



Annual Report 2021



PANORAMA OF THE YEAR

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LOW PRICES THROUGHOUT THE YEAR

Net sales
(TL billion)

▼
70.5
2021

55.5
2020



Name of the Company: BİM Birleşik Mağazalar A.Ş.
Report Period: 1 January-31 December 2021
Trade Registry No.: 334499
Website: www.bim.com.tr
Capital: TL 607,200,000
MERSIS No: 0175005184608645

While the year 2021 was a tough year in different aspects, as BİM, we continued to stand by our people in the face of the pandemic, fluctuations in the economy, and high inflation.

We continued to offer high quality at affordable prices with our private-label products, while ensuring discounted prices throughout the year with our "everyday low price" strategy.

FAVORITE OF THE YEAR

Share of our private-label products in net sales*

*BİM Turkey

▼
64%
2021

63%
2020

EBITDA (TL billion)

▼
6.5
2021

5.1
2020

Net profit (TL billion)

▼
2.9
2021

2.6
2020



In 2021, rising consumer sensitivity to price and quality drove growing demand for our private-labeled products, which offer high quality at affordable prices. The share of private-labeled products in total sales reached 64%.

We took momentous steps towards growth under difficult circumstances. We achieved significant results in accordance with our philosophy of “winning by making others win.” As we increased our turnover to TL 70 billion, our EBITDA to TL 6.5 billion and our net profit to TL 2.9 billion, the number of our employees rose to more than 70 thousand.

DEVELOPMENTS OF THE YEAR

Investments
(TL billion)

2.2
2021

1.3
2020



Product sustainability investments

In 2021, we made two major investments: First, we acquired Bircan Fide. Based in Afyon, the company is engaged in soilless farming in geothermal greenhouses. We will produce a variety of products, primarily tomatoes, using the soilless farming method in a closed greenhouse area of 100 thousand square meters. Second, we established a company with a capital of TL 40 million to produce biscuits and confectionery and began investments towards the establishment of a factory in Eskişehir.

Digitalization

Consistently focused on customer satisfaction, **BİM** and **FİLE** grew even closer to their customers through digital investments. The **BİM market** application offers an online shopping channel for the purchase of non-food products, especially white goods and electronics. **FİLE** offers online shopping services in 11 provinces with its mobile application and expands its operations across different provinces.

Key Indicators

Constantly creating added value for Turkey thanks to its “everyday low price” policy, BİM continued to contribute to its customers’ purchasing power in 2021 as well.

Despite the ongoing pandemic conditions, a normalization process began in 2021, with a demonstrable effect on operational and financial results. Effectively managing pandemic conditions, BİM ensured product availability throughout the pandemic, enhancing consumer trust and making 2021 a year in which solid growth continued for the Company. The results for 2021 exceeded the targets and BİM achieved a 27% growth in net sales.

Aware of its social responsibility, BİM continuously stood by consumers with its “everyday low price” policy, even as rising inflation during the year reduced consumers’ purchasing power. Reflecting gains from efficiency improvements to product prices, BİM continued to create added value for our country. The Company maintained progress in store openings this year as well, opening more than 1,000 new stores.

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/IFRS). Information about the consolidated subsidiaries are available in the section titled Subsidiaries and Affiliates of the Report.

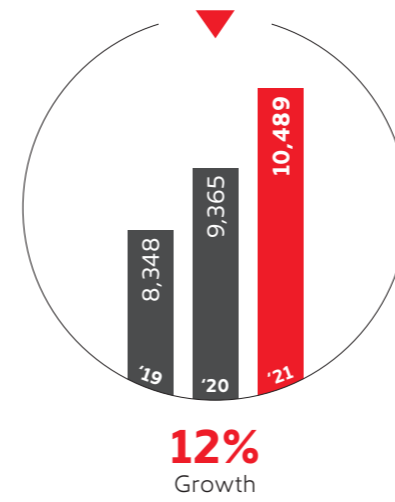


27%
Net sales increase

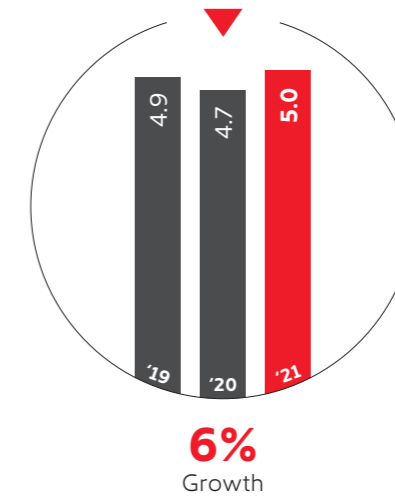
70,197
Number of employees

10,489
Number of stores

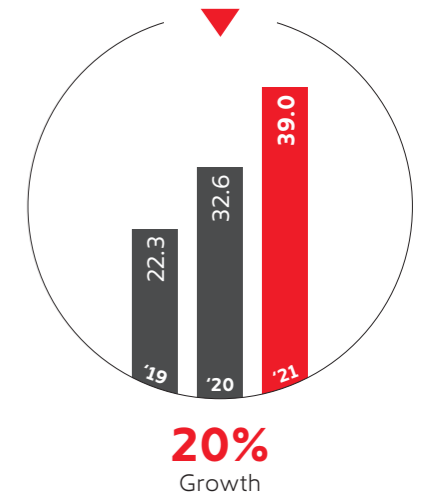
Number of Stores



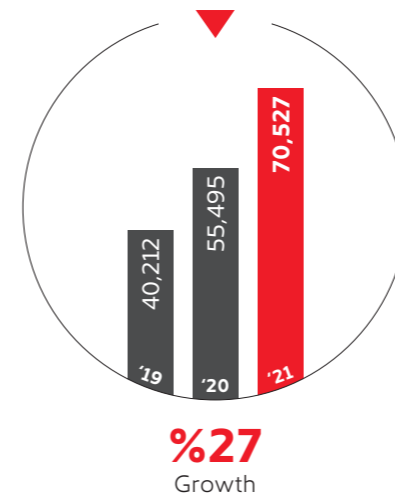
Average Number of Daily Consolidated Customer Visits (Million)



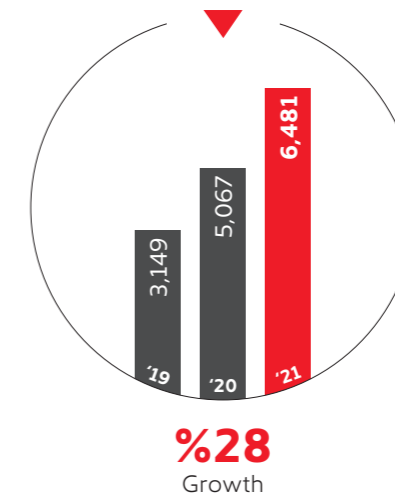
Basket Size Per Visitor (TL)



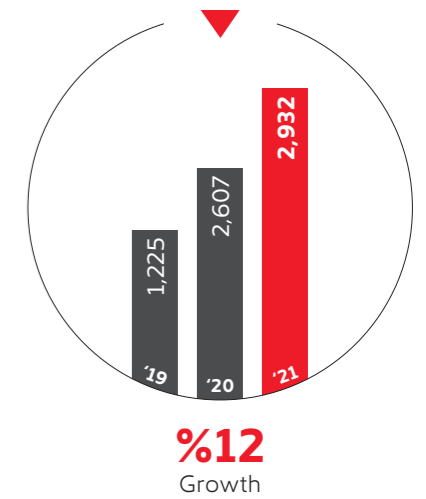
Net Sales (TL Million)



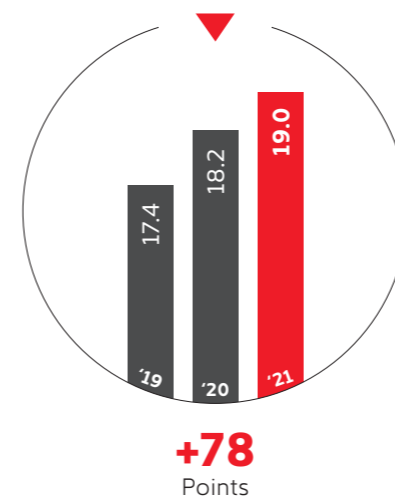
EBITDA (TL Million)



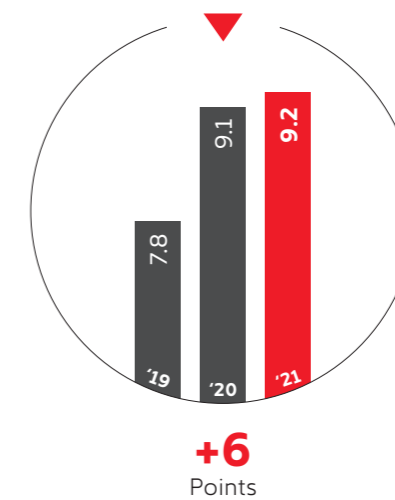
Net Profit (Owners of parent, TL million)



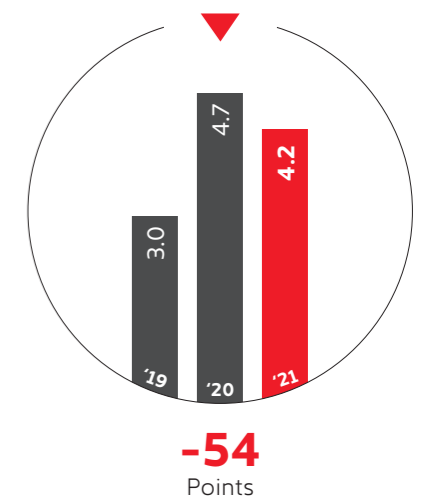
Gross Profit Margin (%)



EBITDA Margin (%)



Net Profit Margin (%)



Key Indicators



Turkey's retail sector leader BiM operates with 10,489 stores as of the end of 2021.

Condensed Consolidated Income Statement (TL Million)	2021	2020	Change (%)
Sales	70,527	55,495	27
Gross Profit	13,414	10,119	33
<i>Gross Profit Margin</i>	<i>19.0%</i>	<i>18.2%</i>	
EBITDA	6,481	5,067	28
<i>EBITDA Margin</i>	<i>9.2%</i>	<i>9.1%</i>	
EBIT	4,678	3,697	27
EBIT Margin	6.6%	6.7%	
Net Profit (Owners of parent)	2,932	2,607	12
<i>Net Profit Margin</i>	<i>4.2%</i>	<i>4.7%</i>	

Condensed Consolidated Balance Sheet (TL Million)	2021	2020	Change (%)
Current Assets	14,011	11,136	26
Fixed Assets	16,401	12,294	33
Total Assets	30,412	23,430	30
Short-term Liabilities	15,865	11,020	44
Long-term Liabilities	6,738	5,234	29
Shareholders' Equity	7,809	7,176	6
<i>Equity holders of the parent</i>	<i>7,606</i>	<i>7,176</i>	<i>6</i>
<i>Non-Controlling Interest</i>	<i>203</i>	<i>-</i>	<i>-</i>
Total Equity and Liabilities	30,412	23,430	30

Expectations and Achievements

Despite the difficult economic conditions BiM, thanks to its robust financial structure, intends to maintain and expand its investments, make a consolidated investment of 3.2% of the 2022 sales and create additional employment for 8,000 people.

Outperforming all targets set in 2021, BiM closed the year with a 27% increase in sales and a 9.2% EBITDA margin. In 2021, as pandemic conditions persisted, BiM continued its investments without interruption, as the Company had in 2020. The Company carried out investments of TL 2.2 billion, exceeding its 2021 investment target of TL 1.75 billion.

BiM aims to increase its sales by 55% in 2022 compared to the previous year and estimates its EBITDA margin at 8.5%. BiM will continue to contribute to employment, with plans to invest approximately 3.2% of 2022 sales for domestic and international operations. The Company aims to elevate its position as a leader of innovation in the retail sector through its robust financial structure and employment capacity.

2021	Targets	Realizations
Increase in Sales	20-25%	27%
EBITDA Margin*	8,0% (±0.5)	9.2%
Capital Expenditure (CAPEX)	TL 1,750 million	TL 2,226 million
2022	Expectations	
Increase in Sales	55% (±5)	
EBITDA Margin*	8.5% (±0.5)	
CAPEX to Sales Ratio	3.2%	

* The EBITDA margin target includes IFRS 16 effects.

About BİM

BİM continues to carry out its operations through the trust-based relationships it has established with all its stakeholders, primarily its suppliers that the Company views as business partners and always supports.

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 most affordable prices.

Managing its operations through the respective regional general directorates within a decentralized structure, BİM is able to carry out its business processes much faster and more efficiently.

With approximately 850 products in its product portfolio, the Company is the pioneer of the high discount model in Turkey.

BİM revises the composition of its products in line with the changing customer expectations and requirements while also introducing new products or delisting the old ones from its portfolio each year.

Investment in Private Labels

BİM's private labels, which are produced specifically for the Company by its suppliers, constitute the foundation of its high discount business model. The main characteristic of these products is their more affordable pricing compared to equivalent, branded products of the same quality. Private-label products constituted 64% of the sales in 2021.

Effective Cost Management

Operating based on the "everyday low price" policy, BİM does not have applications such as promotion, campaign and loyalty cards; therefore, customers do not have to follow 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 competitors 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.

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.

BİM adheres to the following principles of cost management:

1. In general, the 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.
6. Products are distributed through the Company's logistics network.
7. Product portfolio is kept limited and high volumes of products at low prices are purchased from suppliers.
8. Private labels are included in the product portfolio 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.

As it conducts its transactions in Turkish Lira without using foreign currency and finances its operational investments through a strong equity, BİM is not directly affected by the fluctuations in the exchange rates and interest rates.

BİM is the biggest purchaser of the majority of the products it sells in Turkey thanks to its high purchasing power.

Strong Supply Chain

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.

BİM is recognized as a company that suppliers would particularly like to work with in the retail sector since the Company has one of the shortest payment terms of the sector and provides the best support to its suppliers, who they consider as business partners.

Thanks to its successful supply chain and inventory management, BİM did not let its shelves to be empty, even under the challenging pandemic conditions. Relentlessly continuing its investments with its new stores and renovated store designs, BİM continued to offer its customers the best quality at the most affordable price by expanding its product range, proving once again that it stands by its customers even under the most challenging conditions.

High Inventory Turnover Rate

The inventory management at BİM is conducted via a program used commonly in the world. Inventories that are managed from regional directorates are effectively monitored as they are transferred from warehouses to stores and from stores to customers via its own logistics infrastructure.



The principle adopted by BİM in carrying out its operations is to keep its costs at the lowest level and reflect its gains to customers as low prices. In this context, BİM keeps a limited product portfolio, purchasing high volumes at low prices from suppliers. This, in turn, is reflected in product prices.



About BIM

BIM, 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.

Product Safety

As a provider of reliable products that are capable of fully and continuously meeting customers' basic needs in the most economical way and in a timely manner, BIM has adopted continuous improvement regarding food safety as a Company policy. 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 purchased products as per the defined strategies,
- Conducting activities for legal proceedings of product packages,
- Following up on legal changes and problems in product groups,
- Inspecting the quality of products per the procedures,
- Performing tests when necessary and at planned times,
- Performing product and manufacturer inspections,
- Ensuring continuity in product development regarding its private labels.

Sustainable Business Model

BIM, 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, BIM has significantly contributed to the balanced course of the price mechanisms in the sector. BIM assists spreading low prices throughout the market by setting an example for the market with its "everyday low price" policy. BIM will continue decisively to

fight against inflation in the upcoming period as well. Aiming to continue its efficient and sustainable growth, BIM will maintain its effective cost management policy by prioritizing customer satisfaction.

Although the pressure has increased on costs due to increased raw material prices in international markets and the devaluation of TL particularly in the pandemic period and in 2021, a year of struggle against high inflation, BIM continued to support the fight against inflation by postponing its price increases as much as possible. When its costs increase, BIM takes care not to increase its prices before it runs out of the low-cost inventory.

On the other hand, BIM operates with the effort to keep customer satisfaction at the highest level with the unconditional return guarantee policy applied in its stores. Having operated based on its sustainable customer satisfaction policy, BIM continued to provide services with full shelves and sufficient personnel in order not to aggrive its customers in this period as well.

Investment Policy

Focusing its investments mostly on the expansion of its operation network, BIM prefers organic growth by establishing new stores and regional centers. BIM usually rents the stores and decorates them as plainly as possible, which requires relatively low investment costs.

Since BIM is managed via a decentralized organizational structure, the regional centers are very crucial for the Company. The new warehouses and regional centers are constructed in accordance with the compliance criteria, generally by acquiring land.



▼
578
Number of
stores in
Morocco

International Operations

Entering the international arena through its operations in Morocco and Egypt, BIM sustains its growth in foreign activities.

BIM's first foreign operation, Morocco, is the first discount chain in the country. BIM actively started the operations in Morocco with the opening of its first store in Casablanca on 11 April 2009 and owns 65% of the capital of the company that carries out the operations in the country. It is aimed to accelerate the localization and growth in this country with Helios Investment Partners LLP, which acquired 35% share in the Morocco operations in May 2021.

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.

The Morocco operations, which achieved operational and net profitability (before IFRS 16) as of the end of 2019, continued to maintain the profitability in 2021 as well. The number of stores reached 578 with 43 new store openings in 2021.

The second foreign operation of the Company was in Egypt, with the first store opening in 2013, currently has 300 stores. BIM has the whole capital of the company that carries out the Egypt operation. BIM has two regional directorates in Egypt, which is one of the biggest countries in the Middle East with a population of 102 million and acts as the production base of its region.

▼
300
Number of
stores in
Egypt



About BİM

64 %
Ratio of BİM's
private-label
products to net
sales

BİM Brands

Having introduced the notion of private-label product sales to the Turkish retail sector, BİM plays an important role in Turkey's fight against inflation by offering the high quality private-label products to customers at affordable prices. BİM meticulously carries out its studies for the protection, development and quality controls of these brands both in terms of flavor and package quality. BİM develops its' private-label product portfolio every year, and the share of its private labels in net sales increased from 46% in 2005, the year the Company went public, to 64% in 2021.

Customers' demand for the private-label products of BİM, which brings together high quality and affordable prices, continued to increase and the share of these products within total sales reached 64% in 2021.

BİMcell

BİMcell, introduced in March 2012, is BİM's brand operating in the field of mobile communications. Offering special communication solutions with its Internet and mixed packages, BİMcell has a population coverage rate of 98% throughout Turkey. BİMcell attracts more and more customers with its economic, competitive and innovative packages that offer "pay as you go" options by charging customers per second. BİMcell increased its subscriber base by approximately 600 thousand in 2021, reaching 2.7 million subscribers as of the end of the year.

Principles of BİMcell:

- 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.

BİMcell is a virtual prepaid operator, and its subscriber base increases each day.

FILE

BİM launched its new retail model, FILE, in March 2015. Combining discount grocery shopping with the supermarket concept, FILE enables its customers to shop in larger spaces. The concept of FILE, which offers a strong, fresh, high quality and richly varied range of products based on a different supermarket notion, has gained an important position in the retail sector and the appreciation of customers in a short period of time.

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.

Bringing innovations to its customers as its concept, FILE attracts attention with its special service sections such as bakery products, meat-charcuterie, fruit-vegetables and personal care and offers an alternative to customers who would like to buy products at low prices and high quality standards other than basic food groups.

FILE set up its third warehouse in Ankara in 2021 in addition to its two warehouses in Istanbul, expanding its area of activity.

Thanks to a plain presentation of the correct business model, FILE quickly achieved EBITDA profitability and managed to attain net profitability in the 5th year of its operations.

Establishing a new supply chain, FILE included new private-label products to its portfolio in addition to national and international products. 33% of the sales of FILE, which has introduced three new brands in basic product categories to consumers for the first time, is comprised of private-label products. 45 products not previously offered to the market before in Turkey have been introduced to consumers for the first time thanks to FILE.



Harras

ACTISOFT

Daycare

FILE Brands

Harras is a food product brand, its' product development and manufacturing processes are closely monitored by FILE. These products are produced by the leading suppliers in the product category 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 certified organizations.

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 certified organizations.

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 product category and have at least the same quality as the leading brands in the market.

Service Philosophy

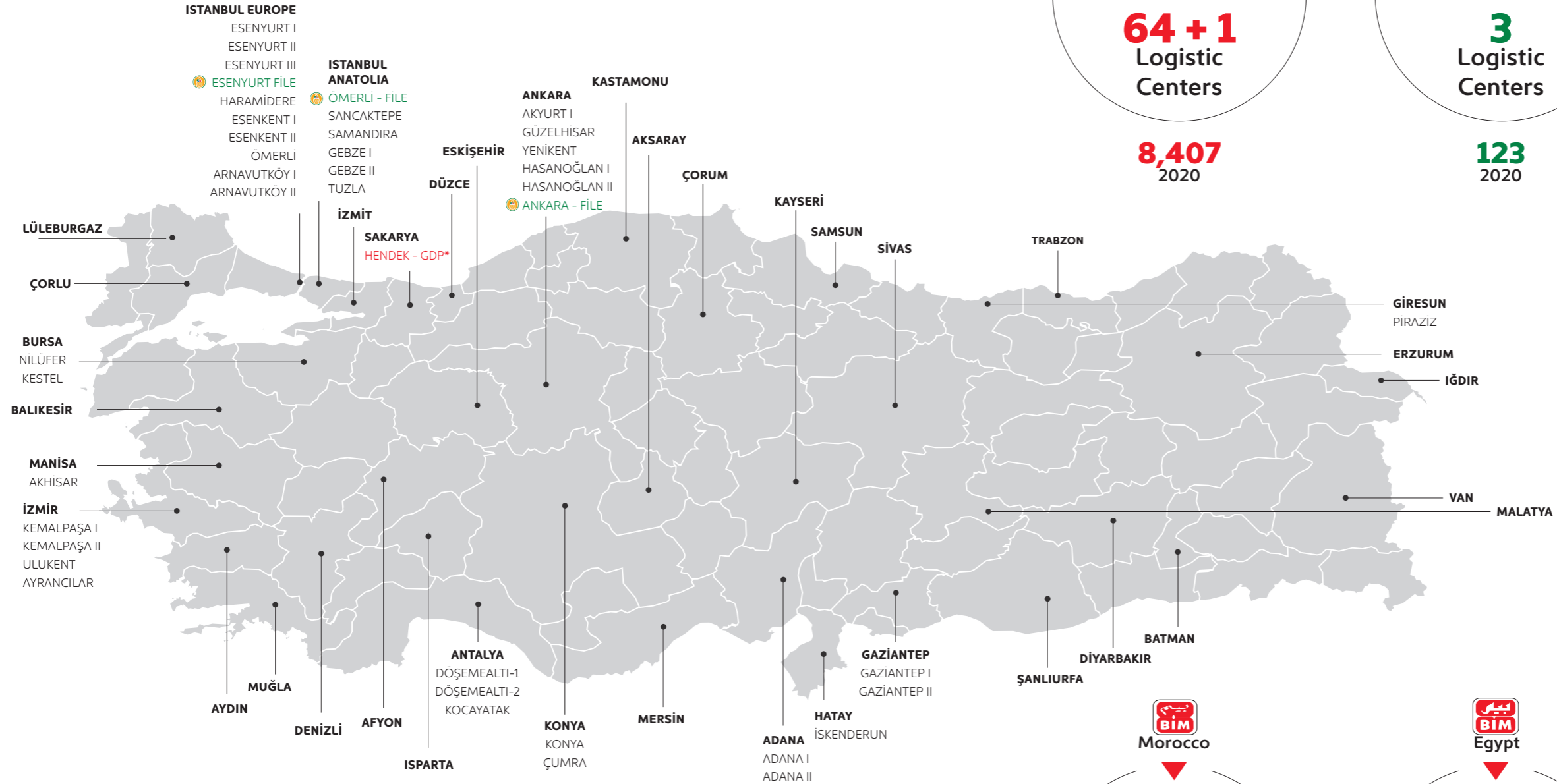
Operating based on the “everyday low price” policy, BİM delivers high-quality products at affordable prices to its customers through the power of its service philosophy.



- 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.

BİM's Domestic and Foreign Operations



BİM
Turkey

9,451
Stores

64 + 1
Logistic
Centers

8,407
2020

FILE

160
Stores

3
Logistic
Centers

123
2020

**1.3 million m²
closed storage
area on a total
of 2.6 million m²
land**

* One of its logistics centers includes the warehouse of GDP Gıda Paketleme Sanayi ve Ticaret A.Ş., a subsidiary subject to consolidation.

BİM
Morocco

578
Stores

3
Logistic
Centers

535
2020

BİM
Egypt

300
Stores

2
Logistic
Centers

300
2020

Subsidiaries and Affiliates

In order to improve its supply sustainability in the fresh fruits and vegetables category, BİM acquired Bircan Fide, which produces tomatoes under the soilless agriculture procedure in geothermal greenhouses in Afyon.

Trade Name	Field of Activity of the Company	Paid-in/ Issued Capital	Currency	BİM's Share in the Capital (%)	Nature of the Relationship with the Company	Consolidation Method
BİM Stores SARL	Food Retail Activities in the Kingdom of Morocco	246,824,000	MAD	65	Subsidiary	Full consolidation
BİM Stores LLC	Food Retail Activities in the Arab Republic of Egypt	875,000,000	EGP	100	Subsidiary	Full consolidation
Dost Global Danışmanlık A.Ş.	Advisory and Operation	160,000,000	TL	100	Subsidiary	Full consolidation
Es Global Gıda Sanayi Ticaret A.Ş.	Production of Biscuits and Confectionery	40,000,000	TL	100	Subsidiary	Full consolidation
Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret A.Ş.	Soilles Agriculture Activities in Geothermal Greenhouses	15,000,000	TL	100	Subsidiary	Full consolidation
GDP Gıda Paketleme Sanayi ve Ticaret A.Ş.	Food and Beverage Packaging	5,000,000	TL	100	Subsidiary	Full consolidation
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş.	Toothbrush Production and Sales	8,000,000	TL	100	Subsidiary	Not consolidated.
FLO Mağazacılık ve Pazarlama A.Ş.	Marketing of Shoe Products	34,500,000	TL	11.5	Affiliate	Not consolidated.

With a capital of TL 40 million, BİM established a company to produce certain biscuits and confectionery products sold in its stores under its own brand and commenced factory investments.



Bircan Fide produces tomatoes within the framework of best agriculture practices in an environment-friendly manner in computer-equipped greenhouses. The Company reinjects thermal water, discharged from greenhouses heated with geothermal resources, back into the ground without polluting the environment.

Es Global Gıda Sanayi ve Ticaret A.Ş.

To produce certain biscuits and confectionery products sold in its stores, BİM decided in 2021 to establish a company with TL 40 million in capital. The registration processes of the company, Es Global Gıda Sanayi ve Ticaret A.Ş., have been completed and the Company has been consolidated under the full consolidation method in the financial statements as of the date of the report. The establishment procedures of the factory and production lines in the Eskişehir province are ongoing.

Dost Global Danışmanlık A.Ş.

BİM's fully owned subsidiary Dost Global Danışmanlık A.Ş. was established on January 8, 2020 to ensure the achievement of a more efficient organizational structure within the scope of BİM's overseas investments.

GDP Gıda Paketleme Sanayi ve Ticaret A.Ş.

GDP Gıda Paketleme ve Sanayi ve Ticaret A.Ş., which is a fully owned subsidiary of BİM ensuring the supply and packaging of various food products sold in BİM stores, primarily rice and pulses, began to operate on July 13, 2017. The Company carries out the activities relating to the purchase, quality control, storage and packaging of products procured from suppliers in Turkey and abroad, as well as their transportation to regional warehouses.

FLO Mağazacılık ve Pazarlama A.Ş.

Operating in the footwear sector since 1960, FLO Mağazacılık is the leader of the Turkish shoe sector, with more than 600 stores located in Turkey and abroad, and an e-commerce web site: www.flo.com.tr. In November 2013, 11.5% of the shares of the Company were acquired by a group of entrepreneurs for financial investment purposes.

İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş.

The Company was acquired for TL 12,590,000 in 2012 and is engaged in toothbrush production.

51,3
TL million

Acquisition of
Bircan Fide

40
TL million

Initial capital of
the biscuit and
confectionery
company

BİM Stores SARL

BİM became a 100% shareholder in BİM Stores SARL, a company established to operate in the discount food retail sector in Morocco. BİM Stores SARL opened its first store in Morocco on July 11, 2009. As a result of the localization decision taken by BİM in foreign markets, the procedures regarding the sale of 35% of BİM Stores SARL's shares to Helios Investment Partners, a private equity fund based in England, were completed in 2021 for USD 83.2 million.

BİM Stores LLC

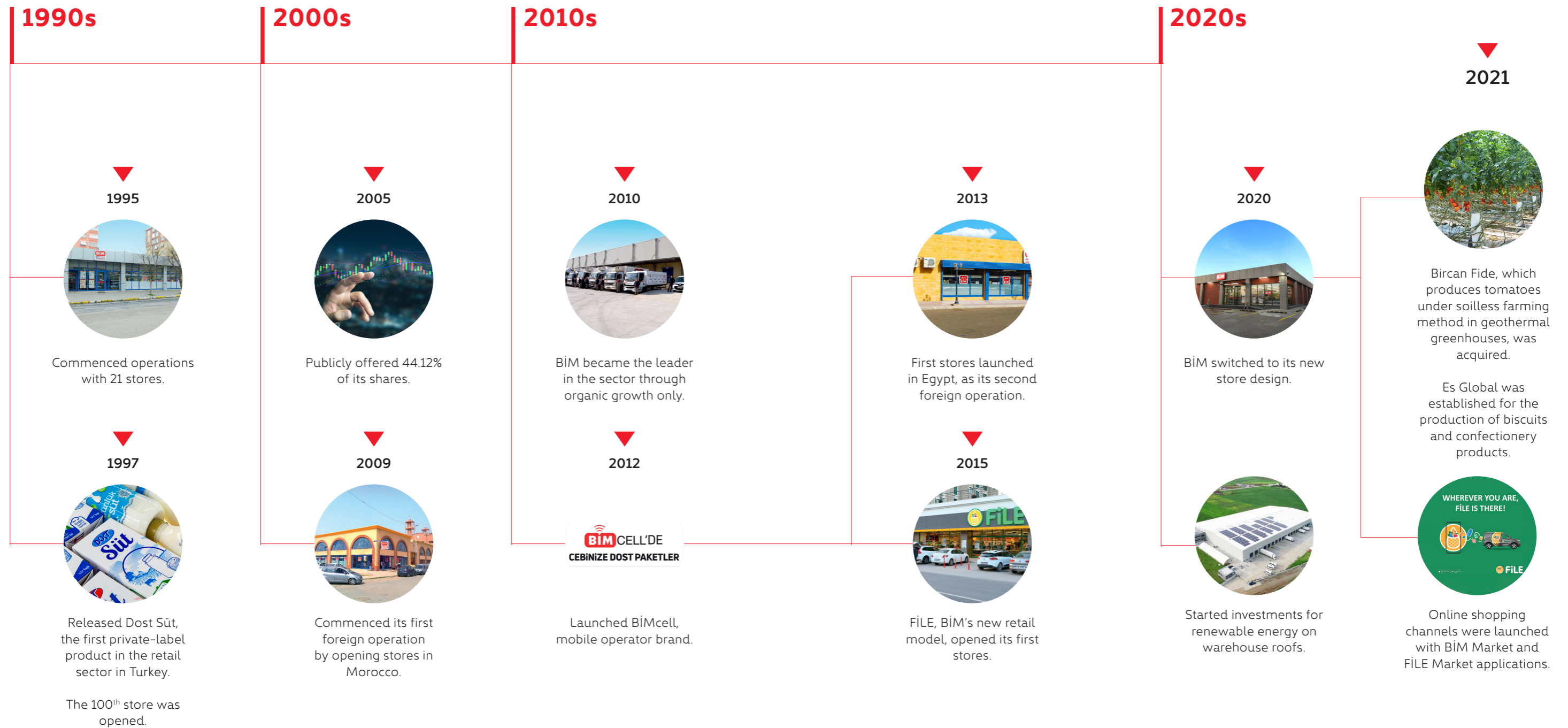
BİM became a 100% shareholder in BİM Stores LLC, a company established on July 24, 2012 to operate in the discount food retail sector in Egypt. BİM Stores LLC stores were opened in Egypt in April 2013.

Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret Anonim Şirketi

To improve supply sustainability in the fresh fruit and vegetable category, BİM acquired all shares of Bircan Fide Tohum Tarım Lojistik Sanayi ve Ticaret Anonim Şirketi in 2021 for TL 51.3 million. The Afyon-based Bircan Fide produces tomatoes in geothermal greenhouses, set in an area of 100 decares, using the soilless farming method.

Milestones

With the new stores opened within the framework of an organic growth model, BİM reached more than 10 thousand stores in 2021, achieving a remarkable success.



Message from the Board of Directors

Esteemed Shareholders,

In 2021, vaccination efforts gathered pace and pandemic conditions began to normalize. In addition, the Turkish economy achieved high growth in 2021, partly due to an increase in consumption appetite; this growth also reflected in the retail sector, along with corresponding increases in sales volumes. Despite the high economic growth throughout 2021, rising inflation and exchange rates, particularly in the last period of the year, are observed as risks that could diminish consumer purchasing power.

Costs in the food retail sector rose rapidly due to higher exchange rates, logistics costs and rent expenses, as well as supply issues and the upturn in global raw material prices, resulting in an increase in product prices as well. As modern retailers, we cooperate with our business partners, suppliers, and all other players in the supply chain, and we strain our own capital resources in our operations in order to minimize the impact of inflation. However, as a result of the current economic process, price increases arising from production cause a chain reaction that affects final prices.

Meanwhile, changing consumer habits demonstrate that brand loyalty has declined, while sensitivity to prices and campaigns has risen, with consumer attention focused on the ingredients and price-quality balance of products rather than on brands. Consumers want to purchase products in nearby locations, at economical prices, and with proper services. Therefore, consumer demand for more economical products produced by discount stores continues to increase. As BiM, we strive to reduce the pressure exerted by high inflation on our customers' purchasing powers with our low price policy and private-label products that offer price

advantages without sacrificing quality. The demand for our private labels expanded considerably, particularly in the last quarter of 2021 when the upward trend in inflation and exchange rates accelerated. We retain our leading position in private label products in Turkey, with 64% of our total sales comprised of our private labels.

As BiM, we did our best to minimally reflect these increasing costs to consumers in 2021. As required by

Our customers, who have always been our most rigorous inspectors, appreciated our combination of high quality and low prices this year as well, making BiM the most preferred retail company again.

BiM's business philosophy, we took extreme care to not reflect cost increases in prices before lower priced inventories run out in stores. Our customers, who have always been our most rigorous inspectors, have appreciated how we bring together high quality with low prices this year as well, making BiM the most preferred retail company again.

On the other hand, online food shopping, which is still in its infancy, continued to escalate under the pandemic conditions. The competition in e-commerce, which offered various opportunities to food retailers during the pandemic, continued at full speed in 2021 as well. Since this offers expanded variety for consumers and

stronger competition for retailers, it is considered a positive development in the sector. We, too, closely follow the trends of the age, offering our customers the opportunity to shop online via the mobile application of our new retail model FILE. The FILE mobile app currently serves in 11 provinces. In addition, with the BiM Market application, which we launched towards the end of 2021, we provide our customers with the opportunity to review current products and purchase white goods, electronics, small household appliances and home textiles, offered for sale exclusively via the application, at affordable prices and with free delivery.

As BiM, we continue to grow steadily by opening new stores in order to ensure that every segment of society has access to quality products at low prices. We increased the total number of our stores in Turkey to 9,451 in 2021. The number of stores opened according to the new store concept, which is more environmentally friendly while offering a better shopping experience, reached 2,300. The number of our BiM Mini stores, which are still in the trial phase, reached 86 in 2021.

Offering an innovative, exclusive and distinctive customer experience, FILE is gradually expanding its network of stores, which offer a combination of discount grocery shopping and the supermarket concept. As of the end of 2021, a total of 160 FILE stores provide services with low price and high-quality products in addition to basic food products.

Our international operations also continue their activities at full speed. We increased the number of our stores to 578, with 43 new stores opened in Morocco in 2021. In Egypt, we continue our activities with 300 stores.

As BiM, we proceeded with our investments in 2021 despite negative economic developments, rising investment costs and the impacts of the pandemic. We aim to enhance the value of product supply and to offer quality products at affordable prices. In this context, we acquired all the shares of Bircan Fide, which produces tomatoes under the soilless farming method in geothermal greenhouses in Afyon, for TL 51.3 million. In addition, we established Es Global Gıda Sanayi ve Ticaret A.Ş. with a capital of TL 40 million in order to produce certain biscuits and confectionery in our stores.

In addition to the above, we continuously improve our supplier quality standards. This year, we continued to cooperate closely with our suppliers and contribute to their development.

As BiM, we maintain our contributions to the national economy and employment with our successful financial and operational activities. We provided employment for 9,534 individuals, increasing the total number of our employees to over 70 thousand in 2021. As of the end of 2021, our sales income increased by 27%, reaching TL 70.5 billion, while our EBITDA reached TL 6.5 billion with 28% growth. In the last three years, our Company increased its sales income by 118%, yet again proving its success in the sector.

In addition to the effects of the epidemic in 2021, we endured tough times due to the multiple natural disasters we suffered as a country. As BiM, we donated a total amount of TL 51,091,246 as part of our social responsibility to various foundations, institutions, and organizations, including for fire and flood disasters.



We act in awareness of our responsibilities to our society and are dedicated to bequeathing a livable world to future generations in line with our concept of sustainability. In this context, we continue to invest in renewable energy in order to reduce our environmental footprint. We issued our first sustainability report in 2021, and were included in the BIST Sustainability Index.

In 2021, significant steps were taken in the field of corporate governance as well. We published Ethical Principles, Anti-Bribery and Anti-Corruption, Whistle Blowing, Human Rights, Human Resources, Responsible Procurement, Environmental, Customer Satisfaction, and Information Security Policies on our website.

As the first representative of the high discount model in Turkey, we plan to continue to grow steadily and efficiently in 2022. We aim to make investments of approximately TL 3.5 billion for domestic and international operations and to increase our contribution to employment in the coming period. In this context, we plan to employ 8,000 additional personnel in 2022, elevating our position as a leader of innovation in the retail sector with our robust financial structure and employment power.

10,489
Number of stores

Retail Industry in Turkey

The agenda of the Turkish retail sector in 2021 involved an unprecedented focus on customer satisfaction and an exponential increase in digital investments.



Changing Consumer Habits

The COVID-19 pandemic drove radical changes in consumer habits and behaviors throughout the world. The retail sector also entered a long-term process of change, due to both technological developments and evolving consumer behaviors. Consumer research studies indicate a need for heightened assurance regarding personal safety in terms of health in order for consumers to return to stores, restaurants and other

venues. In this context, companies that take all precautions in terms of health and offer a hygienic shopping environment to customers stand out. Furthermore, research indicates that consumers' economic concerns have risen and that saving money has become a priority. As such, luxury expenditures have declined while the tendency to cook at home rose, resulting in higher demand for basic food products.

As a result of these changing consumer behaviors, companies that intend to survive and succeed in the long run should adapt their business models to this new reality, while prioritizing personal safety for their employees and customers. Furthermore, companies should be able to anticipate who their customers are, how their needs have changed, and what they expect.

As digitalization is considered a solution to fulfilling these evolving customer expectations and achieving growth, sector players must facilitate the use of online services and integrate seamlessly with their multi-channel services.

Increased Importance of Local Suppliers

As purchasing power continues to be the most important driver of consumption, retailers and suppliers must develop strategies to remain competitive. Within the sector,

supporting local suppliers is a significant trend. This can provide an opportunity to resist price pressures in the future. Many consumers indicate that they are willing to pay more to support local communities; thus, this situation can present an effective marketing strategy for local suppliers who are considering localizing their brand strategies, and for big retailers seeking to establish partnerships with the global brand.

Increased Number of Stores

As the pandemic's impacts lessen and the normalization process begins, companies are continuing to set up new stores, expanding the number of stores in the retail sector. The 2022 budgets of the sector's leading players include expenditures for opening new stores and improving existing stores.

Having successfully closed the year 2021, BİM has achieved numerous developments throughout the year, particularly in the field of sustainability.

Main Developments in 2021

March

- The Board of Directors Decision on establishing the Sustainability Committee was announced.

May

- Having launched its online shopping channel, FİLE continued its services by supporting a large majority of the population of Istanbul with its mobile application and also started to provide mobile shopping services in 11 provinces.

July

- The BİM Sustainability Report was published.

September

- Based on the decision taken by the Board of Directors of BİM on September 14, 2021, it was decided to establish a company with capital amounting to TL 40 million for the production of certain biscuits and confectionery products sold in BİM stores, and to commence the establishment procedures, in order to improve the Company's supply sustainability. The registration processes of the company, titled Es Global Gıda Sanayi ve Ticaret A.Ş., were completed and the Company was consolidated under the full consolidation method in the financial statements as of the date of the report.

October

- To improve the sustainability of supply in the fresh fruit and vegetable category, BİM acquired all shares of Bircan Fide Tohum Tarım Lojistik Sanayi ve Ticaret Anonim Şirketi, which produces tomatoes under the soilless farming procedure in geothermal greenhouses in Afyon, for TL 51.3 million.
- Within the scope of the investigation carried out by the Competition Board to examine the pricing behaviors of chain stores and businesses at the level of producers and wholesalers which act as their suppliers, an administrative fine in the amount of TL 958,129,194.39 calculated at the arbitrary rate of 1.8% of the

annual gross incomes that were generated at the end of FY 2020 and that were determined by the Board was imposed on the Company under paragraph 3 in Article 16 of the Law numbered 4054. The administrative fine in question was paid with a 25% discount in February 2022 under paragraph 6 in Article 17 of the Law numbered 5326.

- None of the allegations claimed in the decision in question are accepted by BİM and this matter has been brought to the attention of the Board along with proof in both written and verbal statements of defense since the beginning of the investigation.
- Therefore, BİM will defend its rights and will resort to legal remedies against the decision in a comprehensive manner.

December

- BİM initiated a share buyback program as of December 6, 2021.
- Sales of some white goods and electronics started to be carried out online via the BİM market application, which was launched as of the end of December 2021.
- BİM has been qualified for inclusion in the BIST Sustainability Index, an index that includes companies that have high corporate sustainability performances and that are traded on Borsa Istanbul.

▼
27%
Net sales increase

▼
12%
Increase in the number of stores

▼
16%
Growth in the number of employees

A total of 46 products carrying BİM's own brand were awarded Taste Award Certificates by the International Taste Institute.

Awards and Achievements

International Taste Institute.

A total of 46 products carrying BİM's own brand were awarded Taste Award Certificates by the Brussels-based International Taste Institute, which was established in 2005. Five of BİM's private-label products received three stars. Seventeen products received two stars and 24 received one star.

Brand Finance

In the Turkey's 100 Most Valuable Brands Report, announced for the fourteenth time in 2021 by international brand valuation organization Brand Finance, BİM ranked twelfth with a brand value of USD 617 million.

According to the annual Deloitte Global Powers of Retail 2022 report, BİM ranked 137th among the top 250 retail companies and continued to represent Turkey.

Deloitte

According to the annual Deloitte Global Powers of Retail 2022 report, BİM ranked 137th among the top 250 retail companies and continued to represent Turkey.

Marketing Türkiye & Akademetre

At The ONE Awards Integrated Marketing Awards, organized through a cooperation between Marketing Türkiye and Akademetre and one of the most important standards of the marketing sector, BİM Birleşik Mağazaları received the "Most Reputable Company of the Year" award in the chain market category.

CAPITAL 500

According to the Capital 500 research, which ranks the 500 largest companies in Turkey in terms of turnover and number of employees, BİM Birleşik Mağazaları A.Ş. ranked second in both categories in 2021.



BİM in 2021



As the first representative of the high discount model in Turkey with its organizational structure, effective cost-management practices and limited product portfolio, BİM continues its services with 10,489 stores as of the end of 2021.

The qualities that have stamped BİM as a sector leader proved even more powerful in 2021, when the pandemic's impacts continued and difficult economic circumstances prevailed. Continuing its activities with the "everyday low price" motto, BİM offers its customers a clear and simple business model rather than campaigns and short-term price discounts.

Successful Financial Results

BİM reinforced its leadership in the food retail sector in 2021 and achieved a growth of 27%, exceeding expectations. Thanks to the successful business model it has implemented, the Company has maintained its stable growth trend and its weighted annual growth rate in the last five years was recorded as 29% organically, without any acquisitions. The Company's EBITDA margin in 2021 was 9.2%, again exceeding expectations.

Having increased the number of its employees by 16% in 2021, BİM has 70,197 employees on a consolidated basis, approximately 93% of whom are in Turkey. The Company provides significant support to the country's economy with the employment it creates.

As of the end of 2021, the Company has a total of 10,489 stores, 9,451 of which are BİM Turkey stores, 160 of which are FİLE stores, 578 of which are located in Morocco and 300 of which are located in Egypt. Having opened 1,124 new stores in 2021, BİM set up two new regional directorates in Akhisar and Isparta.

Number of Stores	2021
Egypt	300
Morocco	578
FİLE	160
BİM	9,451
Total	10,489

Investments and Supply Sustainability in 2021

BİM continued its investments, with investments in 2021 exceeding expectations. All investments, a total amount of TL 2.2 billion made on a consolidated basis, were financed through the cash flow generated from BİM's own operational activities.

As of the end of 2021, BİM had opened approximately 2,300 stores with the new design or renewed the design of its existing stores.

By carrying out activities with negative net working capital, BİM finances itself through its cash collection. Having ceaselessly continued its investments even during the pandemic, the Company distributed cash profits in the approximate amount of TL 3.6 million in 2021, in addition to its operational cash outflow.

Furthermore, BİM made new investments in order to meet a portion of its supply needs in biscuits, chocolate, and the fresh fruits and vegetables category, for achieving sustainability in the product category. The Company aims to prevent potential risks in its supply chain and increase the quality of its products.

Continuing its investments in 2022, the Company expects to have investments to amount around TL 3.5 billion in the coming year.

FİLE

Proving that it is the right concept for Turkey by generating positive feedback from its opening to date, FİLE continued to grow in 2021 and increased the total number of its stores to 160, opening 37 new stores. FİLE takes sure steps towards its

future goals and will continue to open stores in the coming period as well. Opening its third warehouse in Ankara in 2021, FİLE plans to expand more rapidly in the Central Anatolia Region.

International Operations

As a result of the localization decision in the international markets, BİM engaged in various activities regarding the operations in Morocco. At the conclusion of these efforts, the procedures for selling 35% of BİM's Morocco operation to Helios Investment Partners, a private equity fund based in England, were completed in 2021. As localization activities in the country gain pace with the new shareholding structure, efforts to accelerate store openings continue as well. The number of stores reached 578 in Morocco, where 43 new stores were opened in 2021.

In Egypt, BİM's second international operation, 300 stores continue their activities as of the end of 2021.

Digitalization / E-Commerce Investments

FİLE Mobile Application

Having launched its online shopping channel in 2021, FİLE continued its services, supporting a large majority of the population of Istanbul with its mobile application; it also started to provide mobile shopping services in 11 provinces.



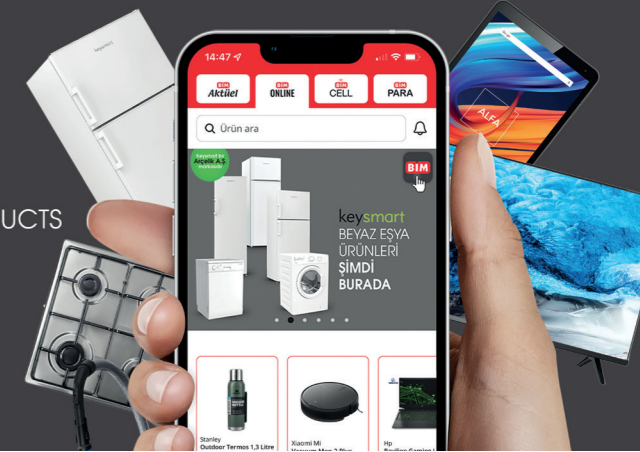
GOOD NEWS! BİM IS NOW MOBILE

DOWNLOAD THE APP

TO CHECK OUT OUR SELECTION OF HOME APPLIANCES AND ELECTRONICS
BUY NOW!



DISCOVER NEW APP-EXCLUSIVE PRODUCTS EVERY FRIDAY



BİM Mobile Application

Sales of some white goods and electronics are carried out via the BİM market application, which was launched on December 24, 2021. Current products can be easily viewed on the app, which can be downloaded via Appstore or Google Play. The BİM Market app focuses on customer satisfaction and offers free shipping, options to pay in installments, and affordable price advantages with the addition of new products every Friday.

Thanks to the application, users can easily keep up with BİM's current products offered for sale on Tuesdays and Fridays; these sales are eagerly anticipated and carefully determined every week. Users can also obtain detailed information about current products and add preferred products to their favorites. In addition, users can get information about BİM Cell online transactions and BİM Para, the contactless payment application that facilitates shopping at BİM via the app.

BİMcell

BİMcell, a BİM brand offering special communication solutions with internet and mixed packages, increased its subscriber base by 600 thousand reaching 2.7 million subscribers as of the end of 2021. Furthermore, package sales from checkout points were launched in 2021, with the aim to provide customers easy access to the packages. Introducing the BİM quality to the telecommunication sector, BİMcell aims to expand its customer base with advantageous new packages in the coming period as well.

BİM Para

BİM has taken significant steps towards contactless payment, a method that has gained even more importance due to the pandemic and enables customers to send money to each other and make contactless payments at checkouts with the BİM Para mobile app. More than 2.4 million transactions were conducted via BİM Para by the end of 2021.

R&D Activities

Introducing the concept of private label products to the organized retail sector, BİM offers its private-label products that are produced at high-quality to consumers at affordable prices.

81

Number of
new products
introduced in
2021.



64%

Share of private
labels within total
sales

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,
- Controlling the quality of the products in accordance with procedures, conducting tests when necessary and at planned times,
- Sparing no effort in producing its private-label products, ensuring their continuity, preserving and developing their quality.

As a result of the studies and tests conducted with its suppliers by BİM in 2021, 81 new products were offered to consumers. The Company continues its search for new products in parallel with the changes in consumer habits.

Product Range

High quality and low prices constitute the basic criteria for constituting the product portfolio at BİM. The products offered to consumers in stores are selected so that they can 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.

A limited variety of products is kept due to the discount concept and there are approximately 850 products in the stores. Observing the changes in customer habits and behaviors, BİM launches new products every year.

Products offered by BİM are divided into four main groups:

Private-Label Products

Introducing the concept of private-label products to the organized retail industry with "Dost Süt," BİM takes the lead in this category 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. The ratio of private-label products sold in BİM stores to net sales was 64% in 2021. Consumers' demand for our private-label products grew in 2021, when sensitivity to prices and quality increased. 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 kept in stock for a limited time and offered to customers in weekly periods. When they are on offer, spot products increase customer traffic and hence increase the sales of standard listed products as well.

Exclusive Products

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

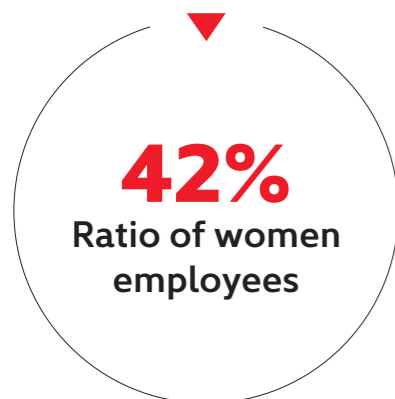
Branded Products

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

High quality and low prices constitute the basic criteria for constituting the product portfolio at BİM. The products offered to consumers in stores are selected so that they can meet the daily basic needs of a household.

Human Resources

BİM employed 9,534 new personnel in 2021 as a result of its investments, reaching a total of over 70 thousand employees.



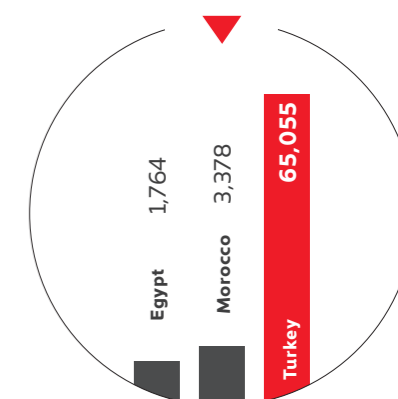
BİM Built on Its Own Human Resources

BİM objectively evaluates its need for staff and labor according to the criteria of knowledge, skills and experience, within the framework of its organizational targets. 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 own 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.



Distribution of Employees by Domestic and International Operations*



* as of 31.12.2021

Training and Development Management

BİM provides career opportunities and a business environment where the employees will maintain their development and attaches importance to training programs. Within this scope, orientation training and programs are provided both for recruits and promoted employees; the topics to be addressed during the training are standardized through internal regulations.

The online training program, which was started as a pilot program in 2020 in order to increase the quality of training, standardizing it and adapting it to today's conditions, is planned to be gradually expanded throughout BİM in 2022.

Remuneration System

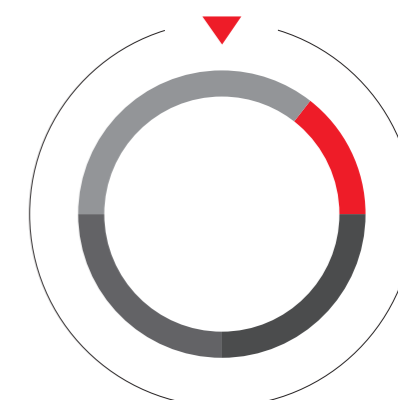
BİM creates its remuneration policy competitively by considering the sector, labor market and local legislation. The lowest level of wage is determined above the legal minimum wage. The Company pays attention to ensure that annual wage increases are not below the inflation rate and equal remuneration is applied for female and male employees. The Company carries out its applications relating to daily and weekly working hours, as well as overtime work, breaks, weekly holidays and annual paid leave in accordance with laws and regulations.

Human Resources Profile

BİM continued its significant contribution to the country's employment in the pandemic period. The total number of employees increased by 15% exceeding 70 thousand people in 2021. Additional employment for 8,000 people is planned to be created in 2022.

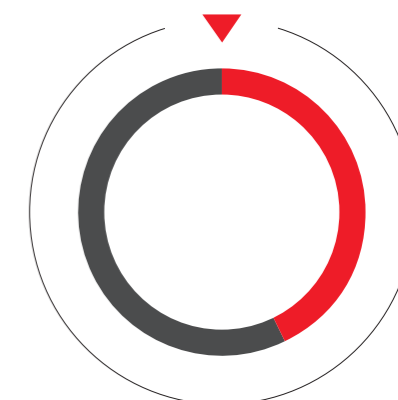
BİM's Board of Directors approved and enforced the Human Resources Policy in 2021. General principles regarding recruitment, training-development, planning-career management and remuneration system, legislative compliance, protection of employee rights and prevention of discrimination and ill-treatment have been adopted in the policy. The policy is available on the Company's web site.

Distribution of Personnel by Age



>18-24 Years:	29%
25-30 Years:	32%
31-39 Years:	27%
39 and above:	12%

Gender Distribution



Female	42%
Male	58%

Sustainability

BİM aims to reduce environmental impacts with the investments it makes in sustainable energy resources and to produce a total of 31 thousand MWh of electricity annually with 9 SPP (solar power plant) investments that it plans to begin operations in 2022.



For BİM, 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.

BİM published its first Sustainability Report in 2021. It is stated in the report that BİM's energy consumption is minimal due to its cost-oriented business philosophy, that it is in a much better condition than its competitors in terms of food waste and explanations are provided about its effective work in terms of food safety, its control mechanism, and risk management effectiveness. As a result of assessment of the Sustainability Report, BİM was qualified for inclusion in Borsa Istanbul Sustainability Index.

Aiming to protect the environment while contributing to the country's economy by reducing its carbon footprint, BİM continues its studies for supplying the energy used in its warehouses through the SPP system.

BİM aims to reduce environmental impacts with the investments it makes in sustainable energy resources and to produce a total of 31 thousand MWh of electricity annually with 9 SPP investments that it plans to begin operations in 2022.

BİM changed its store designs previous year and continued the related investments in 2021 as well. The new store design also involves improvements in energy saving and heat insulation.

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.

BİM published 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 seven most important issues in prioritization analysis are determined as follows;

- Product quality and safety,
- Customer experience and satisfaction,
- Economic performance,
- Packaging and waste,
- Responsible sourcing and procurement,
- Risk management
- Climate change and energy.

The seven secondary priority issues are determined as follows;

- Business ethics,
- R&D and innovation,
- Human rights and fair working conditions,
- Food accessibility,
- Food waste,
- Transparency,
- Corporate governance.

As a result of these studies, the Company's Board of Directors adopted the Responsible Procurement Policy, Customer Satisfaction Policy, Environmental Policy, Ethical Principles, Whistle Blowing Policy, Anti-Bribery and Anti-Corruption Policy, Human Rights Policy, Human Resources Policy, Disclosure Policy, Information Security Policy, Dividend Policy, Donation and Aid Policy and Remuneration Policy, and these policies are published on the Company website.

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 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 department ensures the coordination of sustainability activities throughout the organizational structure.

On March 18, 2021, a Sustainability Committee affiliated to the Board of Directors was established to execute, implement and monitor the Company's ESG activities.

- It creates implementation and action plans in line with the short and long term goals 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 2021 sustainability report.

A3. Reporting

- Reports the sustainability performance, goals and actions at least once a year and discloses publicly. Announces the information regarding sustainability activities in the annual report.

BİM published its first Sustainability Report in 2021 operating period. Information about sustainability activities are explained in detail in the Sustainability Report.

- It is essential to share important information in a direct and concise manner so that the position, performance and development of the partnership is understandable for the stakeholders. 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.

BİM opened a sustainability section on its website in the 2021 operating period. The matching between sustainability priorities and SDGs is shared in the Company's Sustainability Approach document.

The number of judicial decisions finalized against the Company with respect to employee rights: There are 47 lawsuits finalized against the Company in 2021.

The number of judicial decisions finalized against the Company due to responsibility for occupational accidents: There is one lawsuit finalized against the Company in 2021.

A4. Verification

- It publicly discloses sustainability performance measures if verified by independent third parties (independent sustainability assurance providers) and strives to increase such verification procedures.

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.

BİM currently does not have an environmental management system, but a zero waste certificate has been obtained for 7,556 stores.

Sustainability

BİM continues its operations in various countries with several brands. The Company strives to reveal as much comprehensive data as possible in terms of environmental data.

It has also started to work on obtaining ISO 14001 certificate in a regional warehouse. The Company's efforts to reduce energy costs, reduce carbon emissions through renewable energy production, and reduce all kinds of packaging waste independently of environmental management systems were disclosed in its 2020 Sustainability Report, which was issued in the 2021 operating period, and will continue to be disclosed regularly.

- The Company ensures compliance with laws and other relevant regulations concerning the environment and discloses them.

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

- It discloses the limits of the environmental report to be included in the report that will be prepared within the scope of Sustainability Principles, the reporting period, the reporting date, data collection process and constraints regarding the reporting conditions.

BİM continues its operations in various countries with several 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.

- It discloses the individual with the highest level of responsibility and related committees in the partnership and their duties with respect to environmental and climate change issues.

On March 18, 2021, a Sustainability Committee affiliated to the Board of Directors was established to execute, implement and monitor the Company's ESG activities, including the environment and climate change issues.

- It discloses the incentives offered for management of environmental issues, including attainment of the goals. 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.

BİM created 4 sustainability working groups in order to integrate the sustainability goals to business processes. Environmental issues are handled by the Environment Working Group. The Environment Working Group has been commissioned with developing projects to measure, monitor and minimize the environmental impact in our operation.

Our Responsible Procurement Policy has been adopted by the Board of Directors and published on our web site, so that our goals in environmental matters can be adopted by our suppliers as well. This policy is also attached to the contracts concluded with our suppliers.

- It discloses whether it is involved in policy-making processes in environmental issues (sectoral, regional, national and international); the associations of which it is a member, the cooperation it

establishes with related organizations and non-governmental organizations, as well as the duties undertaken and activities supported in environmental matters. It periodically reports information on its environmental impacts in a comparable manner, in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts.

BİM is aware of its social responsibility and fulfills its duties regarding environmental issues in coordination with government institutions. In order to reduce the negative impacts of the natural disasters which occurred consecutively in 2021, a total amount of TL 15 million has been donated in coordination with government institutions to the regions which suffered from forest fires and flood disasters.

Environmental indicators are provided in our Sustainability Report comparatively for each period.

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

The Sustainability Report, in which BİM presents its sustainability strategy and performance to its stakeholders, is prepared in accordance with the "Core" option of the Global Reporting Initiative (GRI) Standards.

Footnote 1

Scope 1: Direct Green Gas Emissions

Greenhouse gas emissions released from greenhouse gas sources owned or controlled by an organization.

- Fixed incineration (boilers, furnaces, turbines, heaters, incinerators, engines, etc.)

- Mobile incineration (cars, trucks, ships, planes, etc.)

- Process emissions (such as CO₂ from calcination in cement production, CO₂ from catalytic cracking processes in the petrochemical industry, PFC (Perfluorocarbon) emissions in aluminum melting)

- Fugitive emissions (leakage from equipment connections, wastewater treatment plants, cooling towers, gas processing plants, etc.)

Scope 2: Energy indirect greenhouse gas emission

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 emission

Apart from energy indirect greenhouse gas emissions, greenhouse gas emissions arising from greenhouse gas sources owned or controlled by other organizations as a result of an organization's operations

- Discloses the status of environmental indicators for the report year comparatively with previous years (increase or decrease). 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.

While BİM discloses the status of environmental indicators, its strategy and actions against the climate crisis in the sustainability Report for 2020, it aims to disclose its short and long-term goals in the Sustainability Report for 2021 which will be published in 2022.

- It reports the total energy consumption data (except raw materials) and discloses its energy consumption as Scope-1 and Scope-2. Provides information on electricity, heat, steam, and

cooling generated and consumed in the reporting year. Conducts and 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.

The information in question is provided in the Sustainability Report.

- Carries out energy efficiency projects and the amount of energy consumption and emission reduction achieved through these efforts.

The information in question is provided in the Sustainability Report.

- Reports the amount and sources of water that is drawn from underground or above ground, used, recycled and discharged, as well as related procedures (Total water draw by source, water sources affected by the draw; percentage and total volume of recycled and reused water, etc.).

The information in question is provided in the Sustainability Report.

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

BİM does not engage in carbon trading.

- Discloses information about the carbon credit accumulated or purchased in the reporting period.

BİM does not engage in carbon trading.

Sustainability

BİM is included in the BIST Sustainability Index as of 2022. It aims to be included in the Dow Jones Sustainability Index in the medium term.

- Discloses details of the carbon pricing applied in the partnership, if any.

BİM does not engage in carbon trading.

- Discloses all mandatory and voluntary platforms on which it discloses its environmental information.

Environmental information has been disclosed transparently in our Sustainability Report and the report is publicly available on our web site. In this context, all platforms have been allowed to access the said data.

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 effects of supply and value chain, it includes fair workforce, improvement of working standards, women's employment and inclusion issues (such as non-discrimination between women, men, religious beliefs, language, race, ethnic origin, age, disability, refugees, 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.

The Board of Directors of BİM adopted Human Rights, Human Resources and Responsible Procurement Policies in 2021 and these policies have been published on the Company's web site. BİM has also started to work on obtaining ISO 45001 certificate in a regional warehouse.

- Establishes and publicly discloses occupational health and safety policies. Discloses the measures taken to prevent occupational accidents and protect health, as well as 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, extensive measures were taken and the working hours, including the shift system were rearranged within the scope of COVID-19, in the 2020 and 2021 operating periods. In agreements made with contractors for warehouse construction, each of the OHS rule violations is stipulated as a penal clause in the contract.

- Establishes and publicly discloses policies for protection of personal data and data security.

The Information Security Policy has been published on the Company's web site. 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.

- Establishes and publicly discloses an ethics policy (including efforts relating to business, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.)

The Ethical Principles, Anti-Bribery and Anti-Corruption and Whistleblowing Policies were published on the Company's website on October 1, 2021, upon the approval of the Board of Directors.

- Discloses its efforts within the scope of social investment, social responsibility, financial inclusion and access to financing.

The information in question is provided in the Sustainability Report.

- Organizes informative meetings and training programs for employees regarding ESG policies and applications.

The online training, which was commenced for trial purposes in a region in 2020 and which continued in 2021, is aimed to be gradually expanded throughout BİM.

C2. Stakeholders, International Standards and Initiatives

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

The Company has taken the opinions and priorities of all stakeholders into account while determining the priority issues concerning sustainability.

- Sets and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.

The Customer Satisfaction Policy has been published on the Company's web site.

- Carries out communication with stakeholders in a constant and transparent manner; discloses the stakeholders that are contacted, the matters regarding which it contacts them and the frequency of such contacts, as well as the developments achieved in sustainability activities.

The information in question is provided in the Sustainability Report.

- 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), and Task Force on Climate-Related Financial Disclosures (TCFD) etc.).

BİM published a Sustainability Report at GRI standards in 2021.

- Publicly discloses the international organizations or principles of which it is a signatory or member (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) and the international principles it has adopted (such as International Capital Market Association (ICMA) Green/Sustainable Bond Principles).

None.

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

BİM is included in the BIST Sustainability Index as of 2022. It aims to be included in the Dow Jones Sustainability Index in the medium term.

D. Corporate Governance Principles

- It makes every effort to comply with all Corporate Governance principles in addition to the Corporate Governance principles that must be complied with under the Capital Markets Board's 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.

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 2021 Annual Report and on the PDP page.

- It discloses its policies and programs regarding anti-bribery and anti-corruption, as well as the principle of integrity for tax purposes.

The Board of Directors of BİM adopted the Anti-Bribery and Anti-Corruption Policy in 2021 and the policy has been published on the Company's website.

Risk Management and Internal Control Mechanisms

BİM Birleşik Mağazalar A.Ş. carries out its activities taking into account the risks to which it is exposed, as well as 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, currency, liquidity, compliance, reputation and sustainability risks due to its activities.

Strategic risk is the possibility of loss due to wrong choices made in the company strategy or mistakes 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. In addition, a Business Development Unit was established within the company to start operations in 2022, in order to address new strategic issues, conduct research on projects with technological and digital aspects, and evaluate the implementation processes of these projects.

In order to expand its market share in the retail sector, the company has implemented a business model targeting different customer segments with the FILE brand. There are continuing efforts in the field of online shopping, which has grown significantly in the last period. Within this framework, FILE started to offer home delivery and online sales services with a limited number of non-food products via the BİM market mobile application.

Operational risk, is the risk of loss resulting from inadequate and unsuccessful business processes, employees and systems, or 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 Company's essential processes are carried out through a computer program that is widely used all over the world.

Credit risk/counterparty risk refers to the risk that the Company may be exposed to due to the failure of the parties with whom it has commercial relations to 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.

Currency risk is the possibility of loss arising from the uncertainty caused by changes in exchange rates. 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 failure of assets owned by a company to 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 is the risk to suffer loss due to failure to fulfill legal obligations or the negative impact created by a change in regulations on a company's operations. 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 potential impacts 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 unconditional return policy, scheduled supplier inspections, product analyses and testing. In addition, 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.

Sustainability risk is the risk of financial, operational or reputational damage as a result of the inadequacy of the company's business processes regarding the management of environmental or social issues or the occurrence of developments beyond the company's control. Processes and risks related to sustainability are managed within the framework of a holistic and inclusive strategy. To this end, the sustainability targets of the Company have been determined and a road map that will be applied to achieve the targets has been created. The process is carried out by working groups consisting of experts and

managers under the leadership of the Sustainability Committee, which is affiliated to the Board of Directors.

As a result of the studies carried out, significant sustainability related processes such as product quality and safety, customer experience and satisfaction, packaging and food waste, climate change, bribery and corruption, business ethics, human rights and fair working conditions, as well as the risks associated with these processes have been determined. As part of the management of these risks, the Company has periodic laboratory analyzes conducted on the products and inspects the production facilities of its suppliers, with and without prior notification. It prioritizes customer satisfaction with its unconditional return policy and develops new business models in order to respond to the preferences of different customer groups. Renewable energy resources are used in energy consumption and projects for the reduction of packaging wastes are conducted in order to alleviate the impact of its operations on the environment. Furthermore, food waste rate is defined among employees' performance criteria and monitored closely; thus, the food waste rate is considerably low. Ethical principles, anti-bribery and anti-corruption and whistleblowing policies have been established and acceptable business conduct has been defined in these policies and announced to employees and suppliers. An ethics hotline has been established in order to report possible violations in ethical matters and has been made available to employees and suppliers as of 2021. In addition, regulations and practices for the protection of employee rights and the prevention of discrimination are governed by personnel regulations, human rights policy, human resources policy and ethical principles.

The Company started to publish a sustainability report in 2020 in order to disclose its sustainability efforts to the public. Long-term targets are planned to be announced in 2022.

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 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 2021.

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



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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 Detection of 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 Detection of Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of Risk System and Committee

The Company established the Early Detection of Risk System and Committee, which consists of 2 members. The reports prepared by the Committee for early diagnosis of the reasons that endanger the Company's presence and development, application of the measures and remedies necessary in this regard, as well as the management of risk were submitted to the Board of Directors five times in the period between 1 January 2021 and 31 December 2021.

Conclusion

Based on our audit, we have reached the conclusion that the early detection of 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 Birdal, SMMM
Partner
Istanbul, 2 March 2022

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, as per the Company's Information Policy. The Department made 56 material disclosures in total in 2021.

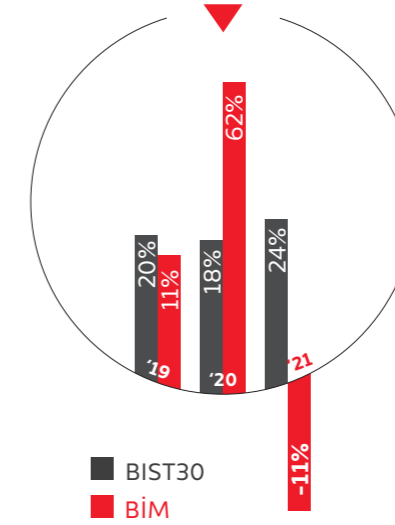
Under the Dividend Distribution Policy which was established in 2007 and updated in 2014 by the Company, at least 30% of the distributable profit to be calculated in accordance with the Turkish Commercial Law and regulations of the Capital Markets Board shall be distributed; however, actual dividend distributions were far above this rate. Dividends in the amount TL 3. 643 million, which corresponds to 140% of the profit of 2020, were distributed in cash in 2021.

BİM attended 8 investor conferences and held approximately 154 meetings with investors in 2021.

Investor Relations Contact

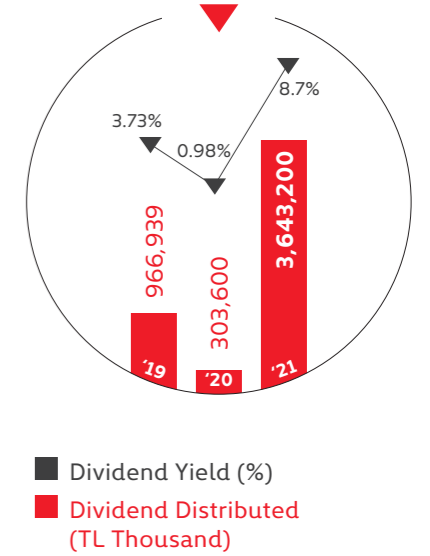
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The Comparison of BİM and BİST-30 Share Performance**



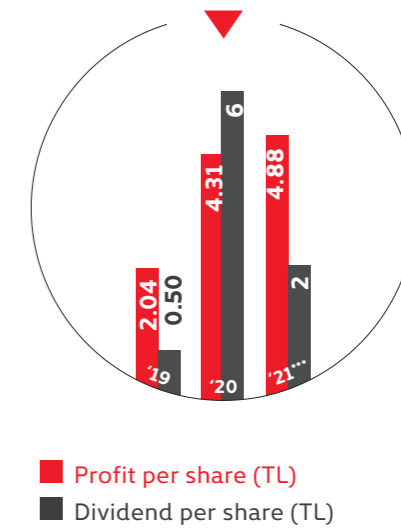
**BİM share performance variations have been calculated based on the adjusted share values.

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



*** The distribution of 2021 dividend is based on the Board's decision dated March 2, 2021. The dividend distribution will become valid upon the approval of the General Assembly.

Share Buyback Programs

The Company initiated a share buyback program in 2021:

A resource of TL 450 million was allocated for the program, which was initiated as per the Board of Directors' decision dated December 6, 2021, and authority was granted to purchase a maximum of 5 million shares.

As of 31.12.2021, 2.7 million shares have been bought back with a resource of approximately TL 190 million. We hold 8.4 million shares as of 31.12.2021, along with the shares we hold within the scope of previous programs.

Shareholding Structure

BİM Birleşik Mağazalar A.Ş. Shareholding Structure

	2021	2020
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	15.1%	14.8%
Naspak Gıda Sanayi ve Ticaret A.Ş.	11.0%	10.7%
Non-public Shares (Other)	3.0%	3.0%
Public Shares (Other)	70.9%	71.5%
	100%	100%

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. In addition, the Sustainability Committee was established in 2021 to monitor and manage the sustainability activities of the Company.

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 Detection of Risk Committee presents reports to the Board of Directors every two months.

Paul Michael Foley - Chairman
Mahmud P. Merali - Member

Sustainability Committee

The Sustainability Committee has four members. Two of the members are members of the Executive Board and have executive duties within the Company. The Sustainability Committee determines the Company's strategy, policy and objectives in the field of "Environmental, Social, Corporate Governance (ESG)" and ensures and monitors their implementation. The committee convenes at least twice a year.

Paul Michael Foley - Chairman
Ömer Hulusi Topbaş - Member
Galip Aykaç - Member (Executive)
Haluk Dortluoğlu - Member (Executive)

The committees can make use of the independent expert opinions when necessary. In 2021, 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 2021.

The working principles of the committees and the names of their respective members have been announced to the public through the company's website <http://english.BİM.com.tr/Category/661/committees.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 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 2021 in accordance with the relevant legislation, and to determine the suitability of similar transactions

to be carried out in 2022, 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 has been prepared by the Board of Directors based on the regulations made by the Capital Markets Board in the relevant communiqués, the related party transactions of BİM Birleşik Mağazalar A.Ş. have been evaluated and it has been concluded that the conditions of the common and continuous transactions carried out by BİM Birleşik Mağazalar A.Ş. in 2021 with the related parties determined under the International Accounting Standard No. 24 were not considerably different than their comparable and that conduct of prevailing and continuous purchases under similar conditions from the respective entities in 2022 is permissible.

Extraordinary General Assembly Meeting Agenda

The Extraordinary General Assembly Meeting of BİM Birleşik Mağazalar Anonim Şirketi was held on Wednesday, January 6, 2021, at 11:00 at the Company's head office located in Abdurrahmangazi Mahallesi Ebubekir Caddesi No.73 Sancaktepe İstanbul, under the supervision of Mehmet Zafer KARAKOÇ, a representative of the Ministry who was assigned with the letter dated 05/01/2021 no. 60369554 of the Istanbul Provincial Directorate of Commerce.

1) The Board of Directors' profit distribution recommendation decision dated December 10, 2020, was shared with the shareholders by the meeting chairmanship. As a result of the electronic and physical voting held after the profit distribution recommendation decision of the Board of Directors was read, it was decided to,

- Distribute the gross amount of TL 1.214.400.000, which corresponds to 200% of the paid-in capital, to the shareholders in cash from extraordinary reserves,
- Set aside the amount of TL 118.404.000 as secondary reserves.

Ordinary General Assembly Meeting Agenda

The Ordinary General Assembly Meeting of BİM Birleşik Mağazalar Anonim Şirketi was held on Wednesday, April 28, 2021, at 14:00 at the Company's head office located in Abdurrahmangazi Mahallesi Ebubekir Caddesi. 73 Sancaktepe İstanbul, under the supervision of Şafak YERLİ, a representative of the Ministry who was assigned with the letter dated 26/04/2021 no. 63564931 of the Istanbul Provincial Directorate of Commerce. At the meeting:

1) The Board of Directors' profit distribution recommendation decision dated April 27, 2021, was shared with the shareholders by the meeting chairmanship. As a result of the electronic and physical voting held after the updated profit distribution recommendation decision of the Board of Directors was read, it was decided to,

- Distribute the gross amount of TL 2,428,800,000, which corresponds to 400% of the paid-in capital, to shareholders in cash, and to supply the distributed amount from the profit of 2020 and previous years,
- Not to set aside primary reserves since the limits specified in the article 519 of TCC (Turkish Commercial Code) were reached,
- Set aside the amount of TL 239,884,000 as secondary reserves.

2) It was decided to elect Mustafa Latif TOPBAŞ, Mahmud Pyarali MERALI, Ömer Hulusi TOPBAŞ, Karl-Heinz HOLLAND, Ahmet AKÇA (Independent) and Paul Michael FOLEY (Independent) as members of the Board of Directors and to pay them monthly net attendance fee in the amount of TL 12.500.

3) In accordance with the recommendation of the Board of Directors,

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.

In accordance with the recommendation of the Board of Directors, it was decided to receive the independent audit service from Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, under the Turkish Commercial Code and regulations of the Capital Markets Board.

Board of Directors and Senior Management - Executive Committee

BOARD OF DIRECTORS

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 1994, 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.

Mahmud Pyarali Merali

Vice Chairman of the Board

Mahmud Merali born in 1952 in Mombasa, Kenya, completed his professional education and training in the UK. Mahmud joined one of the major 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 spanning the EMEA region. Mahmud 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). An Executive Partner of the Meralis Group, Mahmud, is the

Group Managing Partner for the EMEA (Europe, Middle East and Africa) region. Mahmud serves as a consultant to multi-national companies in the UK, UAE, and East Africa.

Mahmud Merali is Vice Chairman of the BİM Board of Directors and he is a member of Corporate Governance Committee, Early Detection of Risk Committee, and he gives support to the Audit Committee in the Company.

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 2002 he has been the General Manager at Bahariye Mensucat A.Ş.

Ömer Hulusi Topbaş has been serving as a member of the Board of Directors at BİM since June 2005 and he is also member of the Sustainability Committee.

Karl Heinz Holland

Board Member

Born in Augsburg/Germany in 1967. After graduation from Augsburg University of Applied Sciences, Karl-Heinz started his career in 1991 at Lidl and learned retail there from scratch. In total Karl-Heinz worked more than 23 years for the Lidl Group, one of the leading food retailers in Europe. Karl-Heinz served around 12 years on the Group Management Board of Lidl - from 2003 to 2008 as Chief Commercial Officer (CCO) and from 2008 to 2014 as Chief Executive Officer (CEO).

Karl-Heinz is serving as Executive Chairman of Takko Fashion, a European Discount Fashion retail chain. Since 2016 Karl-Heinz supports The Boston Consulting Group as Senior Advisor on many of their retail projects all over the world and he is also founder partner and CEO of Cleangang Holding in Germany.

Between 2016 and 2022 Karl-Heinz was serving as Member and since 2021 as Chairman of the Supervisory Board of Zooplus AG, the leading online pet food retailer in Europe. Karl-Heinz Holland served as a Member of the Supervisory Board of the X5 Retail Group, the leading grocery retailer in Russia between 2018-2021 and he served as Board Member and CEO of DIA Group, a grocery retail chain in Spain, Portugal, Brazil and Argentina to lead the first phase of DIA's turnaround in 2019/2020. Additionally, Karl-Heinz was Chairman of the Advisory Board of the DSD-Duales System Holding and Member of the Advisory Board of LetterOne Retail, London.

Karl-Heinz has around 30 years of experience in the retail industry, mainly focused on grocery retail. He is married and a German citizen, living in Germany.

Ahmet Akça

Independent Member of Board

Ahmet Akça studied mathematics at Middle East Technical University and sociology at Istanbul 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. He also served as Chairman of the Board of Directors and Audit Committee at Lifecell Ukraine between 2015-2020, Chairman of the Board of Directors at Global Tower between 2016-2020, Chairman of the Board of Directors at Enerjicell between 2017-2020 and Member of the Board of Directors at TOGG between 2018-2020.

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 and he is also Chairman of the Audit Committee.

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, BIM in Turkey and Korzinka in Uzbekistan.

Paul previously held Board positions at FORTENOVA (Ex Agrokör) in Croatia, MAGNIT in Russia, GIPPO in Belarus, AHT Cooling Systems in Austria, INVERTO AG (a BCG company) in Germany, Iceland Foods in 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. Paul Foley is Independent Board Member of BİM and he also has been serving as Chairman of Corporate Governance Committee, Chairman of Early Detection of Risk Committee, member of Audit Committee and Chairman of Sustainability Committee.

Name and Surname	Independence	Date of Appointment and Term of Office	Role in the Board of Directors	Roles Outside the Company
Mustafa Latif Topbaş	Not Independent	28.04.2021 - 1 Year	Chairman of the Board of Directors	Board of Directors Memberships at Companies
Mahmud Pyarali Merali	Not Independent	28.04.2021 - 1 Year	Vice Chairman of the Board of Directors, Member of the Corporate Governance Committee, Member of the Early Detection of Risk Committee	Managing Partner at Merali's Group and Managing Partner for EMEA Regions, Consultant for International Firms in UK, UAE and Africa, Member of Chartered Accountants Associations
Ömer Hulusi Topbaş	Not Independent	28.04.2021 - 1 Year	Member of the Board of Directors, Member of the Sustainability Committee	General Manager at Bahariye Mensucat A.Ş.
Karl Heinz Holland	Not Independent	28.04.2021 - 1 Year	Board Member	Managing Director at Takko Fashion, Senior Consultant at The Boston Consulting Group, Co-Founder and CEO at Cleangang Holding
Ahmet Akça	Independent	28.04.2021 - 1 Year	Member of the Board of Directors, Chairman of the Audit Committee	Chairman of the Board of Directors of Akça Lojistik, Chairman of the Board of Trustees of Istanbul Bezmialem University, Chairman of the Board of Directors of Tedarik Lojistik
Paul Michael Foley	Independent	28.04.2021 - 1 Year	Member of the Board of Directors, Chairman of the Corporate Governance Committee, Chairman of the Early Detection of Risk Committee, Member of the Audit Committee and Chairman of the Sustainability Committee	Foley Retail Consulting (Retail Consulting)/Austria Co-Founder, Konzum Plus/Croatia Chairman of the Board of Directors, Member of the Board of Auditors in Mercator/Slovenia, Voli/Montenegro and Korzinka/Uzbekistan

The Board of Directors convened five times in 2021. Additionally, 22 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	Rate of Participation in Board of Directors Meetings
Mustafa Latif Topbaş	100%
Mahmud Pyarali Merali	100%
Ömer Hulusi Topbaş	100%
Karl Heinz Holland	100%
Ahmet Akça	100%
Paul Michael Foley	100%

The General Assembly Meeting of 2020 was held on April 28, 2021 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 June 1, 2021.

Board of Directors and Senior Management - Executive Committee

SENIOR MANAGEMENT - EXECUTIVE COMMITTEE

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. He is also member of the Sustainability 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 Vice Chairman 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 7th 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. Dortluoğlu is also member of the Sustainability Committee.

Dortluoğlu, having taken the leadership of FİLE, starting from its pre-establishment phase until today, as a new retailing model in the supermarket sector that focused on high service level and opened its first store in 2015, is still the Chairman of the Executive Committee of FİLE.

Other Executive Management

Ürfet Nacar	Member of the Operations Committee
İlkay Zengin	Member of the Operations Committee
Tolga Şahin	Member of the Operations Committee & Member of the Purchasing Committee
Uğur Kıvrak	Member of the Operations Committee
Murat Dalgıç	Member of the Operations Committee
Faruk Öztürk	Member of the Operations Committee
Umut Baba	Member of the Operations Committee
Aynur Çolpan	Purchasing General Manager & 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 net amount of the financial rights such as honorarium, wage, premium and bonus that were paid to the Board of Directors, Senior Management and other directors comprised of 158 individuals in 2021 is TL 99,042,296 and directors are not given shares from the profit. All Members of the Board of Directors have directors & officers liability insurance.

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 Markets Boards; I declare that;

a) There is no employment relationship of a managing position to assume important duties and responsibilities between me, my spouse and my relatives by blood and marriage up to the second degree, and BİM Birleşik Mağazalar A.Ş., partnerships under the management control or significant influence of BİM Birleşik Mağazalar A.Ş. and shareholders who have the management control of the company or have substantial influence in the company, as well as the legal persons whose management control is held by such shareholders, in the last five years; that I do not own more than 5% of the capital or voting rights or privileged shares, altogether or individually, or that there is no significant commercial relationship,

b) I have not worked for those companies that carry out, in part or in full, the activities or organization of BİM 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.

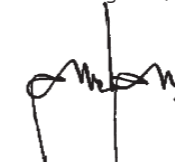
h) I have not been a board member in BİM Birleşik Mağazalar A.Ş.'s Board of Directors for more than six years in the last ten years.

i) I have not been an independent member of the Board of Directors in BİM Birleşik Mağazalar A.Ş. or in more than three of the companies controlled by the shareholders who control the management of BİM 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.

I hereby declare the above-mentioned matters.

Kind regards,



Ahmet AKÇA

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 Markets Boards; I declare that:

a) There is no employment relationship of a managing position to assume important duties and responsibilities between me, my spouse and my relatives by blood and marriage up to the second degree, and BİM Birleşik Mağazalar A.Ş., partnerships under the management control or significant influence of BİM Birleşik Mağazalar A.Ş. and shareholders who have the management control of the company or have substantial influence in the company, as well as the legal persons whose management control is held by such shareholders, in the last five years; that I do own not more than 5% of the capital or voting rights or privileged shares, altogether or individually, or that there is no significant commercial relationship,

b) I have not worked for those companies that carry out, in part or in full, the activities or organization of BİM 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 board member in BİM Birleşik Mağazalar A.Ş.'s Board of Directors for more than six years in the last ten years.

h) I have not been an independent member of the Board of Directors in BİM Birleşik Mağazalar A.Ş. or in more than three of the companies controlled by the shareholders who control the management of BİM 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.

I hereby declare the above-mentioned matters.

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.

Within the context of increasing the level of compliance, full compliance was achieved in 2021 in the following issues where partial compliance was achieved in 2020.

Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company. Necessary mechanisms have been established for stakeholders to report illegal and unethical transactions. Methods such as surveys/consultations have been applied to obtain the opinions of stakeholders in important decisions that have consequences for the stakeholders. The company has a Human Resources Development Policy and organizes trainings for employees in this regard. The Board of Directors has determined the Code of Ethical Conduct and published it on the corporate website of the company. The Company has obtained a manager's liability insurance for a price exceeding 25% of the capital, in relation to the damages that the members of the board of directors may cause during their duties in the company. All board members physically attended most board of directors meetings.

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 the duties of the Chairman of the Executive Committee. This issue and its justification was publicly disclosed on the 30.04.2021 via disclosure of material matters. 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. The Company is evaluating the matter to separate the duties of Chairman of the Board of Directors and Chairman of the Executive Committee from each other.

There are no female members in the Board of Directors and there is no policy established regarding this issue. The Company is evaluating the appointment of a female member to the Board of Directors.

In accordance with the structuring of the Board of Directors, some members can hold positions in multiple committees. The Company is evaluating the matter to increase the number of independent members in the Board of Directors.

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 Principles Compliance Report

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.1. FACILITATION OF EXERCISING SHAREHOLDER RIGHTS						
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					
1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
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					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	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.
1.4. VOTING RIGHT						
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	
1.5. MINORITY RIGHTS						
1.5.1 - The Company pays maximum diligence to the exercising 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 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. 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.

Corporate Governance Principles Compliance Report

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.6. DIVIDEND RIGHTS						
1.6.1 - The Dividend Distribution Policy approved by the General Shareholders' Meeting is posted on the company 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					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The Company 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 for 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					
2.1.4 - The Company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
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.

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
3.1. COMPANY POLICY REGARDING STAKEHOLDERS						
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 company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The Company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. ENCOURAGING STAKEHOLDERS TO TAKE PART IN THE MANAGEMENT OF THE COMPANY						
3.2.1 - The Articles of Incorporation, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
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					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The Company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				The Company adopted an equal opportunity employment policy, but there is no succession planning for key executives.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The Company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized 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					

Corporate Governance Principles Compliance Report

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured customer satisfaction, and operated to ensure unconditional 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					
3.5. CODE OF CONDUCT AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of the corporation has adopted a code of ethics and disclosed on the corporate website.	X					
3.5.2 - The Company is considerate of its social responsibilities. Measures have been taken to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
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					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.2. BOARD OF DIRECTORS' PRINCIPLES OF ACTIVITY						
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					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			X			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 the duties of the Chairman of the Executive Committee. This issue and its justification was publicly disclosed on the 30.04.2021 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, our company has preferred to have the same person holding both positions. The Company is evaluating the issue of the separation of the positions of the Chairman of the Board of Directors and the Head of Executive Committee.
4.2.7 - The Board of Directors ensures that the investor relations department and corporate governance committee function effectively, while working in close cooperation with the investor relations department and corporate governance committee in resolving the disputes among shareholders and communicating 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					

Corporate Governance Principles Compliance Report

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
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 conflict of interest was detected. The Company is evaluating the issue of appointment of female members to the Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. THE FORMAT OF BOARD OF DIRECTORS' MEETINGS						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
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 member of the board 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					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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.
4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS						
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, some members can hold positions in more than one committee. No conflict of interest was detected. The company is evaluating the issue of increasing the number of independent board members.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS OF THE BOARD MEMBERS AND EXECUTIVE DIRECTORS						
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 favor 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, 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. However, the announcement is not made on an individual basis and the Company does not have any plans for this.

Corporate Governance Principles Compliance Report

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitation of Exercising of Shareholder Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	The company participated in 8 conferences in 2021 and organized 4 investor teleconferences regarding financial results and held 154 investor meetings.
1.2. Right to Obtain Information	
The number of special auditor requests	0
The number of special auditor requests that were accepted at the general assembly meeting	0
1.3. GENERAL ASSEMBLY	
The link of the announcement made in the Public Disclosure Platform (KAP) that includes the information requested under the principle 1.3.1 (a-d)	https://www.kap.org.tr/en/Bildirim/919078 https://www.kap.org.tr/en/Bildirim/892694
Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	Yes
The links of the announcements made on KAP associated with the transactions that are not approved by the majority of independent members 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 of the announcements made on KAP related to the transactions carried out with related parties, under the Communiqué on Corporate Governance (II-17.1), Article 9	No such transaction took place during the year.
The links of the announcements made on the Public Disclosure Platform (KAP) related to the transactions that are of a frequent and continuous nature, under the Communiqué on Corporate Governance (II-17.1), article 10	https://www.kap.org.tr/en/Bildirim/916413
The heading of the section on the corporate website that contains the policy regarding donations and aids	Investor Relations/Corporate Governance/Policies
The link of the announcement made on KAP with the minutes of the General Assembly Meeting where the donation and aid policy has been approved	https://www.kap.org.tr/en/Bildirim/431725
The number of the Article in the Articles of Association governing stakeholders' attendance at general assembly	26
Information regarding the stakeholders who attend general assemblies	Only the shareholders participated the General Assembly.
1.4. Voting Rights	
Whether there are any privileged voting rights	No
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	Not available.
Shareholding rate of the majority shareholder	15.15%
1.5. Minority Rights	
Whether the scope of minority rights is expanded (in terms of content or percentage) in the Articles of the Association	No
If yes, specify the relevant provision of the Articles of Incorporation.	Not expanded.
1.6. Dividend Right	
The heading of the section on the corporate website that includes the policy on dividend distribution	Investor Relations/Corporate Governance/Policies
In case the Board proposes not to distribute any dividends at the general assembly meeting, the basis for such proposal and the minutes of the related general assembly agenda item which includes the reason not to distribute profit, and the utilization method of the undistributed profit	Not available.
The link of the announcement made on KAP with relevant general assembly meeting minutes in case the Board proposed to the general assembly not to distribute profit	Not available.

Information on the General Assembly									
General Assembly Date	The number of requests for additional information regarding the agenda of the general assembly	Percentage of shareholders' attendance at general assembly	Percentage of shares directly represented at the meeting	Percentage of shares represented by proxy	The heading of the section on the corporate website that includes the general assembly meeting minutes, and also indicates for each resolution dissentive and affirmative votes	The heading of the section on the corporate website that contains all questions asked and all responses provided at the general assembly meeting	The number of the article or paragraph of the minutes of the general assembly meeting regarding related parties	The number of people who have the privilege to access shareholding information upon notification of the Board (the Insider List)	The KAP link of the general assembly notification
28.04.2021	0	83.39%	0.32%	83.07%	Investor Relations/General Assembly Information	Investor Relations/General Assembly Information	Article 8	0	https://www.kap.org.tr/en/Bildirim/931888
6.01.2021	0	81.53%	0.05%	81.48%	Investor Relations/General Assembly Information	Investor Relations/General Assembly Information	-	0	https://www.kap.org.tr/en/Bildirim/897373

2. PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	Investor Relations and About Us sections
The heading of the section on the corporate website that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	Investor Relations/Shareholding Structure
Languages in which the corporate website is presented	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) Page number or heading of the section in the annual report that presents board members' and executives' external commitments, and board members' independence statements	Board of Directors and Senior Management - Executive Committee, Statement of Independence
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	Committees Established Under the Board of Directors
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	Board of Directors and Senior Management - Executive Committee
d) Page number or heading of the section in the annual report that provides information on regulatory changes that can have a material impact on the Company's activities	Risk Management and Internal Control Mechanisms
e) The page number or heading of the section that includes information regarding important lawsuits filed against the company and possible consequences thereof	There have been no significant legal actions filed against the Company.
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	Such services are not recieved.
g) Page number or heading of the section in the annual report that includes information on cross holding cases where direct shareholding exceeds 5%	There are no cross holding cases where direct shareholding exceeds 5%.
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	Human Resources and Sustainability

3. STAKEHOLDERS

3.1. Company Policy Concerning the Stakeholders

The heading of the section on the corporate website that includes the policy on compensation	The Company carries out the compensation related matters within the scope of the relevant provisions of the Labor Law.
The number of final court verdicts against the Company that result from violation of employee rights	47
The title of the individual in charge of the whistleblowing programme	Internal Audit Director
Contact information of the Company's mechanism to report violations	Non-compliance notifications can be done via e-mail to bimetik@kpmg.com.tr , by phone at +90 850 2208797 or, with the form to be filled in https://etikdestekhatti.com .

Corporate Governance Principles Compliance Report

3.2. Encouraging Stakeholder Participation in Management of the Company	
The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	Investor Relations/Corporate Governance/Policies
Managerial bodies in which employees are represented	Audit Committee, Corporate Governance Committee, Occupational Health - Safety Committee, Sustainability Committee
3.3. Human Resources Policy of the Company	
The role of the Board in the development of a succession plan for key management positions	There is no succession plan.
The heading of the section on the corporate website that includes the human resources policy on equal opportunities and recruitment criteria, or a summary of the related articles of the policy	Investor Relations/Corporate Governance/Policies
Whether there is a plan to grant shares to employees	No share-granting plan is in place.
The heading of the section on the corporate website that includes the human resources policy on preventing discrimination and harassment, or a summary of the related articles of the policy	Investor Relations/Corporate Governance/Policies
The number of final court verdicts against the Company that result from the liabilities associated with occupational accidents	1
3.5. Ethical Rules and Social Responsibility	
The heading of the section on the corporate website that includes the policy on ethical principles	Investor Relations/Corporate Governance/Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	Investor Relations/Sustainability
Precautions taken to fight against all kinds of corruption, including fraud and bribery	Investor Relations/Corporate Governance/Policies

4. BOARD OF DIRECTORS-I

4.2. Fundamentals of Activities of Board of Directors

The date of the last board performance assessment conducted	Evaluated from time to time
Whether the board assessment was externally facilitated	No
Whether all Board Members are discharged	Yes
Name(s) of the Board Member(s) with specific delegated duties and authorities, and descriptions of such authorities	Mustafa Latif Topbaş was authorized as Chairman, and P.K. Merali as Vice Chairman.
The number of reports presented to the Supervisory Board or other related committees by the internal control department	12
The heading of the section or page number in the annual report that contains the evaluation on the efficacy of the internal control system	Risk Management and Internal Control Mechanisms
Name of the Chairman of the Board	Mustafa Latif Topbaş
Name of the Chief Executive Officer/General Manager	Mustafa Latif Topbaş - Chief Executive Officer
The link of the announcement made on the Public Disclosure Platform (KAP), where the reasoning is explained for the chairman and the chief executive officer/general manager to be the same person	https://www.kap.org.tr/en/Bildirim/933046
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 heading of the section on the corporate website that includes the current diversity policy targeting female Board Members	Not available.
The number and ratio of female Board Members	0

Composition of the Board							
Name-Surname of the Board Member	Executive or Not	Independent Member or Not	Date of Initial Election to the Board	The Link of the Announcement Made on KAP that Contains the Statement of Independence	Whether the Independent Member is Evaluated by the Nomination Committee	Whether a Member Ceased to Qualify as an Independent Member	Whether Minimum 5 years of Experience in Audit/Accounting and/or Finance is held
Mustafa Latif Topbaş	Executive	Non-Independent	5.05.1995	-	Not applicable	Not applicable	Not applicable
Mahmud P. Merali	Non-executive	Non-Independent	4.04.2006	-	Not applicable	Not applicable	Not applicable
Ömer Hulusi Topbaş	Non-executive	Non-Independent	1.06.2005	-	Not applicable	Not applicable	Not applicable
Karl-Heinz Holland	Non-executive	Non-Independent	28.04.2021	-	Not applicable	Not applicable	Not applicable
Ahmet Akça	Non-executive	Independent Member	25.04.2018	https://www.kap.org.tr/en/Bildirim/919080	Evaluated	No	Yes
Paul Michael Foley	Non-executive	Independent Member	21.05.2019	https://www.kap.org.tr/en/Bildirim/919080	Evaluated	No	No

4. BOARD OF DIRECTORS-II

4.4. Format of the Board of Directors Meetings

The number of physical board meetings involving members attending in person in the reporting period	5
Average attendance rate at the board meetings	100%
Whether the board uses an electronic portal to facilitate its works or not	Yes
Number of days prior to the meeting for the information and documents to be presented to the members pursuant to the Board of Directors' principles of activity	7 days
The heading of the section on the corporate website that includes information on internal regulations of the Company specifying the rules for board meetings	Investor Relations/Corporate Governance/Articles of Association
The upper limit set forth in the policy for the Board Members to assume other duties outside the Company	There is no such a policy.

4.5. Committees Established Under the Board of Directors

Page number or section heading of the annual report which include information on the committees of the Board of Directors	Committees Established Under the Board of Directors
The link of the announcement made on KAP that includes the principles of activity for committees	https://www.kap.org.tr/en/Bildirim/206977 https://www.kap.org.tr/en/Bildirim/353650 https://www.kap.org.tr/en/Bildirim/938513

Committees of the Board of Directors-I

Names of Board Committees	Name of the Committee Designated as "Other" in the First Column	Name/Surname of the Members	Chairperson of the Board or Not	Board of Directors 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 a board member
Early Detection of Risk Committee	-	Paul Michael Foley	Yes	Board member
Early Detection of Risk Committee	-	Mahmut Pyrali Merali	No	Board member
Sustainability Committee	-	Paul Michael Foley	Yes	Board member
Sustainability Committee	-	Ömer Hulusi Topbaş	No	Board member
Sustainability Committee	-	Haluk Dortluoğlu	No	Not a board member
Sustainability Committee	-	Galip Aykaç	No	Not a board member

Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS-III	
4.5. Committees Created under the Board of Directors-II	
Specify where the activities of the audit committee are presented in your annual report or corporate website (Page number or heading of the section)	Annual Report - Board Committees, website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the corporate governance committee are presented in your annual report or corporate website (Page number or heading of the section)	Annual Report - Board Committees, website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the nomination committee are presented in your annual report or corporate website (Page number or heading of the section)	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 corporate website (Page number or heading of the section)	Annual Report - Board Committees, website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or corporate website (Page number or heading of the section)	The Corporate Governance Committee fulfills the duties of the Remuneration Committee.
4.6. Financial Rights of the Board Members and Executive Directors	
The page number or the heading of the section in the annual report where information on operational and financial performance goals, and whether they have been achieved is presented.	Expectations and Achievements
The heading of the section on the corporate website that includes the remuneration policy for executive and non-executive board members.	Investor Relations/Corporate Governance/ Policies/Remuneration Policy
Page number or heading of the section in the annual report which states the wages and other benefits provided to Board Members and other executives with administrative responsibilities	Board of Directors and Senior Management - Executive Committee

Committees of the Board of Directors-II					
Names of Board Committees	Name of the Committee Designated as "Other" in the first column	Executive Role Ratio of Non-Executive Members	Ratio of Independent Members	Number of Physical Meetings Held by the Committee	The number of reports presented to the Board by the Committee on its activities
Audit Committee	-	100%	100%	5	6
Corporate Governance Committee	-	66.66%	33.33%	2	2
Early Detection of Risk Committee	-	100%	50%	5	6
Sustainability Committee	-	50%	25%	2	2

Statement of Responsibility of the Annual Report and Consolidated Financial Statements

RESOLUTION OF THE BOARD ON THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

RESOLUTION DATE: 02 March 2022

RESOLUTION NUMBER: 896/22

STATEMENT OF RESPONSIBILITY

AS PER THE 9TH 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 1st of January and the 31st of December 2021, 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



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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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 2021-31 December 2021.

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 2 March 2022 on the full set consolidated financial statements of the Group for the period of 1 January 2021-31 December 2021.

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.



c) 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.

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



Kaan Birdal, SMMM
Partner

2 March 2022
İstanbul, Türkiye

(CONVENIENCE TRANSLATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2021
TOGETHER WITH AUDITOR'S REPORT**



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(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, 2021, 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, 2021, 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) 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

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

The Group has right-of-use assets amounting to TRY 7,086,409 thousand and lease liabilities amounting to TRY 8,040,869 thousand in its consolidated financial statements.

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.

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.

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

How our audit addressed the key audit matter

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 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 recognised 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.

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 contacts and the assessment of the extension options applied if such options exist with the provision of the contract are tested.

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 10.489 stores in total as of 31 December 2021.

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 70.526.679 thousand for the year ended 31 December 2021 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.

4) 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.

5) 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 2, 2022.
- 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 2021 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

March 2, 2022
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, 2021 and 2020

(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, 2021	Audited December 31, 2020
Current assets		14.011.093	11.135.793
Cash and cash equivalents	4	1.497.058	1.112.693
Financial investments	5	1.491.589	2.663.781
Trade receivables		3.775.415	2.615.234
- Trade receivables from third parties	7	3.775.415	2.615.234
Other receivables	8	55.627	13.554
- Other receivables from related parties		23	233
- Other receivables from third parties		55.604	13.321
Inventory	9	6.692.940	4.228.394
Prepaid expenses	14	366.120	395.512
Other current assets	16	132.344	106.625
Non-current assets		16.401.029	12.294.499
Financial investments	5	977.555	523.420
Other receivables		21.103	9.775
- Other receivables from third parties		21.103	9.775
Property, plant and equipment	10	7.870.302	6.230.953
Intangible assets	11	94.476	43.461
- Other Intangible assets		53.224	43.461
- Goodwill	31	41.252	-
Right of use assets	12	7.086.409	5.398.800
Prepaid expenses	14	66.592	61.103
Deferred tax assets	25	284.592	26.987
Total assets		30.412.122	23.430.292

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, 2021 and 2020

(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, 2021	Audited December 31, 2020
Current liabilities		15.864.572	11.020.795
Short-term liabilities	6	1.792.893	1.377.627
- Bank loans		101.175	131.421
- Lease liabilities		1.691.718	1.246.206
Trade payables		12.293.843	8.894.471
- Trade payables due to related parties	28	1.053.495	804.124
- Trade payables due to third parties	7	11.240.348	8.090.347
Other payables		1.132	246
- Other payables due to related parties		703	-
- Other payables due to third parties		429	246
Deferred income	14	62.554	44.407
Payables related to employee benefits		109.073	74.606
Short term provisions		850.351	87.339
- Provision for employee benefits	13	60.717	41.533
- Other short-term provisions	13	789.634	45.806
Current income tax liabilities	25	487.609	243.713
Other current liabilities	16	267.117	298.386
Non-current liabilities		6.738.478	5.233.810
Long - term liabilities	6	6.349.151	4.715.679
- Lease liabilities		6.349.151	4.715.679
Non - current provisions		388.923	241.859
- Provision for employee benefits	15	388.923	241.859
Deferred tax liabilities	25	404	276.272
Equity		7.809.072	7.175.687
Paid-in share capital	17	607.200	607.200
Treasury Shares	17	(565.177)	(374.708)
Other comprehensive income/(expense) not to be reclassified to profit or loss		2.486.429	1.906.697
- Property, plant and equipment revaluation fund	10,17	1.958.767	1.711.884
- Actuarial loss on defined benefit plans		(251.399)	(152.820)
- Fair value changes in available-for-sale financial assets		779.061	347.633
Other comprehensive income/(expense) to be reclassified to profit or loss		304.985	134.177
- Foreign currency translation difference		304.985	134.177
Restricted reserves		1.442.567	893.850
Retained earnings		397.129	1.401.656
Net income for the period		2.932.482	2.606.815
Equity holders of the parent		7.605.615	7.175.687
Non-controlling interests		203.457	-
Total liabilities		30.412.122	23.430.292

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, 2021 and 2020

(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 December 31, 2021	Audited December 31, 2020
PROFIT OR LOSS			
Revenue	18	70.526.679	55.495.364
Cost of sales(-)	18	(57.112.637)	(45.375.969)
GROSS PROFIT		13.414.042	10.119.395
Marketing expenses (-)	19	(7.694.012)	(5.608.409)
General administrative expenses (-)	19	(1.041.933)	(814.075)
Other operating income	21	192.131	109.085
Other operating expense (-)	21	(746.946)	(20.440)
OPERATING PROFIT		4.123.282	3.785.556
Income from investing activities	24	333.931	139.056
Expense from investing activities	24	-	(5.266)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		4.457.213	3.919.346
Financial income	22	452.892	260.721
Financial expense (-)	23	(1.000.480)	(828.409)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		3.909.625	3.351.658
- Current tax expense	25	(1.199.244)	(801.238)
- Deferred tax income	25	240.329	56.395
PROFIT FROM CONTINUED OPERATIONS		2.950.710	2.606.815
NET INCOME FOR THE PERIOD		2.950.710	2.606.815
Profit for the period attributable to			
Equity holders of the parent		2.932.482	2.606.815
Non-controlling interest	27	18.228	-
Earnings per share			
Earnings per share from continued operations (Full TRY)	26	4,88	4,31
OTHER COMPREHENSIVE GAIN/LOSS			
Items not to be reclassified to profit/(loss)		579.732	943.814
Losses on remeasurements of defined benefit plans, net		(98.579)	(35.264)
Gains on revaluation of available for sale financial assets, net		431.428	52.877
Gain on revaluation of property, plant and equipment, net		246.883	926.201
Items to be reclassified to profit/(loss):		239.974	66.076
Currency translation difference		239.974	66.076
Other Comprehensive Income		819.706	1.009.890
Total comprehensive income		3.770.416	3.616.705
Total comprehensive income attributable to			
Non-controlling interest	27	87.394	-
Equity holders of the parent		3.683.022	3.616.705

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, 2021 and 2020

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

	Audited		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	Net income for the period	Equities of the Parent	Non-controlling interests	Total equity
	Other comprehensive income not to be reclassified to profit or loss	Other comprehensive income to be reclassified to profit or loss									
Balance at January 1, 2020	607.200	313.519	313.519	785.683	(117.556)	68.101	924.368	1.224.877	4.237.290	-	4.237.290
Transfers	-	-	-	-	-	-	1.136.893	(1.224.877)	-	-	-
Net income for the period	-	-	-	-	-	-	2.606.815	2.606.815	2.606.815	-	2.606.815
Other comprehensive income	-	-	52.877	926.201	(35.264)	66.076	-	-	1.009.890	-	1.009.890
Total comprehensive income	-	-	52.877	926.201	(35.264)	66.076	-	-	3.616.705	-	3.616.705
Dividend paid (Note 17)	-	-	-	-	-	-	(303.600)	-	(303.600)	-	(303.600)
Increase/decrease due to acquisition of treasury shares	-	(374.708)	374.708	-	-	(374.708)	-	-	(374.708)	-	(374.708)
Other (Note 5)	-	(18.763)	(18.763)	-	-	-	18.763	-	-	-	-
Balance at December 31, 2020	607.200	(374.708)	893.850	1.711.884	(152.820)	134.177	1.401.656	2.606.815	7.175.687	-	7.175.687
Balance at January 1, 2021	607.200	(374.708)	893.850	1.711.884	(152.820)	134.177	1.401.656	2.606.815	7.175.687	-	7.175.687
Transfers	-	-	358.248	-	-	-	2.248.567	(2.606.815)	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(190.469)	190.469	-	-	-	(190.469)	-	(190.469)	-	(190.469)
Net income for the period	-	-	-	-	-	-	-	2.932.482	2.932.482	18.228	2.950.710
Other comprehensive income	-	-	431.428	246.883	(98.579)	170.808	-	-	750.540	69.166	819.706
Total comprehensive income	-	-	431.428	246.883	(98.579)	170.808	-	2.932.482	3.683.022	87.394	3.770.416
Dividend paid (Note 17)	-	-	-	-	-	-	(3.609.174)	-	(3.609.174)	-	(3.609.174)
Changes in ownership without a loss of control(*)	-	-	-	-	-	-	546.549	-	546.549	116.063	662.612
Balance at December 31, 2021	607.200	(565.177)	1.442.567	1.958.767	(251.399)	304.985	397.129	2.932.482	7.605.615	203.457	7.809.072

(*) On May 4, 2021, 35% of the shares of Bim Stores SARL were sold for 698.476 TRY. The net of the sales price and the tax effect of TRY 35.864 arising from this transaction, TRY 662.612, was accounted for as an equity transaction since there was no loss of control.

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, 2021 and 2020

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

	Dipnot	Audited January 1- December 31, 2021	Audited January 1- December 31, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		5.830.034	4.743.926
Profit for the period		2.950.710	2.606.815
Adjustments to reconcile profit for the period		4.383.881	2.516.447
Depreciation and amortization	10,11,12	1.802.658	1.370.073
Provisions for impairments		14.716	6.434
- Provisions for impairments of inventories	9	14.711	6.248
- Allowance for doubtful receivables	8	5	186
Adjustments related to provisions		844.382	96.672
- Adjustments related to provision for employment termination benefits	13,15	100.554	98.604
- Adjustments related to the legal provisions	13	15.911	2.066
- Adjustments related to other provisions	13	727.917	(3.998)
Adjustments related to financial income and expense		941.311	617.349
- Adjustments related to financial expenses	23	805.526	708.446
- Adjustments related to deferred financial expense from future purchases.		135.785	(91.097)
Adjustments related to the financing income and other financial instruments		(328.623)	(303.726)
Adjustments for tax expense	25	958.915	744.843
Gain/(loss) on sale of property and equipment	24	(1.234)	5.266
Fair value losses/(gains) related to fixed assets		-	2.341
Other adjustments related cash flows arising from investing and financing activities		-	(788)
Adjustments related to unrealized currency translation differences		151.756	(22.017)
Changes in net working capital		(491.676)	322.888
Increases/decreases in inventories		(2.477.905)	(1.866.115)
Increases/decreases in trade receivables		(1.157.446)	(1.182.100)
Increases/decreases in other assets		(45.014)	872
Increases/decreases in trade payables		3.260.959	3.426.129
Increases/decreases in other payables		(461)	80
Increases/decreases other net working capital		(71.809)	(55.978)
Net cash generated from operating activities		6.842.915	5.446.150
Income taxes paid	25	(955.348)	(662.951)
Other cash inflow/outflow		-	8
Employee benefits paid	15	(57.533)	(39.281)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(45.169)	(2.974.291)
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	31	(46.738)	-
Cash Inflows related to Changes in the share ratio that do not result in a Loss of Control in Subsidiaries		689.894	-
Proceeds from sale of tangible and intangible assets		37.033	17.203
Cash outflows from purchases of tangible and intangible assets	10,11	(2.221.737)	(1.298.275)
- Purchases of tangible assets		(2.199.632)	(1.282.701)
- Purchases of intangible assets		(22.105)	(15.574)
Participation (profit) share and cash inflows from other financial instruments		1.500.815	(1.822.464)
Cash advances given and liabilities		(4.436)	(26.543)
Dividends received		-	788
C. CASH FLOWS FROM FINANCING ACTIVITIES		(5.374.720)	(1.822.137)
Cash inflows (outflows) from financial liabilities	6	(38.418)	84.091
Cash outflows from payments of rent agreements	6	(1.536.659)	(1.227.920)
Dividend paid	17	(3.609.174)	(303.600)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments	17	(190.469)	(374.708)
	17	(3.609.174)	(303.600)
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		410.145	(52.502)
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(25.686)	10.398
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		384.459	(42.104)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1.112.404	1.154.508
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	1.496.863	1.112.404

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 Consolidated Financial Statements

as of December 31, 2021 And 2020

(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 850 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. As of May 4, 2021, the shares of BIM Stores SARL representing 35% of its capital were sold to Blue Investment Holding. Full control of BIM continues and the relevant minority share amounts are stated in the financial statements and footnote 27. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of December 31, 2021.

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, 2021.

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, 2021.

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 established 8 January 2020. Dost Global financial statements are consolidated by using the full consolidation method as of December 31, 2021.

Es Global Gıda Sanayi ve Ticaret A.Ş., which is a 100% subsidiary to produce especially some of biscuits and confectionery products sold in the stores of the Company was established on 27 September, 2021. Es Global Gıda Sanayi ve Ticaret A.Ş. financial statements are consolidated by using the full consolidation method as of December 31, 2021.

In order to improve the sustainability of the Company's supply in the fresh fruit and vegetable category, the acquisition of Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret Anonim Şirketi, which is a 100% subsidiary, was realized as of 14 October 2021. The financial results of Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret Anonim Şirketi are consolidated in accordance with the full consolidation method in the financial statements dated December 31, 2021.

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 2, 2022.

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

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For the periods ended December 31, 2021 and 2020, the year-end number of employees in accordance with their categories is shown below:

	December 31, 2021	December 31, 2020
Office personnel	3.723	3.449
Warehouse personnel	6.437	5.958
Store personnel	60.037	51.256
Total	70.197	60.663

As of December 31, 2021, the Group operates in 10.489 stores (December 31, 2020: 9.365).

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.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29."

Consolidated financial statements has presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by POA on April 15, 2019, and the "Financial Statement Examples and User Guide".

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.

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2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. 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 at January 1, 2021 are as follows:

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

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 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 TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 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.

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Additional disclosures

Amendments need additional TFRS 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 did not have significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond December 31, 2021

In June 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. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

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.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 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 TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1 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 TFRS standards (2018 Version).

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 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 January 1 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.

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.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after January 1 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

On January , 2021, 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 TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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 Company Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2.3. Statement of compliance to TAS

The Group prepared its consolidated financial statements for the period ended December 31, 2021 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 for assets and liabilities are translated into Turkish Lira at the TRY which is the functional and reporting currency of the Company, 1 TRY = 0,7150 MAD and 1 TRY = 0,7163 exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,0205 MAD rate is taken as the basis. 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 for assets and liabilities are translated into Turkish Lira at the TRY which is the functional and reporting currency of the Company, 1 TRY = 1,1750 EGP and 1 TRY = 1,1801 EGP exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,7694 EGP rate is taken as the basis. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries prepared for the period ended December 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive incomes are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

i) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ii) Non-controlling interest:

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

iii) Partial share purchase and sale transactions with non-controlling interests

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

iv) Eliminations:

During the preparation of the carve-out consolidated financial statements, unrealized gains and losses arising from intra-group transactions between entities included in the carve-out consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

2.6 Comparatives and restatement of prior periods' financial statements

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

The financial statements of the Group for the current period are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. Comparative information is reclassified in the current period in order to comply with the presentation of the financial statements.

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The Group has classified the depreciation expense amounting to TRY 1.838 presented in General Administrative Expenses to Cost of Sales.

The effect of reclassification in the statement of financial position as of 31 December 2020 is as follows:

	Previously reported	Effect of reclassification	Reclassified
Cost of sales (-)	(45.374.131)	(1.838)	(45.375.969)
General and administrative expenses (-)	(815.913)	1.838	(814.075)

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 interm 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.

2.7 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.

2.8 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.

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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 17 days term (December 31, 2020: 13 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 trade 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.

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.

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Right-of-Use Assets and Lease Liabilities

The Group has applied the TFRS-16 standard as of 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,

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

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

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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:

	Duration (Year)
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:

	Duration (Years)
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 revalued asset is sold, revaluation reserve account is transferred to retained earnings.

Leasehold improvement

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.

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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".

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.

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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.

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 68 days term (December 31, 2020: 58 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)	GBP/TRY (full)
December 31, 2021	13,3290	15,0867	17,9667
December 31, 2020	7,3405	9,0079	9,9438

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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.

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:
 - i) Has control or joint control over the reporting entity,
 - ii) Has significant influence over the reporting entity, or,
 - iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i) The entity and the reporting entity are members of the same group,
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
 - iii) Both entities are joint ventures of the same third party,
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
 - vi) The entity is controlled or jointly controlled by a person identified in (a),
 - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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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.

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.

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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.

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 TFRS 8 and segment reporting is not applicable.

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4. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	395.651	358.499
Banks		
- Demand deposits	370.973	352.660
- Profit share deposits	578.429	291.942
Cash in transit	152.005	109.592
Cash and cash equivalents	1.497.058	1.112.693
Less: Accrual for profit share	(195)	(289)
Cash and cash equivalents for cash flow	1.496.863	1.112.404

As of December 31, 2021 and 2020 there is no restricted cash. As of December 31, 2021, total profit share deposits are in TRY and US Dollars (December 31, 2020: TRY, US Dollars and EUR) and the gross rates profit share from participation banks are 15,00% for TRY, 1,25% for US Dollars per annum (December 31, 2020: for TRY gross %16,75 ,%1,62 for US Dollars and %0,99 for EUR 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, 2021 and December 31, 2020 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, 2021	December 31, 2020
Lease certificate (*)	1.491.589	2.147.426
Real estate investment fund	-	516.355
	1.491.589	2.663.781

(*) As of December 31, 2021, lease certificates are denominated in TRY and the simple gross annual rate of return is 16,45% on average (December 31, 2020: TRY, gross annual 14,38%).

b) Long-term financial assets

Financial investments amounting to TRY 977.555 as of December 31, 2021 are detailed below (December 31, 2020: TRY 523.420).

i) Subsidiaries:

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

Name of subsidiary	Share (%)	December 31, 2021	Share (%)	December 31, 2020
İdeal Standart İşletmecilik ve	100	12.590	100	12.590
Müessellik San. ve Tic. A.Ş. ("İdeal Standart") (*)		12.590		12.590

(*) 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, 2021, 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.

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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, 2021	Share (%)	December 31, 2020
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	964.965	11,5	510.830
		964.965		510.830

(*) As of December 31, 2021 the fair value of available-for-sale financial asset is calculated by using discounted cash flow analysis method with discount rate used as 22,9% and the final growth rate used as 34,6%.

The movement table of the Group's financial investment revaluation fund is as follows:

	2021	2020
Beginning of term – 1 January	347.633	313.519
Valuation effect of the disposed financial asset	-	(18.763)
Valuation increase	454.135	55.660
Deferred tax effect due to valuation increase	(22.707)	(2.783)
Closing - 31 December	779.061	347.633

6. Financial liabilities

a) Bank Loans

As of December 31, 2021 the Group has short-term interest-free financial debt from banks amounting to TRY 101.175. These financial liabilities were closed on January 3, 2022 (December 31, 2020: TRY 131.421).

b) Lease Liabilities

Short-term portion of long-term liabilities	December 31, 2021	December 31, 2020
Lease liabilities	1.691.718	1.246.206
	1.691.718	1.246.206
Long-term lease liabilities	December 31, 2021	December 31, 2020
Lease liabilities	6.349.151	4.715.679
	6.349.151	4.715.679
Total borrowings	8.040.869	5.691.885

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

	December 31, 2021	December 31, 2020
Shorter than 3 months	357.822	314.538
3 - 12 month	1.333.896	931.668
More than 12 months	6.349.151	4.715.679
	8.040.869	5.961.885

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

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As of 31 December 2021 and 2020, the movement table of the Group's liabilities arising from leasing transactions is as follows.

	December 31, 2021	December 31, 2020
Opening - January 1	5.961.885	4.264.567
Cash outflows from payments of lease liabilities (-)	(1.536.659)	(1.227.920)
Additions	2.239.823	1.998.467
Changes in financial expenses accrual (Note 23)	805.526	708.446
Exchange rate differences	62.795	25.346
Changes in accruals arises from disposals (Note 21)	36.783	22.017
Foreign currency translation differences	470.716	170.962
Closing - December 31	8.040.869	5.961.885

7. Trade receivables and payables

a) Trade receivables from third parties

	December 31, 2021	December 31, 2020
	3.773.763	2.615.234
Other trade receivables	1.652	
	3.775.415	2.615.234

As of December 31, 2021 the average term of credit card receivables is 17 days (December 31, 2020: 13 days).

b) Trade payables due to third parties

	December 31, 2021	December 31, 2020
Trade payables	11.363.096	8.173.781
Rediscount expense (-)	(122.748)	(83.434)
	11.240.348	8.090.347

As of December 31, 2021 the average term of trade payables is 68 days (December 31, 2020: 58 days). As of December 31, 2021 letters of guarantee, cheques and notes are amounting to TRY 625.513 and mortgages are amounting to TRY 23.426 (December 31, 2020: letters of guarantee, cheques and notes amounting to TRY 390.401 and mortgages amounting to TRY 13.546).

8. Other receivables

a) Other receivables from related parties

	December 31, 2021	December 31, 2020
Receivables from related parties	23	233
	23	233

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b) Other receivables from third parties

	December 31, 2021	December 31, 2020
Other receivables	55.604	13.321
Doubtful receivables	11.508	11.548
Less: Allowance for doubtful receivables	(11.508)	(11.548)
	55.604	13.321

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

	December 31, 2021	December 31, 2020
Balance at the beginning of the period - January 1	11.548	11.370
Allowance for doubtful receivables	5	186
Collection in current year	(45)	(8)
Balance at the end of the period - December 31	11.508	11.548

9. Inventories

	December 31, 2021	December 31, 2020
Trade goods, net	6.666.107	4.214.854
Other	41.544	19.788
Allowance for impairment on inventory (-)	(14.711)	(6.248)
	6.692.940	4.228.394

Cost of inventories amounting to TRY 57.110.063 (December 31, 2020: TRY 45.373.720) was recognized under cost of sales.

The movement of impairment for inventories in 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Balance at the beginning of the period - January 1	6.248	2.509
Allowance cancellations	(6.248)	(2.509)
Allowance for impairment	14.711	6.248
Balance at the end of the period - December 31	14.711	6.248

As of December 31, 2021 an allowance for impairment amounting to TRY 14.711 (December 31, 2020: TRY 6.248) 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, 2021 and 2020 are as follows:

	January 1, 2021	Additions	Additions due to acquisition	Disposals	Transfers	Currency translation differences	December 31, 2021
Cost or revalued amount							
Land	1.353.235	87.964	3.553	-	-	18.983	1.463.735
Land improvements	21.645	6.346	13.059	(38)	-	-	41.012
Buildings	2.099.605	78.933	379	(3.153)	167.664	13.235	2.356.663
Machinery and equipment	2.022.969	661.799	2.393	(50.148)	28.216	217.046	2.882.275
Vehicles	373.422	128.918	269	(13.431)	5.384	36.496	531.058
Furniture and fixtures	754.000	308.582	1.748	(32.803)	11.913	56.101	1.099.541
Leasehold improvements	1.740.619	523.007	-	(20.326)	31.340	287.677	2.562.317
Construction in progress	91.837	404.083	2.132	(1.374)	(244.517)	-	252.161
	8.457.332	2.199.632	23.533	(121.273)	-	629.538	11.188.762
Less : Accumulated depreciation							
Land improvements	(13.887)	(3.939)	(8.403)	21	-	-	(26.208)
Buildings	-	(133.934)	(329)	117	-	(901)	(135.047)
Machinery and equipment	(850.163)	(226.143)	(1.322)	36.296	-	(172.022)	(1.213.354)
Vehicles	(211.152)	(70.541)	(227)	9.911	-	(24.246)	(296.255)
Furniture and fixtures	(418.314)	(135.633)	(1.210)	28.796	-	(36.376)	(562.737)
Leasehold improvements	(732.863)	(187.196)	-	11.622	-	(176.422)	(1.084.859)
Net book value	(2.226.379)	(757.386)	(11.491)	86.763	-	(409.967)	(3.318.460)
	6.230.953						7.870.302

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	January 1, 2020	Additions	Disposals	Transfers	Netoff	Revaluation	Impairment	Currency translation differences	December 31, 2020
Cost or revalued amount									
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
	6.177.884	1.282.701	(92.736)	-	(215.121)	1.100.359	(2.341)	206.586	8.457.332
Less : Accumulated depreciation									
Land improvements	(11.283)	(2.667)	63	-	-	-	-	-	(13.887)
Buildings	(129.354)	(85.238)	-	-	215.121	-	-	(529)	-
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)
	(1.848.712)	(543.261)	70.320	-	215.121	-	-	(119.847)	(2.226.379)
Net book value	4.329.172								6.230.953

As December 31, 2021, depreciation expense amounting to TRY 703.023 (January 1- December 31, 2020: TRY 501.847) were recognized in marketing expenses and TRY 51.810 (January 1- December 31, 2020: TRY 39.576) in general and administrative expenses and TRY 2.553 (January 1 - December 31, 2020: TRY 1.838) were recognized in cost of goods sold for the period January 1- December 31, 2021. 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 incomtax 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, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Land	357.638	257.026
Buildings	1.640.309	1.275.603
	1.997.947	1.532.629

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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, 2021. 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.

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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.

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, 2021	January 1- December 31, 2020
Balance at the beginning of the period - January 1	1.711.884	785.683
Revaluation increase	-	1.100.359
Tax expense related to the revaluation fund recognized in the statutory financial statements (*)	246.883	
Deferred tax arising from revaluation increase	-	(174.158)
Balance at the end of the period - December 31,	1.958.767	1.711.884

* With the regulation in Article 11 of the Law No. 7326 published in the Official Gazette on June 9, 2021, the opportunity to revalue real estates and other depreciable fixed assets in the balance sheets of enterprises. With the related arrangement, deferred tax asset has been created in the statement of financial position based on the revaluation transactions for fixed assets in the statutory books. The portion of this asset corresponding to the buildings, which are shown at their fair values in the financial statements, is recorded in the "property and equipment revaluation fund" in other comprehensive income, and the portion belonging to other fixed assets is recorded as deferred tax income in the comprehensive income. In addition, the 2% tax expense related to the buildings is recorded in the "property and equipment revaluation fund" account in the equity, and the portion of the other fixed assets is recorded in the current tax expense in the comprehensive income.

Pledges and mortgages on assets

As of December 31, 2021 and 2020, there is no pledge or mortgage on property and equipment of the Group.

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11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended December 31, 2021 and 2020 are as follows:

	January 1, 2021	Additions	Disposals	Transfers	Currency translation differences	December 31, 2021
Cost						
Right	86.009	22.104	29	(1.778)	4.122	110.486
Other intangible assets	306	1	-	-	-	307
	86.315	22.105	29	(1.778)	4.122	110.793
Accumulated amortization						
Right	(42.553)	(12.034)	(24)	489	(3.121)	(57.243)
Other intangible assets	(301)	(25)	-	-	-	(326)
	(42.854)	(12.059)	(24)	489	(3.121)	(57.569)
Net book value	43.461					53.224

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

As of December 31, 2021 amortisation expense amounting to TRY 11.212 (January 1- December 31, 2020: TRY 9.891) has been charged in marketing expenses and TRY 826 (January 1- December 31, 2020: TRY 816) in general and administrative expenses and TRY 21 is included in the cost of sales.

The intangible assets are amortized over estimated useful life which is 5 years. The rights mainly consist of software licences.

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12. Right of Use Assets

The movements of right use of assets and the related accumulated depreciation for the period ended December 31, 2021 and 2020 as follows:

	January 1, 2021	Additions	Disposals	Currency translation differences	December 31, 2021
Building	6.686.917	2.510.447	(308.629)	686.699	9.575.434
Vehicles	184.996	77.492	(10.279)	14.721	266.930
	6.871.913	2.587.939	(318.908)	701.420	9.842.364
Less: Accumulated amortization					
Building	(1.392.628)	(974.300)	63.070	(303.783)	(2.607.641)
Vehicles	(80.485)	(58.913)	5.186	(14.102)	(148.314)
	(1.473.113)	(1.033.213)	68.256	(317.885)	(2.755.955)
Net book value	5.398.800				7.086.409

For the period ended December 31, 2021, TRY 962.295 (December 31, 2020, TRY 765.280) of amortization expenses is recognized under selling and marketing expenses and TRY 70.918 (December 31, 2020 TRY 50.827) is recognized under general administrative expenses.

	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
	4.648.763	2.237.183	(225.063)	211.030	6.871.913
Less: Accumulated amortization					
Building	(600.704)	(770.381)	30.509	(52.052)	(1.392.628)
Vehicles	(37.111)	(45.724)	4.743	(2.393)	(80.485)
	(637.815)	(816.105)	35.252	(54.445)	(1.473.113)
Net book value	4.010.948				5.398.800

13. Provisions, contingent assets and liabilities

a) Short term provisions for employee benefits

Unused vacation amounting to TRY 60.717 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended December 31, 2021 (December 31, 2020: TRY 41.533).

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

	January 1- December 31, 2021	January 1- December 31, 2020
Balance at the beginning of the period – January 1	22.429	24.507
Used in the period	(22.429)	(24.507)
Provision of unused vacation	60.717	41.533
Balance at the end of the period - December 31	60.717	41.533

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b) Other short-term provisions

	December 31, 2021	December 31, 2020
Provision of Competition Authority penalty ^(*) (Note:21)	718.597	-
Legal provisions (**)	53.130	37.219
Other	17.907	8.587
Total	789.634	45.806

^(*) It is the provision amount allocated for the penalty amounting to TRY 958.129 given to the Company on October 28, 2021 by the Competition Authority. The related penalty was paid on 17 February 2022 by taking advantage of the 25% early payment discount.

^(**) As of December 31, 2021 and December 31, 2020, the total amount of outstanding lawsuits filed against the Group, TRY 82.889 and TRY 62.538 (in historical terms), respectively. The Group recognized provisions amounting to TRY 53.130 and TRY 37.219 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Balance at the beginning of the period - January 1	37.219	35.153
Provisions required	15.911	2.066
Balance at the end of the period - December 31	53.130	37.219

Letter of guarantees, mortgages and pledges given by the Group

As of December 31, 2021 and December 31, 2020, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	December 31, 2021					
	Total	TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	55.009	51.665	250.870	-	-	-
<i>Guarantee</i>	55.009	51.665	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	-	-	-	-	-	-
Total	55.009	51.665	250.870	-	-	-

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	December 31, 2020				Moroccan Dirham
	Total TRY equivalent	TRY	US Dollars	EUR	
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	-	-	-	-	-
Total	133.817	131.975	250.870	-	-

Insurance coverage on assets

As of December 31, 2021 and December 31, 2020, insurance coverage on assets of the Group is TRY 8.197.857 and TRY 4.936.413 respectively.

14. Prepaid Expenses and Deferred Income

a) Short term prepaid expenses

	December 31, 2021	December 31, 2020
Order advances given to third parties for inventories	294.785	238.767
Order advances given to related parties (Note 28)	5.870	119.913
Other	65.465	36.832
	366.120	395.512

b) Long term prepaid expenses

	December 31, 2021	December 31, 2020
Advances given for property, plant and equipment	54.412	49.976
Other	12.180	11.127
	66.592	61.103

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c) Deferred Income

	December 31, 2021	December 31, 2020
Gift cards income	62.410	44.354
Other	144	53
	62.554	44.407

15. Employee termination benefits

	December 31, 2021	December 31, 2020
Provision for employee termination benefits	388.923	241.859
	388.923	241.859

The amount payable consists of one month's salary limited to a maximum of full TRY 8.651,62 for each period of service as of December 31, 2021 (December 31, 2020: full TRY 7.117,17). The retirement pay provision ceiling is revised semiannually, and full TRY 8.651,62 which is effective from December 31, 2021, is taken into consideration in the calculation of provision for employment termination benefits (effective from December 31, 2020: full TRY 7.117,17). 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, 2021 and December 31, 2020 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 4,5% by assuming an annual inflation rate of 17% (December 31, 2020: 9%) and a discount rate of 21,5% (December 31, 2020: 13,0 %). The anticipated rate of termination benefits not paid as a result of voluntary leaves is also taken into consideration. The real discount rate obtained according to the assumptions is calculated by using 4.5% per annum. The estimated ratio of severance pay amounts that will not be paid to the Group as a result of voluntary dismissals have also been taken into account.

If the 21,5% discount rate (December 31, 2020: 13%) used in the calculation of provision for employment termination benefit were 22%, total provision would be TRY 381.489 (December 31, 2020: TRY 236.936) and if it were 21%, total provision would be TRY 396.071 (December 31, 2019: 246.852). All other assumptions in the sensitivity analysis are fixed and are based on the change in the discount rate.

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, 2021	January 1- December 31, 2020
Current service cost (Note 20)	52.250	38.587
Interest cost of employee termination benefit (Note 23)	29.120	18.484
Total	81.370	57.071

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

	January 1- December 31, 2021	January 1- December 31, 2020
Balance at the beginning of the period -January 1	241.859	180.114
Interest cost of employee termination benefit	29.120	18.484
Current service cost	52.250	38.587
Payments made in the current period	(57.533)	(39.281)
Loss/(gain) during the period)	123.227	43.955
Balance at the end of the period - December 31	388.923	241.859

16. Other assets and liabilities

a) Other current assets

	December 31, 2021	December 31, 2020
VAT receivable	118.610	84.904
Other	13.734	21.721
	132.344	106.625

b) Other current liabilities

	December 31, 2021	December 31, 2020
Taxes and funds payables	261.063	294.179
Other	6.054	4.207
	267.117	298.386

17. Equity

a) Share capital and capital reserves

As of December 31, 2021 and 2020, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows.

	December 31, 2021		December 31, 2020	
	Historical cost	(%)	Historical cost	(%)
Merkez Berekat Gıda Sanayi ve Ticaret A.Ş.	91.998	15,15	89.754	14,78
Naspak Gıda Sanayi ve Ticaret A.Ş.	66.600	10,97	64.792	10,67
Other	18.348	3,02	18.348	3,02
Publicly traded	430.254	70,86	434.306	71,53
	607.200	100,00	607.200	100,00

The Company's share capital is fully paid and consists of 607.200.000 (December 31, 2020: 607.200.000) shares of full TRY 1 nominal value each.

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Property, plant and equipment revaluation fund

As of December 31, 2021 the Group has revaluation fund amounting TRY 1.958.767 (December 31, 2020: TRY 1.711.884) related to revaluation of land and buildings. 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 31, 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.

As of December 31, 2021 and 2020 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	December 31, 2021	December 31, 2020
Legal reserves	1.442.567	893.850
Extraordinary reserves	40.223	1.672.324
Net profit for the period	3.242.412	2.528.393
	4.725.202	5.094.567

As of December 31, 2021, net profit for the Company's statutory books is TRY 3.242.412 (December 31, 2020: TRY 2.528.393) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 2.950.710 (December 31, 2020: TRY 2.606.815). Equity holders of the parent company of profit is TRY 2.932.482

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c) Treasury Shares

As part of the resolution of the Board of Directors on 7 August 2020 and 6 December 2021, buy-back operations have been started. As part of such buy-back operation between August 7- September 10, 2020, shares of the Company which are equivalent to 5.670.992 units of BİM shares corresponding to TRY 374.707.691 (TRY full) and between 7 December 2021-31 December 2021 , shares of the Company which are equivalent to 2.697.000 units of BİM shares corresponding to TRY 190.469.112 have been repurchased. As of 31 December 2021, the share of 8,367,992 shares repurchased for a total of TRY 565,176,804 (full TRY) in the Company's capital is 1.3781%.

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 Extraordinary General Assembly Meeting held on 6 January 2021, it was decided to distribute TRY 1.214.000 cash dividend from the extraordinary reserves to the shareholders and the payment was completed on January 8, 2021. The gross dividend paid per share is 2,0 full TRY. At the Ordinary General Assembly meeting dated April 28, 2021, it was decided to distribute 2.428.800 TRY cash dividend from the profit of the year 2020 to the shareholders and to make the payment in two installments on 12 May 20, 2021 and November 17, 2021. The gross dividend paid per share is total 4,0 full TRY. TRY 34.026 of the Group's dividend distribution consists of the Group's dividend payment corresponding to its own shares .

e) Non – controlling interest

Equity in a subsidiary that is not directly or indirectly associated with the parent is classified under "Non-controlling interests" in the consolidated financial statements.

As of December 31, 2021, the relevant amount in the "Non-controlling interests" account in the consolidated statement of financial position is TRY 203.457. In addition, net profit or loss in a subsidiary that is not directly or indirectly attributed to a parent is classified under "Non-controlling interests" in the consolidated statement of profit or loss. As of December 31, 2021, the amount of profit attributable to minority interests in the consolidated statement of comprehensive loss is TRY 87.394.

18. Sales and cost of sales

a) Net Sales

The Group's net sales for the periods ended December 31, 2021 and 2020 are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Sales	70.940.277	55.824.914
Sales returns(-)	(413.598)	(329.550)
	70.526.679	55.495.364

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b) Cost of sales

	January 1- December 31, 2021	January 1- December 31, 2020
Beginning inventory	4.214.854	2.359.445
Additional stock from the company acquisition	1.115	-
Purchases	59.560.201	47.229.540
Depreciation and amortization expenses	2.574	1.838
Ending inventory (-)	(6.666.107)	(4.214.854)
	57.112.637	45.375.969

19. Operational expenses

a) Marketing expenses

	January 1- December 31, 2021	January 1- December 31, 2020
Personnel expenses	4.333.037	3.092.383
Depreciation and amortization expense	1.676.530	1.282.138
Electricity, water and communication expenses	562.150	407.545
Maintenance and repair expenses	191.483	132.403
Advertising expenses	178.983	125.619
Truck fuel expense	139.732	105.752
Packaging expenses	96.709	61.551
Taxes and duty expenses	50.562	55.113
Provision for employee termination benefits	45.464	33.214
Information technology expenses	43.441	30.989
Stationery expenses	43.234	30.783
Fixtures expenses	39.301	39.123
Cleaning expenses	33.042	48.541
Rent expenses	29.408	22.755
Insurance expenses	20.044	16.304
Other	210.892	124.196
	7.694.012	5.608.409

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b) General and administrative expenses

	January 1- December 31, 2021	January 1- December 31, 2020
Personnel expenses	650.389	513.164
Depreciation and amortization	123.554	86.097
Donations and aids	49.424	44.923
Legal and consultancy expenses	38.223	35.629
Money collection expenses	30.456	24.817
Tax and duty expense	22.680	15.256
Motor vehicle expenses	15.609	11.115
Electricity, water, gas and communication expenses	10.824	8.462
Provision for employee termination	6.786	5.373
Office supplies	5.648	4.495
Other	88.340	64.744
	1.041.933	814.075

20. Expenses by nature

a) Depreciation and amortisation expenses

	January 1- December 31, 2021	January 1- December 31, 2020
Marketing and selling expenses	1.676.530	1.282.138
General and administrative expenses	123.554	86.097
Cost of Sales	2.574	1.838
	1.802.658	1.370.073

b) Personnel expenses

	January 1- December 31, 2021	January 1- December 31, 2020
Wages and salaries	4.477.545	3.233.107
Social security premiums employer contribution	505.881	372.440
Provision for employee termination (Note 15)	52.250	38.587
	5.035.676	3.644.134

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21. Other operating income and expense

a) Other operating income

	January 1- December 31, 2021	January 1- December 31, 2020
Commission and promotion income	59.145	36.009
Contract termination income (IFRS-16) (Note 6)	36.783	22.017
Gain on sales of scraps	25.886	7.252
Other income from operations	70.317	43.807
	192.131	109.085

b) Other operating expense

	January 1- December 31, 2021	January 1- December 31, 2020
Provision of Competition Authority penalty (Note 13)	718.597	-
Other Provision expenses	14.652	10.765
Other operating expenses	13.697	9.675
	746.946	20.440

22. Financial income

	January 1- December 31, 2021	January 1- December 31, 2020
Foreign exchange gains	374.016	142.978
Participation account income	78.876	117.743
	452.892	260.721

23. Financial expenses

	January 1- December 31, 2021	January 1- December 31, 2020
Financial expenses arises from lease liabilities (Note 6)	805.526	708.446
Foreign exchange losses	157.521	96.688
Interest cost related to provision for employee termination (Note 15)	29.120	18.484
Other financial expenses	8.313	4.791
	1.000.480	828.409

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24. Income and expense from investing activities

a) Income from investing activities

	January 1- December 31, 2021	January 1- December 31, 2020
Incomes from financial investments (*)	328.623	138.268
Gain on sale of property, plant and equipment	1.234	-
Other	4.074	788
	333.931	139.056

(*) The balance consist of income from investment funds and lease certificates of the Group.

b) Expense from investing activities

None (December 31, 2020: TRY 5.266).

25. Tax assets and liabilities

As of December 31, 2021 and 2020, provision for taxes of the Group is as follows :

	December 31, 2021	December 31, 2020
Current income tax liabilities	1.180.389	802.678
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements (*)	18.855	-
Current tax assets (Prepaid taxes)	(711.635)	(558.965)
Corporate tax payable	487.609	243.713

(*) It is the tax expense arising from the revaluation fund applied in the statutory financial statements of the Company for the year ended 31 December 2021.

The Company and its subsidiaries, affiliates and joint ventures established in Turkey and other countries within the scope of consolidation are subject to the applicable tax legislation and practices of the countries in which they operate.

According to Article 14 of the Law on the Procedure for Collection of Public Claims and the Law on Amendment to Certain Laws published in the Official Gazette on April 22, 2021, with the provisional article 13 added to the Corporate Tax Law No. 5520, the corporate tax rate which is %20, will be applied as %25 for 2021 and %23 for 2022. The law is applicable into force on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021, and to be applicable for the corporate earnings for the taxation period starting from January 1, 2021. 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 20% 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, 2021 the corporate tax rate is 31% (December 31, 2020: 31%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. Although retained earnings of BIM Stores SARL are the subject of a deduction that they are not carried forward for more than 5 years, a tax of %0,5 is paid on sales. In Egypt, as of December 31, 2021 the corporate tax rate is 22.5% (December 31, 2020: 22.5%) where the consolidated subsidiary of the Company, BIM Stores LLC operates.

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

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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.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

As of December 31, 2021 and 2020, 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, 2021	December 31, 2020	January 1- December 31, 2021	January 1- December 31, 2020
Deferred tax liability				
Right-of-use asset	1.199.023	946.352	252.671	249.813
The effect of the revaluation of land and buildings	307.001	307.001	-	174.158
The effect of the revaluation of financial asset	41.003	18.297	22.706	(2.509)
Other adjustments	29.307	16.810	12.497	4.861
Deferred tax asset				
Lease liabilities	(1.439.185)	(1.062.434)	(376.751)	(313.492)
Tangible and intangible assets	(252.597)	128.979	(381.576)	25.210
Provision for employee termination benefit	(77.774)	(48.330)	(29.444)	(12.307)
Other adjustments	(90.966)	(57.390)	(33.576)	(23.111)
Currency translation difference	-	-	16.889	9.133
Deferred tax	(284.188)	249.285	(516.584)	111.756

Deferred tax is presented in financial statements as follows:

	December 31, 2021	December 31, 2020
Deferred tax assets	284.592	26.987
Deferred tax liabilities	(404)	(276.272)
Net deferred tax asset	284.188	(249.285)

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Movement of net deferred tax liability for the periods ended December 31, 2021 and 2020 are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Balance at the beginning of the period - January 1	249.285	146.662
Deferred tax expense recognized in statement of profit or loss, net	(240.329)	(56.395)
Deferred tax expense recognized in other comprehensive income	(276.255)	168.151
- Revaluation of property, plant and equipment (Note 10)	(274.315)	174.158
- Remeasurement losses of defined benefit plans	22.707	2.783
- Fair value changes in available-for-sale financial assets	(24.647)	(8.790)
Foreign currency translation differences	(16.889)	(9.133)
Balance at the end of the period - December 31	(284.188)	249.285

	January 1- December 31, 2021	January 1- December 31, 2020
Tax reconciliation		
Profit before tax	3.909.625	3.351.658
Corporate tax provision calculated at effective tax rate of 25%(December 31,2020 : %22)	(977.406)	(737.365)
Disallowable charges	(196.304)	(2.934)
Current year losses on which is no deferred tax asset recognised ^(*)	(21.384)	-
Effect of tax rate differences of the consolidated subsidiary	7.114	7.870
Revaluation recognized in statutory financial statements tax expense related to revaluation fund ^(**)	197.122	-
Effect of tax rate changes	15.763	-
Other	16.180	(12.414)
	(958.915)	(744.843)

^(*)Dost Global Danışmanlık A. Ş. fiscal year loss to BIM Stores Llc (BIM Egypt), a subsidiary.

^(**) The revaluation applied by the Company in its statutory financial statements is a tax expense arising from the value increase fund.

	January 1- December 31, 2021	January 1- December 31, 2020
Tax expense		
Current period tax expense	(1.199.244)	(801.238)
Deferred tax income	240.329	56.395
Total tax expense	(958.915)	(744.843)

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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, 2021 and 2020 is as follows. All shares of the Company are in same status.

	January 1- December 31, 2021	January 1- December 31, 2020
Earnings per share		
Average number of shares at the beginning of the period (Thousand) ⁽¹⁾	601.435	605.002
Net profit of the year	2.932.482	2.606.815
Earnings per share	4,88	4,31

⁽¹⁾ Bonus shares are counted as issued shares when calculating earnings per share. Therefore, the weighted average number of shares used in the calculation of earnings per share has been obtained by retrospectively considering the issued bonus shares.

27. Non - controlling interests

	December 31, 2021
Share of non - controlling interests	%35
Total assets	2.722.009
Total liabilities	(2.140.703)
Net assets	581.306
Non - controlling interests	-
Non - controlling interests	203.457

	April 1 - December 31, 2021
Revenue	3.037.833
Gross profit	640.667
Operating profit	104.970
Net income for the period	52.081
Net income for the period for non-controlling interests	18.228
Total comprehensive income/(loss)	249.698
Total comprehensive income for non-controlling interests	87.394

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28. Related party disclosures

a) Prepaid expenses to related parties

	December 31, 2021	December 31, 2020
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) (2)	5.870	-
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka)(1)	-	119.913
	5.870	119.913

b) Payables related to goods and services received:

Due to related parties balances as of December 31, 2021 and December 31, 2020 are as follows:

Related parties	December 31, 2021	December 31, 2020
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	312.156	194.277
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) (1)	244.533	184.545
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) (1)	194.506	156.476
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) (1) ⁽¹⁾	139.435	135.651
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) (3)	113.289	80.713
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak)(1)	29.684	22.779
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka)(1)	17.306	-
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) (1)	2.297	1.775
Proline Bilişim Sistemleri Ve Tic. A.Ş (1)	-	363
Aytaç Gıda Yatırım San. ve Ticaret A.Ş. (Aytaç) (1) ⁽¹⁾	-	22.493
	1.053.206	799.072

⁽¹⁾ As of April 1, 2021, it has excluded from related party.

Affiliates and Subsidiaries

	December 31, 2021	December 31, 2020
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) (2)	289	5.052
	289	5.052
Trade payables due to related parties	1.053.495	804.124

(1) Companies owned by shareholders of the Company.

(2) Non-consolidated subsidiaries of the Group.

(3) Other related party.

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c) Related party transactions

i) Purchases from related parties during the periods ended December 31, 2021 and 2020 are as follows:

Related parties	January 1- December 31, 2021	January 1- December 31, 2020
Reka (1)	1.909.150	1.104.303
Başak (1)	1.695.991	1.293.980
Hedef (1)	1.205.775	847.805
Turkuvaz (1)	923.999	752.394
Aktül(1)	646.270	475.918
Apak(1)	382.847	281.275
Sena(3)	364.062	290.024
Aytaç(1) (**)	81.798	276.334
Avansas(1)	14.659	5.929
Bahariye Mensucat(1)	5.503	1.763
Proline (1)	9	271
Bahariye Tekstil(1)	-	1.570
Turkcell(3) (*)	-	5.540
	7.230.063	5.337.106

(*) Purchases until March 5, 2021.

(**) Purchases until April 1, 2021.

Affiliates and Subsidiaries

	January 1- December 31, 2021	January 1- December 31, 2020
İdeal Standart (2)	15.346	17.896
Total Related Party Transaction	7.245.409	5.355.002

(1) Companies owned by shareholders of the Company.

(2) Non-consolidated subsidiaries of the Group.

(3) Other related party.

In the report dated March 2, 2022 on the examination of extended and continuous transactions prepared by the Board of Directors in accordance with the regulations in the relevant communiqués of the Capital Markets Board, the related party transactions of Bim Birleşik Mağazalar A.Ş. were evaluated by the Board of Directors; it has been observed by the Board of Directors that the terms of the extended and continuous transactions carried out by BİM Birleşik Mağazalar A.Ş. in 2021 with the related parties within the scope of Turkish Accounting Standard No. 24 didn't contradict with arm's length principles and it has been concluded that there is no harm in pursuing the extended and continuous transaction with the same parties in 2022. This report was approved on March 2, 2022 by the decision of the Board of Directors.

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ii) For the periods ended December 31, 2021 and 2020 salaries, bonuses and compensations provided to board of directors and key management comprising of 184 and 158 personnel, respectively, are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Benefit to key management personnel	157.434	127.617
Total benefits	157.434	127.617

29. 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 affected 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		December 31, 2021	December 31, 2020
Financial assets	Fixed profit share bearing financial instruments	2.070.018	2.955.723
	Participation account	578.429	291.942
	Lease certificate & Investment fund	1.491.589	2.663.781
Financial liabilities		-	-
Financial assets	Variable profit share bearing financial instruments	-	-
Financial liabilities		-	-

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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.

Credit risk table (Current period - December 31, 2021)

31 December 2021	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)	-	3.773.763	23	76.707	-	949.402	977.955	1.491.589
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	3.773.763	23	76.707	-	949.402	977.955	1.491.589
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)	-	-	-	11.508	-	-	-	-
- Impairment	-	-	-	(11.508)	-	-	-	-
- 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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Notes to Consolidated Financial Statements as of December 31, 2021 And 2020

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

Credit risk table (Previous period - December 31, 2020)

31 December 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)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	11.548	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	(11.548)	-	-	-	-
- 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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Consolidated Balance Sheets
for the Years Ended December 31, 2021 And 2020
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

Foreign currency position

As of December 31, 2021 and 2020, the Group's foreign currency position is as follows:

	December 31, 2021		December 31, 2020			
	TRY Equivalent	Full US Dollars	Full EUR	Full US Dollars	Full EUR	Full GBP
1. Trade receivables						
2a. Monetary financial assets (including cash, banks accounts)	635.662	47.504.960	154.513	13.394.766	7.288.423	5.704
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	2.087	100.000	50.000	-	-	-
4. Current assets (1+2+3)	637.749	47.604.960	204.513	13.394.766	7.288.423	5.704
5. Trade receivables						
6a. Monetary financial assets	87	6.500	-	9.100	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other						
8. Non-current assets (5+6+7)	87	6.500	-	9.100	-	-
9. Total assets (4+8)	637.836	47.611.460	204.513	13.403.866	7.288.423	5.704
10. Trade payables	21.286	1.157.502	388.268	2.098.128	473.402	-
11. Financial liabilities	82.999	5.501.465	49.341	-	5.477.539	-
12a. Monetary other liabilities	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-
13. Current liabilities (10+11+12)	104.285	1.157.502	5.889.733	2.098.128	5.950.941	-
14. Trade payables						
15. Financial liabilities	95.552	6.333.543	65.933	-	7.319.459	-
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	95.552	6.333.543	65.933	-	7.319.459	-
18. Total liabilities (13+17)	199.837	1.157.502	12.223.276	2.098.128	13.270.400	-
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)	437.999	46.453.958	(12.018.763)	29.161	(5.981.977)	5.704
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	435.912	46.353.958	(12.068.763)	29.161	(5.981.977)	5.704
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-
23. Export	-	-	-	-	-	-
24. Import	-	-	-	-	-	-

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as of December 31, 2021 And 2020

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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, 2021 and 2020.

December 31, 2021

	Exchange rate sensitivity analysis			
	Current Period			
	Profit/(Loss)		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)	61.785	(61.785)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	61.785	(61.785)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(18.208)	18.208	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(18.208)	18.208	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	14	(14)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	14	(14)	-	-
Total (3+6+9)	43.591	(43.591)	-	-

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December 31, 2020

Exchange rate sensitivity analysis

	Prior Period			
	Profit/(Loss)		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)	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)	-	-
Total (3+6+9)	2.916	(2.916)	-	-

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, 2021 and December 31, 2020, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

December 31, 2021

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
Non derivative financial liabilities					
Trade payables	11.240.348	11.363.096	11.363.096	-	-
Due to related parties	1.053.495	1.066.532	1.066.532	-	-
Contractual lease liabilities	8.040.869	14.458.912	366.786	1.244.842	12.847.284

December 31, 2020

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
Non derivative financial liabilities					
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

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, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Total liabilities	22.603.050	16.254.605
Less: Cash and cash equivalents	(1.497.058)	(1.112.693)
Net debt	21.105.992	15.141.912
Total equity	7.605.615	7.175.687
Total equity+net debt	28.711.607	22.317.599
Net debt/(Total equity+net debt) (%)	74	68

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30. 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, 2021 and December 31, 2020. See note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Financial Assets	-	964.965	-	964.965
Total assets	-	964.965	-	964.965

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Financial Assets	-	510.830	-	510.830

Financial assets measured at fair value through other comprehensive income	Level 1	Level 2	Level 3	Total
Real estate investment fund	516.355	-	-	516.355
Total assets	516.355	510.830	-	1.027.185

There were no transfers between levels during in year.

(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.

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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, 2021 and December 31, 2020, 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.

31. Business Acquisition

On October 14, 2021, the Group acquired all of the shares of Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret Anonim Şirketi ("Bircan Fide"). Bircan Fide is engaged in the production of tomatoes in geothermal greenhouses by hydroponic farming method. The purchase price is 51.344.943 (full) TRY In accordance with this acquisition, the Group has recognized Bircan Fide as a subsidiary in accordance with TFRS 3, "Business Acquisition" standard within the scope of acquisition accounting. As of 31 December 2021, the fair values of the identifiable assets acquired and identifiable liabilities assumed within the scope of the aforementioned business acquisition are reported at their provisional amounts in the consolidated financial statements at the acquisition date. The time for additions and adjustments to the fair values of assets, liabilities and contingent liabilities is limited to 12 months from the date of purchase.

The following is a summary of the financial statements of Bircan Fide and the calculated goodwill amount:

Purchase Price	51.345
Cash and Cash Equivalents	4.607
Trade Receivables	2.735
Other Receivables	767
Inventories	1.352
Prepaid Expenses	370
Other Current Assets	616
Tangible and Intangible Assets	12.047
Bank Loans	(8.172)
Trade payables	(2.628)
Other payables	(643)
Current income tax liabilities	(958)
Net Assets Fair Value	10.093
Goodwill	41.252

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The net amount paid for the purchase of a Subsidiary

The detail of the cash outflow from the purchase is as follows:

The amount paid in cash for the total purchase	51.345
Less: Cash and cash equivalents	(4.607)
Cash out due to the purchase (net)	46.738

32. Fees Related to the Services Received from the Independent Audit Company

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	December 31, 2021	December 31, 2020
Legal and discretionary independent audit services	270	235
	270	235

33. Subsequent events

With the "Law on Amending the Tax Procedure Law and the Corporate Income Tax", which was submitted on 13 January 2021 and accepted by The Grand National Assembly of Turkey on 20 January 2021, Companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets they obtained in deposits and participation accounts with a maturity of at least three months are exempted from corporate tax on various foreign exchange differences, interest, dividends and other incomes. The Company benefitting from this exemption declared the Corporation Tax Exemption of 39.651.888 (full TRY) over 158.607.554 (full TRY) exchange rate difference as of 31 December 2021. This exemption amount is excluded from the period tax expense in the CMB consolidated financial statements.



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