foodstuffs, especially rice and pulses became a legal entity and started its activities with the completion of the registration procedures in 2017. GDP Gıda financial statements are consolidated by using the full consolidation method as of December 31, 2020.

Dost Global Danışmanlık A.Ş. ("Dost Global"), which is a 100% subsidiary to reach a more efficient organizational structure within the scope of the foreign investments of the Company was founded 8 January 2020. Dost Global financial statements are consolidated by using the full consolidation method as of December 31, 2020.

Hereinafter, the Company and its consolidated subsidiaries together will be referred to as "the Group".

#### Approval of consolidated financial statements:

Shareholder structure of the Group is stated in Note 17. Board of Directors has approved the financial statements and delegated authority for publishing it on March 8, 2021.

Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issues.

For the periods ended December 31, 2020 and 2019, the period-end number of employees in accordance with their categories is shown below:

	31 December 2020	31 December 2019
Office personnel	3.449	3.611
Warehouse personnel	5.958	4.837
Store personnel	51.256	43.317
<b>Total</b>	<b>60.663</b>	<b>51.765</b>

As of December 31, 2020, the Group operates in 9.365 stores (December 31, 2019: 8.438).

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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

The consolidated financial statements are presented in accordance with formats that are determined in "Announcement regarding TAS Taxonomy" and "Financial Statement Examples and Instructions" by Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") on April 15, 2019.

#### *Going concern assumption*

The consolidated financial statements including the accounts of the Group have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

#### 2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TIFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

#### *i) The new standards, amendments and interpretations which are effective as of January 1, 2020 are as follows:*

##### *Definition of a Business (Amendments to TFRS 3)*

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendment are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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### Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments did not have a significant impact on the financial position or performance of the Group.

#### *Definition of Material (Amendments to TAS 1 and TAS 8)*

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

#### *Amendments to TFRS 16 – Covid-19 Rent Related Concessions*

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after June 1, 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

#### *ii) Standards issued but not yet effective and not yet adopted*

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.



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### IFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

### IFRS 17 - The new Standard for insurance contracts

The POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

### Amendments to TAS 1 - Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

### Amendments to IFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018). The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

### Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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### Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

### Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted and must be disclosed.

### Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

### Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

### Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

### Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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### Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- **TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:** The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- **TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities:** The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- **TAS 41 Agriculture – Taxation in fair value measurements:** The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

### 2.3. Statement of compliance to TAS

The Group prepared its consolidated financial statements for the period ended December 31, 2020 in accordance with the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including the mandatory disclosures.

### 2.4. Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. The functional currency of the Company's subsidiary, BIM Stores SARL, is Moroccan Dirham ("MAD").

In the consolidated financial statements, MAD amounts presented in the balance sheet are translated into Turkish Lira at the TRY exchange rate for purchases of MAD at the balance sheet date, TRY 1 = MAD 1,1967 amounts in the statement of comprehensive income have been translated into TRY, at the average TRY exchange rate for purchases of MAD, is TRY 1 = MAD 1,3508 Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The functional currency of the Company's other subsidiary, BIM Stores LLC is Egyptian Pound ("EGP"). In the consolidated financial statements, EGP amounts presented in the balance sheet and in the statement of comprehensive income are translated into Turkish Lira at the TRY exchange rate for purchase of EGP at the balance sheet date, TRY 1 = EGP 2,1182, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 2,2336 . Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BIM and its subsidiaries prepared for the period ended December 31, 2020. Subsidiaries are consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BIM and the subsidiaries with 100% control.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity.

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### 2.5 Comparatives and restatement of prior periods' financial statements

Intercompany balances and transactions between BIM and its subsidiaries, including unrealized intercompany profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

In order to determine the financial position and performance trends, the Group's consolidated financial statements for the current period are prepared in comparison with the previous period. Comparative information is reclassified as necessary to ensure compliance with the presentation of the consolidated financial statements for the current period.

As of December 31, 2019, TL 321.295, shown in the current period tax-related assets in the financial position statement, is classified as a period profit tax liability in relation to the tax liability for the period, deducting prepaid taxes on taxes received on income under TAS 12.

As of December 31, 2019, the impact of the classification in the financial position statement is as follows:

	Previously reported	Effect of Reclassification	Reclassified
Current Income Tax Assets	321.295	(321.295)	-
Current Income Tax Liabilities	425.281	321.295	103.986

### Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

### Accounting estimates

The preparation of financial statements in accordance with TAS require the Group management to make estimates and assumptions that affect certain reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in income statement in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property, plant and equipment and intangibles , determination of the interest rates used to discount cashflows and the lease period used in the calculation of the right of use of assets and lease liabilities, provision for income taxes.

### 2.6 Changes in accounting policies

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.



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### 2.7 Summary of significant accounting policies

#### Revenue recognition

Revenue is recognized on accrual basis over the amount obtained or the current value of the amount to be obtained when the delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is reasonably assured. Revenue is recognized when customers obtain control of the goods. The cycle of control takes place at a certain time of time. Net sales represent the invoiced value of goods less any sales returns. Retail sales are done generally with cash or credit cards and the control is transferred to customers at the same time and revenue is recognized at the time of sale.

#### Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- Identification of contracts with customers,
- Definition of performance obligations in contracts,
- Determination of transaction price in contracts,
- Distribution of transaction fee to performance obligations, and
- Revenue recognition.

#### Financial income

Profit shares income from participation banks are recognized in accrual basis.

#### Dividend income

Dividend income from investments. Dividend payables are recognized in the period that the profit distribution is declared.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Trade receivables

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 13 days term (December 31, 2019: 12 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice. Estimate is made for the doubtful provision when the collection of the trace receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Group has preferred to apply "simplified approach" defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

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#### Inventories

Inventories are valued at the lower of cost or net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method.

Rebates which generate from sales from ordinary operations are deducted from cost of inventories and associated with cost of sales.

Net realizable value is the estimated selling price less estimated costs necessary to realize sale.

#### Right-of-Use Assets and Lease Liabilities

The group has implemented the TFRS-16 standard since January 1, 2019.

#### Group - lessee

The Group's leases are mainly consisting of retail stores and vehicles. At inception of a contract, the Group shall assess whether the 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 for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,
- The right to direct the use of the identified asset. The Company has the right to direct the use of an identified asset throughout the period of use only if either
  - a) The Group has the right to direct how and for what purpose the asset is used throughout the period of use
  - b) the relevant decisions about how and for what purpose the asset is used are predetermined and.

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

#### Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- a) the 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
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset,

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To apply a cost model, the Company shall measure the right-of-use asset at cost:

- less any accumulated depreciation and accumulated impairment losses and
- adjusted for any remeasurement of the lease liability.

The Group shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset. The average useful lives of right-to-use assets are as follows:

	<b>Duration (Year)</b>
Buildings	10
Vehicles	4

The Company shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

### *Lease Liability*

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the financing rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group shall measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payment made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

### *Extension and early termination options*

Lease contracts are made for average 10 annual periods. The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are applicable by the Group. The Group determines the lease term by the extension of the lease, if such extension and early termination options are at the Group's discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Group.

### *Practical expedient*

The Group applied a single discount rate to a rental portfolio with similar features. Initial direct costs were not included in the measurement of the right to use at the date of initial application. If the contract includes options to extend and terminate the contract, the lease term is determined and the management's evaluations are used.

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### *Property, plant and equipment*

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. Group revaluates the amounts of their lands and buildings every 3 years unless there is a change in the circumstances. All other property and equipment is stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property are initially credited to revaluation reserve in shareholders' equity net of the related deferred tax. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property and equipment revaluation reserve directly in equity; all other decreases are charged to the income statement.

Depreciation is provided on cost or revalued amount of property and equipment except for land and construction in progress on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	<b>Duration (Years)</b>
Land improvements	5
Buildings	25
Leasehold improvements	10
Machinery and equipment	4 - 10
Vehicles	5 - 10
Furniture and fixtures	5 - 10

The economic useful life, the present value and the depreciation method are regularly reviewed for possible effects of changes in estimates, the method used and the period of depreciation are closely aligned with the economic benefits to be gained from the related asset and are recognized on a prospective basis.

When a revaluated asset is sold, revaluation reserve account is transferred to retained earnings.

### *Leasehold Improvements*

The economic useful life for special costs is in line with the average duration of the lease contracts which is 10 years.

### *Intangible assets*

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.



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Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible asset.

The Group does not have any intangible assets with indefinite useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income.

The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted. For the purposes of assessing impairment, assets are grouped by regions which are determined operationally (cash-generating units).

### Financial assets

#### Classification

The group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Financial assets measured at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Trade receivables, cash and cash equivalents, lease certificate and investment funds are classified in this category

#### Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

#### Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss consist of "financial asset", which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short run, irrespective of the reason of acquisition, and kept for trading purposes. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the consolidated statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realized or unrealized profit and losses are recognised under "income from investing income/expense".

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### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets measured at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets measured at amortized cost are subsequently carried at amortised cost using the effective interest method.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise not to be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell.

### Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset is impaired.

#### Financial assets measured at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

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If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

### Trade payables

Trade payables which generally have an average of 58 days term (December 31, 2019: 55 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

### Gift cards recognition

The gift cards that the Group sells to customers are classified under deferred income. Revenue is recognised when these gift cards are used by the customers.

### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	US Dollars/TRY (full)	EUR/TRY (full)
December 31, 2020	7,3405	9,0079
December 31, 2019	5,9402	6,6506

### Earnings per share

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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### Events after balance sheet date

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post year/period-end events that are not adjusting events are disclosed in the notes when material.

### Provisions, contingent assets and contingent liabilities

#### i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

#### ii) Contingent assets and liabilities

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the financial statements but they are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable.

### Related parties

a) A person or a close member of that person's family is related to a reporting entity if that person:

- Has control or joint control over the reporting entity,
- Has significant influence over the reporting entity, or,
- 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:

- The entity and the reporting entity are members of the same group,
- 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),
- Both entities are joint ventures of the same third party,
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- 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,
- The entity is controlled or jointly controlled by a person identified in (a),
- 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).

### Income taxes

#### Current Income Taxes and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In such case, the tax is recognized in shareholders' equity or other comprehensive income.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.



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Deferred tax liability or asset is recognized on 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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

### Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

### Employee Benefits

#### a) Defined benefit plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. As detailed in Note 15, the employee benefit liability is provided for in accordance with TAS 19 "Employee Benefits" and is based on an independent actuarial study.

Actuarial gains and losses that calculated by professional actuaries, are recognized in the actuarial gain/loss fund regarding employee termination benefits in the equity. Recognized gains and losses shall not be transferred to comprehensive statement of income in the following periods. Reserve for employee termination benefits is recognized to financial statements that calculated with the discount rate estimated by professional actuarial.

#### b) Unused vacation

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

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### 3. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Group makes strategic decisions as a whole over the operations of the Group as the Group operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in IFRS 8 and segment reporting is not applicable.

### 4. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	358.499	211.838
Banks		
- Demand deposits	352.660	108.112
- Profit share deposits	291.942	750.649
Cash in transit	109.592	88.248
	<b>1.112.693</b>	<b>1.158.847</b>
Less: Accrual for profit share	(289)	(4.339)
<b>Cash and cash equivalents for cash flow</b>	<b>1.112.404</b>	<b>1.154.508</b>

As of December 31, 2020, and 2019 there is no restricted cash. As of December 31, 2020, total profit share deposits are in TRY, US Dollars and EUR (December 31, 2019: TL) and the gross rates profit share from participation banks are 16,75% for TRY, 1,62% for US Dollars and 0,99% for EUR per annum (December 31, 2019: for TRY gross 10,89% per annum). Since the profit share deposits are not used for investment purposes by the Group, are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, profit share deposits are classified as cash and cash equivalents.

### 5. FINANCIAL ASSETS

#### a) Short-term financial assets

As of December 31, 2020 and 2019 Group's short-term financial investments, consisting out of lease certificates and real estate investment funds which are less than one-year maturity are detailed in the table below with their amortized cost value.

	December 31, 2020	December 31, 2019
Lease certificate (*)	2.147.426	478.195
Real estate investment fund	516.355	59.396
	<b>2.663.781</b>	<b>537.591</b>

(\*) As of December 31, 2020, lease certificates are denominated in TRY and the simple gross annual rate of return is 14,38% on average (December 31, 2019: TRY, gross annual 13,39%).

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### b) Long-term financial assets

Financial investments amounting to TRY 523.420 as of December 31, 2020 are detailed below (December 31, 2019: TRY 622.760).

#### i) Subsidiaries:

The details of subsidiaries and associates financial investment of the Group are as below:

Name of subsidiary	Share (%)	December 31, 2020	December 31, 2019
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. ("İdeal Standart") (*)	100	12.590	12.590
		<b>12.590</b>	<b>12.590</b>

(\*) İdeal Standart is carried at cost with the consideration of possible value and the financial results are not included in the scope of consolidation since the Group does not have any significant effect on the financial results of the Group; as of December 31, 2020, the total assets and liabilities of the current year are not more than 1% of the total assets and ceiling of the Group in the current year. Cost value of the financial investment reflects its fair value.

#### ii) Financial assets measured at fair value through other comprehensive income:

The details of financial assets measured at fair value through other comprehensive income and fair values of the Group are as below:

Name of subsidiary	Share (%)	December 31, 2020	Share (%)	December 31, 2019
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	510.830	11,5	455.170
Aktül Kağıt Üretim Pazarlama A.Ş. (**)	-	-	14	155.000
		<b>510.830</b>		<b>610.170</b>

(\*) As of December 31, 2020 the fair value of available-for-sale financial asset is calculated by a valuation company by using discounted cash flow analysis method with discount rate used as 21,1% and the final growth rate used as 9,6%.

(\*\*) 14% of the shares of Aktül Kağıt Üretim Pazarlama A.Ş. ("Aktül"), which is the related company of the Group, were sold for TRY 155.000 in line with the decision of the Board of Directors on February 20, 2020. The related transfer transaction completed on February 21, 2020.

The movement of financial assets measured at fair value through other comprehensive income is as follows:

	2020	2019
Opening – January 1	313.519	183.607
Effect of financial asset sale	(18.763)	-
Revaluation increase	55.660	141.055
Deferred tax arising from revaluation increase	(2.783)	(11.142)
<b>Closing – December 31</b>	<b>347.633</b>	<b>313.519</b>

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### 6. FINANCIAL LIABILITIES

#### a) Bank Loans

As of December 31, 2020 the Group has short-term interest-free financial debt from banks amounting to TRY 131.421. These financial liabilities were closed on January 4, 2021 (December 31, 2019: TRY 47.330).

#### b) Lease Liabilities

Short-term portion of long-term liabilities	December 31, 2020	December 31, 2019
Lease liabilities	1.246.206	984.358
	<b>1.246.206</b>	<b>984.358</b>

Long-term lease liabilities	December 31, 2020	December 31, 2019
Lease liabilities	4.715.679	3.280.209
	<b>4.715.679</b>	<b>3.280.209</b>

Total borrowings	December 31, 2020	December 31, 2019
	<b>5.961.885</b>	<b>4.264.567</b>

As of the report date, the maturity dates of the financial liabilities are as follows:

	December 31, 2020	December 31, 2019
Shorter than 3 months	314.538	255.377
3 - 12 month	931.668	728.981
More than 12 months	4.715.679	3.280.209
	<b>5.961.885</b>	<b>4.264.567</b>

Fair values are determined by using average effective annual financing rates.

The movement of lease liabilities for the periods ended December, 31 2020 and 2019 are shown in the following table:

	2020	2019
<b>Opening – January 1</b>	<b>4.264.567</b>	<b>3.564.459</b>
Cash outflows from payments of lease liabilities (-)	(1.227.920)	(1.024.616)
Additions	1.998.467	1.009.776
Changes in financial expenses accrual	708.446	633.939
Exchange rate differences	25.346	6.340
Foreign currency translation differences	192.979	74.669
<b>Closing – December 31</b>	<b>5.961.885</b>	<b>4.264.567</b>



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### 7. TRADE RECEIVABLES AND PAYABLES

#### a) Trade receivables from third parties

	December 31, 2020	December 31, 2019
Credit card receivables	2.615.234	1.433.320
	<b>2.615.234</b>	<b>1.433.320</b>

As of December 31, 2020 the average term of credit card receivables is 13 days (December 31, 2019: 12 days).

#### b) Trade payables due to third parties

	December 31, 2020	December 31, 2019
Trade payables	8.173.781	5.053.719
Unaccrued rediscount expense (-)	(83.434)	(51.753)
	<b>8.090.347</b>	<b>5.001.966</b>

As of December 31, 2020 the average term of trade payables is 58 days (December 31, 2019: 55 days). As of December 31, 2020 letters of guarantee, cheques and notes are amounting to TRY 390.401 and mortgages are amounting to TRY 13.546 (December 31, 2019: TRY 282.614 letters of guarantee, cheques and notes TRY 10.395 mortgages).

### 8. OTHER RECEIVABLES

#### a) Other receivables from related parties

	December 31, 2020	December 31, 2019
Receivables from related parties	233	169
	<b>233</b>	<b>169</b>

#### b) Other receivables from third parties

	December 31, 2020	December 31, 2019
Other receivables	13.321	17.179
Doubtful receivables	11.548	11.370
Less: Allowance for doubtful receivables	(11.548)	(11.370)
	<b>13.321</b>	<b>17.179</b>

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Current period movement of allowance for doubtful receivables is as follows:

	2020	2019
Balance at the beginning of the period – January 1	11.370	9.928
Allowance for doubtful receivables	186	1.442
Collection in current year	(8)	-
<b>Balance at the end of the period – December 31</b>	<b>11.548</b>	<b>11.370</b>

### 9. INVENTORIES

	December 31, 2020	December 31, 2019
Trade goods, net	4.214.854	2.359.445
Other	19.788	11.591
Allowance for impairment on inventory (-)	(6.248)	(2.509)
	<b>4.228.394</b>	<b>2.368.527</b>

Cost of inventories amounting to TRY 45.374.131 (December 31, 2019: TRY 33.226.484) was recognized under cost of sales.

The movement of impairment for inventories in 2020 and 2019 is as follows:

	2020	2019
Balance at the beginning of the period – January 1	2.509	11.524
Current year reversal	(2.509)	(11.524)
Allowance for impairment	6.248	2.509
<b>Balance at the end of the period – December 31</b>	<b>6.248</b>	<b>2.509</b>

As of December 31, 2020 an allowance for impairment amounting to TRY 2.509 (December 31, 2019: TRY 11.524) has been made for trade goods.

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### 10. PROPERTY, PLANT AND EQUIPMENT

The movements of property and equipment and the related accumulated depreciation for the periods ended December 31, 2020 and 2019 are as follows:

	January 1, 2020	Additions	Disposals	Transfers	Netoff	Revaluation	Impairment	Currency translation differences	December 31, 2020
<b>Cost or revalued amount</b>									
Land	848.638	38.801	(9)	-	-	459.142	-	6.663	1.353.235
Land improvements	18.988	2.647	(67)	77	-	-	-	-	21.645
Buildings	1.490.946	53.942	-	126.710	(215.121)	641.217	(2.341)	4.252	2.099.605
Machinery and equipment	1.560.375	415.487	(36.524)	14.994	-	-	-	68.637	2.022.969
Vehicles	306.548	65.759	(10.856)	564	-	-	-	11.407	373.422
Furniture and fixtures	577.200	177.375	(21.652)	3.910	-	-	-	17.167	754.000
Leasehold improvements	1.330.996	320.660	(23.628)	14.346	-	-	-	98.245	1.740.619
Construction in progress	44.193	208.030	-	(160.601)	-	-	-	215	91.837
	<b>6.177.884</b>	<b>1.282.701</b>	<b>(92.736)</b>	<b>-</b>	<b>(215.121)</b>	<b>1.100.359</b>	<b>(2.341)</b>	<b>206.586</b>	<b>8.457.332</b>
<b>Less : Accumulated depreciation</b>									
Land improvements	(11.283)	(2.667)	63	-	-	-	-	-	(13.887)
Buildings	(129.354)	(85.238)	-	-	215.121	-	-	(529)	(850.163)
Machinery and equipment	(660.056)	(170.727)	29.626	-	-	-	-	(49.006)	(850.163)
Vehicles	(156.549)	(55.686)	8.909	-	-	-	-	(7.826)	(211.152)
Furniture and fixtures	(336.966)	(91.473)	20.174	-	-	-	-	(10.049)	(418.314)
Leasehold improvements	(554.504)	(137.470)	11.548	-	-	-	-	(52.437)	(732.863)
	<b>(1.848.712)</b>	<b>(543.261)</b>	<b>70.320</b>	<b>-</b>	<b>215.121</b>	<b>-</b>	<b>-</b>	<b>(119.847)</b>	<b>(2.226.379)</b>
<b>Net book value</b>	<b>4.329.172</b>								<b>6.230.953</b>

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	January 1, 2019	Additions	Disposals	Transfers	Currency translation differences	December 31, 2019
<b>Cost or revalued amount</b>						
Land	817.860	28.022	-	-	2.756	848.638
Land improvements	15.326	2.514	(13)	1.161	-	18.988
Buildings	1.200.106	93.605	(901)	194.955	3.181	1.490.946
Machinery and equipment	1.230.234	314.870	(30.281)	19.312	26.240	1.560.375
Vehicles	242.076	72.798	(16.106)	3.732	4.048	306.548
Furniture and fixtures	459.329	123.722	(15.928)	3.357	6.720	577.200
Leasehold improvements	1.055.029	255.079	(21.637)	6.784	35.741	1.330.996
Construction in progress	116.296	179.329	-	(251.760)	328	44.193
	<b>5.136.256</b>	<b>1.069.939</b>	<b>(84.866)</b>	<b>(22.459)</b>	<b>79.014</b>	<b>6.177.884</b>
<b>Less : Accumulated depreciation</b>						
Land improvements	(8.969)	(2.322)	8	-	-	(11.283)
Buildings	(59.569)	(69.497)	41	-	(329)	(129.354)
Machinery and equipment	(531.295)	(134.109)	22.380	-	(17.032)	(660.056)
Vehicles	(118.478)	(48.905)	13.274	-	(2.440)	(156.549)
Furniture and fixtures	(280.405)	(68.867)	15.523	-	(3.217)	(336.966)
Leasehold improvements	(438.989)	(106.961)	7.835	-	(16.389)	(554.504)
	<b>(1.437.705)</b>	<b>(430.661)</b>	<b>59.061</b>	<b>-</b>	<b>(39.407)</b>	<b>(1.848.712)</b>
<b>Net book value</b>	<b>3.698.551</b>					<b>4.329.172</b>

As of December 31, 2020, depreciation expense amounting to TRY 501,847 (January 1- December 31, 2019: TRY 400,061) were recognized in marketing expenses and TRY 41,414 (January 1- December 31, 2019: TRY 30,600) in general and administrative expenses for the period January 1- December 31, 2020. The land and buildings were revalued and reflected to financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

If the Group does not adopt the revaluation model in accordance with TAS 16, the net book values of the items of property and equipment as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Land	257.026	223.569
Buildings	1.275.603	1.153.099
	<b>1.532.629</b>	<b>1.376.668</b>



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# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### Fair values of land and buildings

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at December 31, 2020. The revaluation surplus, as of December 31, 2020 net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

### Valuation techniques used to derive level 2 fair values

Sale or purchase costs or tax deductions are not taken into account in assumption of Level 2 fair value of land and buildings. The most common valuation techniques used is market comparable method, and for some land and buildings cost and income approach including discounted cash flow analysis are also used. Comparable value per square meter is determined based on assumptions such as bargaining share and adjustment for location in market comparable method.

### Market comparable method

A property's fair value is estimated based on comparison of sales and market data of similar or comparable properties. The revaluated property is compared with the sales of similar properties in the market or asked price and bid price.

### Discounted cash flow method

Value assumption is conducted through discount method by taking into account the data of expenditure and revenue belong to the revaluated property. The reduction is associated with value and revenue converting the amount of revenue to value assumption. Either the ratio of proceeds or/and discount should be taken into consideration. Within this approach, Direct Capitalization of Income and Cash Flow Analysis are applied predominantly. During the application of Direct Capitalization of Income, rental data belong to the similar real estate in the same region where the property based in has been used. Unless enough data for probable ratio of capitalization is attained, the method aforementioned has not been applied on.

### Cost approach

Instead of purchase of property, the probability of construction of the same of the property or another property provides the same benefit is taken into account. In practice the estimated value includes the amortization of old and less functional properties in case new one's cost exceeds the potential price to be paid for revaluation of the property.

It determines how transaction will be traded in the market and the approach and methods will be used in estimation of fair value of land and building. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into the valuation approach is price per square meter.

In the market comparable method, one of the methods applied during the valuation, room for negotiation has been considered and reconciliation has done for the positive and negative features of property with respect to the precedents.

### Valuation processes of the group

The Group's finance department reviews the fair value of land and buildings for reporting purposes. On an annual basis, the Group engages external, independent and CMB licensed valuation firm.

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumstances. The valuation of land and buildings was performed as of December 31, 2020.

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The fair values of the land and buildings (administrative building, warehouses and stores) of the Group have been determined by a real estate appraisal company who has CMB license, holds a recognised and relevant professional qualification and has recent experience in the location and category of the land and buildings.

The movement of revaluation fund of land and buildings owned by the Group are shown in the following table:

	January 1- December 31, 2020	1 January - 31 December 2019
Balance at the beginning of the period - January 1	785.683	785.683
Revaluation increase	1.100.359	-
Deferred tax arising from revaluation increase	(174.158)	-
<b>Balance at the end of the period – December 31</b>	<b>1.711.884</b>	<b>785.683</b>

### Pledges and mortgages on assets

As of December 31, 2020 and 2019, there is no pledge or mortgage on property, plant and equipment of the Group.

### 11. INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the periods ended December 31, 2020 and 2019 are as follows:

	January 1, 2020	Additions	Disposals	Transfers	Currency translation differences	December 31, 2020
<b>Cost</b>						
Right	69.643	15.563	(461)	-	1.264	86.009
Other intangible assets	295	11	-	-	-	306
	<b>69.938</b>	<b>15.574</b>	<b>(461)</b>	<b>-</b>	<b>1.264</b>	<b>86.315</b>
<b>Accumulated amortization</b>						
Right	(31.269)	(10.655)	402	-	(1.031)	(42.553)
Other intangible assets	(249)	(52)	-	-	-	(301)
	<b>(31.518)</b>	<b>(10.707)</b>	<b>402</b>	<b>-</b>	<b>(1.031)</b>	<b>(42.854)</b>
<b>Net book value</b>	<b>38.420</b>					<b>43.461</b>

	January 1, 2019	Additions	Disposals	Transfers	Currency translation differences	December 31, 2019
<b>Cost</b>						
Right	39.213	7.807	(201)	22.459	365	69.643
Other intangible assets	265	30	-	-	-	295
	<b>39.478</b>	<b>7.837</b>	<b>(201)</b>	<b>22.459</b>	<b>365</b>	<b>69.938</b>
<b>Accumulated amortization</b>						
Right	(22.830)	(8.331)	184	-	(292)	(31.269)
Other intangible assets	(188)	(61)	-	-	-	(249)
	<b>(23.018)</b>	<b>(8.392)</b>	<b>184</b>	<b>-</b>	<b>(292)</b>	<b>(31.518)</b>
<b>Net book value</b>	<b>16.460</b>					<b>38.420</b>

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# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

As of December 31, 2020 amortisation expense amounting to TRY 9.891 (January 1- December 31, 2019: TRY 7.796) has been charged in marketing expenses and TRY 816 (January 1- December 31, 2019: TRY 596) in general and administrative expenses.

The intangible assets are amortized over estimated useful life which is 5 years. Major part of the rights is software licenses.

### 12. RIGHT OF USE ASSETS

The movements of right use of assets and the related accumulated depreciation for the period ended December 31, 2020 and 2019 as follows:

	January 1, 2020	Additions	Disposals	Currency translation differences	December 31, 2020
Building	4.545.674	2.146.509	(214.557)	209.291	6.686.917
Vehicles	103.089	90.674	(10.506)	1.739	184.996
	<b>4.648.763</b>	<b>2.237.183</b>	<b>(225.063)</b>	<b>211.030</b>	<b>6.871.913</b>
<b>Less: Accumulated amortization</b>					
Building	(600.704)	(770.381)	30.509	(52.052)	(1.392.628)
Vehicles	(37.111)	(45.724)	4.743	(2.393)	(80.485)
	<b>(637.815)</b>	<b>(816.105)</b>	<b>35.252</b>	<b>(54.445)</b>	<b>(1.473.113)</b>
<b>Net book value</b>	<b>4.010.948</b>				<b>5.398.800</b>

For the period ended December 31, 2020, TRY 770.400 of amortization expenses is recognized under selling and marketing expenses and TRY 45.705 is recognized under general administrative expenses.

	January 1, 2019	Additions	Disposals	Currency translation differences	December 31, 2019
Building	3.498.042	1.103.909	(130.093)	73.816	4.545.674
Vehicles	66.417	38.653	(2.692)	711	103.089
	<b>3.564.459</b>	<b>1.142.562</b>	<b>(132.785)</b>	<b>74.527</b>	<b>4.648.763</b>
<b>Less: Accumulated amortization</b>					
Building	-	(606.170)	11.686	(6.220)	(600.704)
Vehicles	-	(37.393)	620	(338)	(37.111)
	<b>-</b>	<b>(643.563)</b>	<b>12.306</b>	<b>(6.558)</b>	<b>(637.815)</b>
<b>Net book value</b>	<b>3.564.459</b>				<b>4.010.948</b>

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## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### 13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### a) Short term provisions for employee benefits

Unused vacation amounting to TRY 41.533 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended December 31, 2020 (December 31, 2019: TRY 24.507).

Current period movement of short-term unused vacation provision is as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Balance at the beginning of the period – January 1	24.507	18.918
Used in the period	(24.507)	(18.918)
Provision of unused vacation	41.533	24.507
<b>Balance at the end of the period - December 31</b>	<b>41.533</b>	<b>24.507</b>

#### b) Other short-term provisions

	December 31, 2020	December 31, 2019
Legal provisions (*)	37.219	35.153
Other	8.587	12.585
<b>Total</b>	<b>45.806</b>	<b>47.738</b>

(\*) As of December 31, 2020 and December 31, 2019, the total amount of outstanding lawsuits filed against the Group, TRY 62.538 and TRY 58.259 (in historical terms), respectively. The Group recognized provisions amounting to TRY 37.219 and TRY 35.153 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Balance at the beginning of the period – January 1	35.153	27.837
Provisions required	2.066	7.316
<b>Balance at the end of the period – December 31</b>	<b>37.219</b>	<b>35.153</b>



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# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### Letter of guarantees, mortgages and pledges given by the Group

As of December 31, 2020 and 2019, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	December 31, 2020				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	133.817	131.975	250.870	-	-
<i>Guarantee</i>	133.817	131.975	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
<b>Total</b>	<b>133.817</b>	<b>131.975</b>	<b>250.870</b>	<b>-</b>	<b>-</b>

	December 31, 2019				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	119.437	117.947	250.870	-	-
<i>Guarantee</i>	119.437	117.947	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
<b>Total</b>	<b>119.437</b>	<b>117.947</b>	<b>250.870</b>	<b>-</b>	<b>-</b>

### Insurance coverage on assets

As of December 31, 2020 and 2019, insurance coverage on assets of the Group is TRY 4.936.413 and TRY 3.275.836 respectively.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

### 14. PREPAID EXPENSES AND DEFERRED INCOME

#### a) Short term prepaid expenses

	December 31, 2020	December 31, 2019
Order advances given to third parties for inventories	238.767	159.301
Order advances given to related parties (Note 27)	119.913	31.899
Other	36.832	28.010
	<b>395.512</b>	<b>219.210</b>

#### b) Long term prepaid expenses

	December 31, 2020	December 31, 2019
Advances given for property, plant and equipment	49.976	23.433
Other	11.127	4.367
	<b>61.103</b>	<b>27.800</b>

#### c) Deferred Income

	December 31, 2020	December 31, 2019
Gift cards income	44.354	18.031
Other	53	162
	<b>44.407</b>	<b>18.193</b>

### 15. EMPLOYEE TERMINATION BENEFITS

	December 31, 2020	December 31, 2019
Provision for employee termination benefits	241.859	180.114
	<b>241.859</b>	<b>180.114</b>

The amount payable consists of one month's salary limited to a maximum of full TRY 7.117,17 for each period of service as of December 31, 2020 (December 31, 2019: full TRY 6.379,86). The retirement pay provision ceiling is revised semiannually, and full TRY 7.117,17 which is effective from July 1, 2020, is taken into consideration in the calculation of provision for employment termination benefits (effective from July 1, 2019: full TRY 6.379,86). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) is accounted in the statement of comprehensive income under "Actuarial gain/loss from defined benefit plans".

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 consolidated financial statements as of December 31, 2020 and December 31, 2019 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by using real discount rate of 4,0% by assuming an annual inflation rate of 9% (December 31, 2019: 7%) and a discount rate of 13,0% (December 31, 2019: 11,50%). The anticipated rate of termination benefits not paid as a result of voluntary leaves is also taken into consideration.

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If the 13% -discount rate (December 31, 2019: 11,5%) used in the calculation of provision for employment termination benefit were 13,5%, total provision would be TRY 236.936 (December 31, 2019: TRY 176.656) and if it were 12,5%, total provision would be TRY 246.852 (December 31, 2019: 183.727). All other assumptions in the sensitivity analysis are fixed and are based on the change in the discount rate.

As of December 2020 and 2019, the following tables summarize the components of net benefit expense recognized in the comprehensive statement of income and amounts recognized in the balance sheet:

	January 1- December 31, 2020	January 1- December 31, 2019
Current service cost (Note 20)	38.587	30.535
Interest cost of employee termination benefit (Note 23)	18.484	18.534
<b>Total</b>	<b>57.071</b>	<b>49.069</b>

Changes in the carrying value of defined benefit obligation are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Balance at the beginning of the period – January 1	180.114	128.634
Interest cost of employee termination benefit	18.484	18.534
Current service cost	38.587	30.535
Payments made in the current period	(39.281)	(31.829)
Loss/(gain) during the period	43.955	34.240
<b>Balance at the end of the period –December 31</b>	<b>241.859</b>	<b>180.114</b>

### 16. OTHER ASSETS AND LIABILITIES

#### a) Other current assets

	December 31, 2020	December 31, 2019
VAT receivable	84.904	48.755
Other	21.721	22.647
	<b>106.625</b>	<b>71.402</b>

#### b) Other current liabilities

	December 31, 2020	December 31, 2019
Taxes and funds payables	294.179	151.807
Other	4.207	3.556
	<b>298.386</b>	<b>155.363</b>

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## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

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### 17. EQUITY

#### a) Share capital and capital reserves

As of December 31, 2020 and December 31, 2019, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	December 31, 2020		December 31, 2019	
	Historical cost	(%)	Historical cost	(%)
Merkez Berekat Gıda Sanayi ve Ticaret A.Ş.	89.754	14,78	89.754	14,78
Naspak Gıda Sanayi ve Ticaret A.Ş.	64.792	10,67	64.792	10,67
Other	18.348	3,02	18.348	3,02
Publicly traded	434.306	71,53	434.306	71,53
	<b>607.200</b>	<b>100,00</b>	<b>607.200</b>	<b>100,00</b>

The Company's share capital is fully paid and consists of 607.200.000 (December 31, 2019: 607.200.000) shares of full TRY 1 nominal value each.

#### Property, plant and equipment revaluation fund

As of December 31, 2020 the Group has revaluation fund amounting TRY 1.711.884 (December 31, 2019: TRY 785.683) related to revaluation of land and buildings (Note 10). The revaluation fund is not available for distribution to shareholders.

#### b) Restricted reserves and retained earnings

The legal reserves consist of first and second legal reserves, per the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of net statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and Turkish Capital Market Board (CMB) requirements related to profit distribution.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees, and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Dividend distribution policy of the Company is in line with the CMB Law numbered 6362 dated December 30, 2012.

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.



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As of December 31, 2020 and December 31, 2019 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	December 31, 2020	December 31, 2019
Legal reserves	893.850	431.098
Extraordinary reserves	1.672.324	964.918
Net profit for the period	2.528.393	1.475.432
	<b>5.094.567</b>	<b>2.871.448</b>

As of December 31, 2020, net profit for the Company's statutory books is TRY 2.528.393 (December 31, 2019: TRY 1.475.432) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 2.606.815 (December 31, 2019: TRY 1.224.877).

### c) Treasury Shares

As part of the resolution of the Board of Directors on 7 August 2020, buy-back operations have been started. As part of such buy-back operation between August 7- September 10, 2020, %0,93 of shares of the Company which are equivalent to 5.670.992 units of BİM shares corresponding to TRY374.707.650 (TRY full) have been repurchased.

The financing of share repurchases is provided by the Company's internal resources. As of the report date, there has been no sale of the repurchased shares.

### d) Dividend payment

At the Ordinary General Assembly meeting dated May 5, 2020, it was decided to distribute TRY 303.600 cash dividends from the profits of 2019 to the shareholders and the payment was completed on May 13, 2020. The gross dividend paid per share is full TRY 0,50.

## 18. SALES AND COST OF SALES

### a) Net Sales

The Group's net sales for the periods ended December 31, 2020 and 2019 are as follows:

	January 1- 31 December 2020	January 1- 31 December 2019
Sales	55.824.914	40.406.038
Sales returns(-)	(329.550)	(194.096)
	<b>55.495.364</b>	<b>40.211.942</b>

### b) Cost of sales

	January 1- 31 December 2020	January 1- 31 December 2019
Beginning inventory	2.359.445	2.087.653
Purchases	47.229.541	33.495.767
Ending inventory (-)	(4.214.855)	(2.356.936)
	<b>45.374.131</b>	<b>33.226.484</b>

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

# BİM BİRLEŞİK MAĞAZALAR A.Ş.

## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

## 19. OPERATIONAL EXPENSES

### a) Marketing expenses

	January 1- December 31, 2020	January 1- December 31, 2019
Personnel expenses	3.092.383	2.306.791
Depreciation and amortization expense	1.282.138	1.005.690
Electricity, water and communication expenses	407.545	320.216
Maintenance and repair expenses	132.403	100.427
Advertising expense	125.619	107.844
Truck fuel expense	105.752	100.507
Packaging expenses	61.551	43.979
Taxes and duty expenses	55.113	49.354
Cleaning expenses	48.541	10.166
Fixtures expenses	39.123	33.442
Provision for employee termination benefits	33.214	26.260
Information technology expenses	30.989	27.053
Stationery expenses	30.783	26.194
Rent expenses	22.755	13.921
Insurance expenses	16.304	14.753
Other	124.196	92.133
	<b>5.608.409</b>	<b>4.278.730</b>

### b) General and administrative expenses

	January 1- December 31, 2020	January 1- December 31, 2019
Personnel expenses	513.164	405.790
Depreciation and amortization	87.935	76.926
Donation expenses	44.923	11.617
Legal and consultancy expenses	35.629	27.291
Money collection expenses	24.817	20.237
Taxes and duties	15.256	17.400
Motor vehicle expenses	11.115	15.775
Electricity, water, gas and communication expenses	8.462	6.738
Provision for employee termination	5.373	4.275
Office supplies	4.495	3.189
Other	64.744	51.201
	<b>815.913</b>	<b>640.439</b>

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### 20. EXPENSES BY NATURE

#### a) Depreciation and amortisation expenses

	January 1- December 31, 2020	January 1- December 31, 2019
Marketing and selling expenses	1.282.138	1.005.690
General and administrative expenses	87.935	76.926
	<b>1.370.073</b>	<b>1.082.616</b>

#### b) Personnel expenses

	January 1- December 31, 2020	January 1- December 31, 2019
Wages and salaries	3.233.107	2.407.910
Social security premiums employer contribution	372.440	304.671
Provision for employee termination (Note 15)	38.587	30.535
	<b>3.644.134</b>	<b>2.743.116</b>

### 21. OTHER OPERATING INCOME AND EXPENSE

#### a) Other operating income

	1 January- December 31, 2020	1 January- December 31, 2019
Gain on sale of scraps	7.252	7.213
Commission and promotion income	36.009	25.531
Contract termination income (TFRS-16)	22.017	13.559
Other income from operations	43.807	27.505
	<b>109.085</b>	<b>73.808</b>

#### b) Other operating expense

	1 January- December 31, 2020	1 January- December 31, 2019
Provision expenses	10.765	10.708
Other operating expenses	9.675	7.326
	<b>20.440</b>	<b>18.034</b>

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### 22. FINANCIAL INCOME

	1 January- December 31, 2020	1 January- December 31, 2019
Participation account income	117.743	11.957
Foreign exchange gains	142.978	8.666
	<b>260.721</b>	<b>20.623</b>

### 23. FINANCIAL EXPENSES

	1 January- December 31, 2020	1 January- December 31, 2019
Financial expenses arises from lease liabilities	708.446	633.939
Foreign exchange losses	96.688	7.648
Interest cost related to provision for employee termination (Note 15)	18.484	18.534
Other financial expenses	4.791	3.418
	<b>828.409</b>	<b>663.539</b>

### 24. INCOME AND EXPENSE FROM INVESTING ACTIVITIES

#### a) Income from investing activities

	1 January- December 31, 2020	1 January- December 31, 2019
Incomes from financial investments (*)	138.268	112.292
Dividend income	788	2.858
	<b>139.056</b>	<b>115.150</b>

(\*) The balance consist of income from investment funds and lease certificates of the Group.

#### b) Expense from investing activities

As of December 31, 2020, the loss on sale of fixed assets of the Group is amounting to TRY 5.266 (December 31, 2019: TRY 3.423).



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### 25. TAX ASSETS AND LIABILITIES

As of December 31, 2020 and 2019, provision for taxes of the Group is as follows :

	December 31, 2020	December 31, 2019
Current income tax liabilities	802.678	425.281
Current tax assets (Prepaid taxes)	(558.965)	(321.295)
<b>Corporate tax payable</b>	<b>243.713</b>	<b>103.986</b>

In Turkey, as of December 31, 2020, corporate tax rate is 22% (December 31, 2019: 22%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month. The tax legislation provides for a temporary tax of 22% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Morocco, as of December 31, 2020 the corporate tax rate is 30% (December 31, 2019: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of December 31, 2020 the corporate tax rate is 22.5% (December 31, 2019: 22.5%) where the consolidated subsidiary of the Company, BIM Stores LLC operates.

There are no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (December 31, 2019: None). Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years

15% withholding tax rate applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Certain Tax Laws and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

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As of December 31, 2020 and 2019, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income	
	December 31, 2020	December 31, 2019	January 1- December 31 2020	January 1- December 31 2019
<b>Deferred tax liability</b>				
Tangible and intangible assets, except the effect of revaluation effect	128.979	103.769	25.211	24.687
The effect of the revaluation of land and buildings	307.001	132.843	174.158	-
The effect of the revaluation of financial asset	18.297	20.806	(2.509)	11.142
Other adjustments	16.810	11.949	4.861	5.997
Right-of-use asset	946.352	696.539	249.813	696.539
<b>Deferred tax asset</b>				
Provision for employee termination benefit	(48.330)	(36.023)	(12.307)	(10.296)
Lease liabilities	(1.062.434)	(748.942)	(313.492)	(748.942)
Other adjustments	(57.390)	(34.279)	(23.111)	(5.181)
Deferred tax effect from the sale of treasury shares	-	-	-	(28.772)
Currency translation difference	-	-	9.132	286
<b>Deferred tax</b>	<b>249.285</b>	<b>146.662</b>	<b>111.756</b>	<b>(54.540)</b>

Deferred tax is presented in financial statements as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets	26.987	9.886
Deferred tax liabilities	(276.272)	(156.548)
<b>Net deferred tax liability</b>	<b>(249.285)</b>	<b>(146.662)</b>

Movement of net deferred tax liability for the periods ended December 31, 2020 and 2019 are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Balance at the beginning of the period - January 1	146.662	172.716
Deferred tax expense recognized in statement of profit or loss, net	(56.395)	(58.834)
Deferred tax expense recognized in other comprehensive income	168.151	4.294
- Revaluation of property, plant and equipment	174.158	-
- Fair value changes in available-for-sale financial assets	2.783	11.142
- Remeasurement losses of defined benefit plans	(8.790)	(6.848)
Deferred tax effect on retained earnings <sup>(1)</sup>	-	28.772
Foreign currency translation differences	(9.133)	(286)
<b>Balance at the end of the period - December 31</b>	<b>249.285</b>	<b>146.662</b>

<sup>(1)</sup>This amount represents the tax effect of the reclassification between the statements of profit or loss and retained earnings in regarding to the sale of treasury shares in the related period.

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### Tax reconciliation

	January 1- December 31, 2020	January 1- December 31, 2019
Profit before tax	3.351.658	1.590.874
Corporate tax provision calculated at effective tax rate of 22%	(737.365)	(349.992)
Disallowable charges	(2.934)	(2.445)
Effect of tax rate differences of the consolidated subsidiary	7.870	(1.865)
Other	(12.414)	(11.695)
	<b>(744.843)</b>	<b>(365.997)</b>

	January 1- December 31, 2020	January 1- December 31, 2019
<b>Tax expense</b>		
Current period tax expense	(801.238)	(424.831)
Deferred tax income	56.395	58.834
<b>Total tax expense</b>	<b>(744.843)</b>	<b>(365.997)</b>

### 26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. Earnings per share for the period ended as of December 31, 2020 and 2019 is as follows. All shares of the Company are in same status.

	January 1- December 31, 2020	January 1- December 31, 2019
<b>Earnings per share</b>		
Average number of shares at the beginning of the period (Thousand) <sup>(1)</sup>	605.002	601.864
Net profit of the year	2.606.815	1.224.877
<b>Earnings per share</b>	<b>4,31</b>	<b>2,04</b>

<sup>(1)</sup> Calculating earnings per share, bonus share issuance is counted as issued shares. The weighted average number of shares used in the calculation of earnings per share has been obtained by retrospectively considering the issued bonus shares.

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## Notes to the Consolidated Financial Statements as of December 31, 2020 and December 31, 2019

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### 27. RELATED PARTY DISCLOSURES

#### a) Prepaid expenses to related parties

	December 31, 2020	December 31, 2019
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) <sup>(1)</sup>	119.913	31.899
	<b>119.913</b>	<b>31.899</b>

#### b) Payables related to goods and services received

Due to related parties balances as of December 31, 2020 and 2019 are as follows:

Payables related to goods and services received:

Related parties	December 31, 2020	December 31, 2019
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) <sup>(1)</sup>	194.277	139.005
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) <sup>(1)</sup>	184.545	128.622
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) <sup>(1)</sup>	156.476	96.521
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) <sup>(1)(*)</sup>	135.651	79.794
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) <sup>(3)</sup>	80.713	51.622
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) <sup>(1)</sup>	22.779	15.157
Aytaç Gıda Yatırım San. ve Ticaret A.Ş. (Aytaç) <sup>(1)</sup>	22.493	38.993
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) <sup>(1)</sup>	1.775	919
Proline Bilişim Sistemleri Ve Tic. A.Ş. <sup>(1)</sup>	363	-
Turkcell İletişim Hizmetleri A.Ş. <sup>(3)(*)</sup>	-	2.350
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye Mensucat) <sup>(1)</sup>	-	6
Bahariye Tekstil San.ve Tic. A.Ş. (Bahariye Tekstil) <sup>(1)</sup>	-	405
	<b>799.072</b>	<b>553.394</b>

#### Affiliates and Subsidiaries

	December 31, 2020	December 31, 2019
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) <sup>(2)</sup>	5.052	4.079
	<b>5.052</b>	<b>4.079</b>
<b>Trade payables due to related parties</b>	<b>804.124</b>	<b>557.473</b>

<sup>(1)</sup> Companies owned by shareholders of the Company.

<sup>(2)</sup> Non-consolidated subsidiaries of the Group.

<sup>(3)</sup> Other related party.

<sup>(\*)</sup> As of February 21, 2020 excluded from subsidiary and became the only related party (Note 5).

<sup>(\*\*)</sup> As of March 5, 2020 excluded from related party.



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### c) Related party transactions

i) Purchases from related parties during the periods ended December 31, 2020 and 2019 are as follows:

Related parties	January 1- December 31, 2020	January 1- December 31, 2019
Başak <sup>(1)</sup>	1.293.980	1.155.464
Reka <sup>(1)</sup>	1.104.303	813.443
Hedef <sup>(1)</sup>	847.805	445.073
Turkuvaz <sup>(1)</sup>	752.394	689.183
Aktül <sup>(1)</sup>	475.918	364.646
Aytaç <sup>(1)</sup>	276.334	199.087
Sena <sup>(3)</sup>	290.024	212.703
Apak <sup>(1)</sup>	281.275	194.664
Avansas <sup>(1)</sup>	5.929	8.871
Turkcell <sup>(3) (*)</sup>	5.540	18.636
Bahariye Mensucat <sup>(1)</sup>	1.763	5.660
Bahariye Tekstil <sup>(1)</sup>	1.570	381
Proline <sup>(1)</sup>	271	2.963
	<b>5.337.106</b>	<b>4.110.774</b>

(\*) Purchases until March 5, 2020.

### Affiliates and Subsidiaries

	January 1- December 31, 2020	January 1- December 31, 2019
Ideal Standart <sup>(2)</sup>	17.896	16.020
	<b>17.896</b>	<b>16.020</b>
<b>Total Related Party Transaction</b>	<b>5.355.002</b>	<b>4.126.794</b>

(1) Companies owned by shareholders of the Company.

(2) Non-consolidated subsidiaries of the Group.

(3) Other related party.

ii) For the periods ended December 31, 2020 and 2019 salaries, bonuses and compensations provided to board of directors and key management comprising of 158 and 147 personnel, respectively, are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Short-term benefits to employees	127.617	89.416
<b>Total benefits</b>	<b>127.617</b>	<b>89.416</b>

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### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term interest free bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

#### Price risk

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

#### Profit share rate risk

The Group does not have material profit share rate sensitive asset. The Group's income and cash flows from operations are independent from profit share rate risk.

The Group's profit share rate risk mainly comprises of outstanding short-term borrowings in the prior period. The Group's forthcoming loans in order to continue its operating activities are effected from forthcoming profit share ratios.

#### Profit share rate position table

According to IFRS 7 "Financial Assets", the profit share rate position of the Group is as follows:

Profit share position table		Current period	Previous period
Financial assets	Fixed profit share bearing financial instruments	2.955.723	1.288.240
	Participation account	291.942	750.649
	Lease certificate & Investment fund	2.663.781	537.591
Financial liabilities		-	-
Financial assets		-	-
Financial liabilities		-	-
Financial assets		-	-
Financial liabilities		-	-

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1-month maturity credit card collections, the exposure to credit and price risk is minimal.

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Credit risk table (Current period - December 31, 2020)

	Credit card receivables		Other receivables		Deposit in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	2.615.234	233	23.096	-	644.602	523.420	2.663.781
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	2.615.234	233	23.096	-	644.602	523.420	2.663.781
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	11.548	-	-	-	-
- Impairment	-	-	-	(11.548)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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Credit risk table (Previous period - December 31, 2019)

	Credit card receivables		Other receivables		Deposit in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	1.433.320	169	24.218	-	858.761	622.760	537.591
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	1.433.320	169	24.218	-	858.761	622.760	537.591
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	11.370	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	(11.370)	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	-	-	-	-	-	-	-

There is an insignificant amount of foreign currency denominated assets and liabilities so the Company does not use derivative financial instruments or future contracts to reduce the risk of foreign currency.



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### Foreign currency position

As of December 31, 2020 and 2019, the Group's foreign currency position is as follows:

	December 31, 2020		December 31, 2019					
	TRY Equivalent	Full US Dollars	Full EUR	Full GBP	TRY Equivalent	Full US Dollars	Full EUR	Full GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, banks accounts)	1.64.034	13.394.766	7.288.423	5.704	13.003	1.175.049	900.583	4.372
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	1.64.034	13.394.766	7.288.423	5.704	13.003	1.175.049	900.583	4.372
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	67	9.100	-	-	84	14.100	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Current assets (5+6+7)	67	9.100	-	-	84	14.100	-	-
<b>9. Total assets (4+8)</b>	<b>164.101</b>	<b>13.403.866</b>	<b>7.288.423</b>	<b>5.704</b>	<b>13.087</b>	<b>1.189.149</b>	<b>900.583</b>	<b>4.372</b>
10. Trade payables	19.666	2.098.128	473.402	-	-	-	-	-
11. Financial liabilities	49.341	-	5.477.539	-	30.786	-	4.629.001	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>69.007</b>	<b>2.098.128</b>	<b>5.950.941</b>	<b>-</b>	<b>30.786</b>	<b>-</b>	<b>4.629.001</b>	<b>-</b>
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	65.933	-	7.319.459	-	30.404	-	4.571.672	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>65.933</b>	<b>-</b>	<b>7.319.459</b>	<b>-</b>	<b>30.404</b>	<b>-</b>	<b>4.571.672</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>134.940</b>	<b>2.098.128</b>	<b>13.270.400</b>	<b>-</b>	<b>61.190</b>	<b>-</b>	<b>9.200.673</b>	<b>-</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	29.161	11.305.738	(5.981.977)	5.704	(48.103)	1.189.149	(8.300.090)	4.372
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.b23) (= 1+2a+5+6a-10-11-12a-14-15-16a)	29.161	11.305.738	(5.981.977)	5.704	(48.103)	1.189.149	(8.300.090)	4.372
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-

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### Exchange rate risk

The following table demonstrates the sensitivity to a possible change in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of December 31, 2020 and December 31, 2019.

#### December 31, 2020

	Exchange rate sensitivity analysis			
	Current Period		Equity	
	Profit/(Loss)		Foreign currency appreciation	Foreign currency depreciation
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	8.299	(8.299)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	8.299	(8.299)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(5.389)	5.389	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(5.389)	5.389	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	6	(6)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	6	(6)	-	-
<b>Total (3+6+9)</b>	<b>2.916</b>	<b>(2.916)</b>	<b>-</b>	<b>-</b>

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December 31, 2019

Exchange rate sensitivity analysis				
	Prior Period		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	706	(706)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	706	(706)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(5.520)	5.520	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(5.520)	5.520	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	3	(3)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	3	(3)	-	-
<b>Total (3+6+9)</b>	<b>(4.811)</b>	<b>4.811</b>	<b>-</b>	<b>-</b>

### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

As of December 31, 2020 and December 31, 2019, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

December 31, 2020

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
<b>Non derivative financial liabilities</b>					
Trade payables	8.090.347	8.173.782	8.173.782	-	-
Due to related parties	804.124	811.786	811.786	-	-
Contractual lease liabilities	5.961.885	10.195.545	340.538	1.065.574	8.789.433

December 31, 2019

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
<b>Non derivative financial liabilities</b>					
Trade payables	5.001.966	5.053.719	5.053.719	-	-
Due to related parties	557.473	563.230	563.230	-	-
Contractual lease liabilities	4.311.897	7.990.829	328.818	830.550	6.831.461

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total liabilities less cash and cash equivalents.

The gearing ratios at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
Total liabilities	16.254.605	10.614.980
Less: Cash and cash equivalents	(1.112.693)	(1.158.847)
Net debt	15.141.912	9.456.133
Total equity	7.175.687	4.237.290
<b>Total equity+net debt</b>	<b>22.317.599</b>	<b>13.693.423</b>
<b>Net debt/(Total equity+net debt) (%)</b>	<b>68</b>	<b>69</b>



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### 29. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES IN THE FRAME OF HEDGE ACCOUNTING)

#### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at December 31, 2020 and December 31, 2019. See note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

December 31, 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial assets	-	510.830	-	510.830
<b>Financial assets measured at fair value through other comprehensive income</b>				
Real estate investment fund	516.355	-	-	516.355
<b>Total assets</b>	<b>516.355</b>	<b>510.830</b>	<b>-</b>	<b>1.027.185</b>
December 31, 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial assets	-	610.170	-	610.170
		610.170		610.170
<b>Financial assets measured at fair value through other comprehensive income</b>				
Real estate investment fund	59.396	-	-	59.396
<b>Total assets</b>	<b>59.396</b>	<b>610.170</b>	<b>-</b>	<b>669.566</b>

There were no transfers between levels during in year.

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### (a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of December 31, 2020 and December 31, 2019, except for the available for sale financial assets disclosed in Note 5, the fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short-term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibilities are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

### 30. SUBSEQUENT EVENTS

As of December 9, 2020, the Company signed a share purchase and sale agreement with Blue Investment Holding (special purpose company), which is managed by Helios Investment Partners LLP, one of the leading private equity funds in the African Region, for the sale of 35% of the shares of BIM Stores SARLAU (BIM Morocco) signed. The sale process is expected to be completed after certain conditions have been met, including the Kingdom of Morocco competition authority approval.







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