

BİM

Secret heroes of every era



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Corporate Governance and Sustainability

Name of the Company: BİM Birleşik Mağazalar A.Ş.
Report Period: 1 January-31 December 2022
Trade Registry No: 334499
Website: www.bim.com.tr
Capital: TL 607.200.000
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A compelling story of success

Since the year 1995 when we began to write our story, we have been dedicating all our efforts to putting a smile on our customers' faces. First and foremost, all our dealings with our customers are imbued with a sense of trust. While filling our shelves with affordable, good quality and reliable products, we sustain our immaculate service quality as on the very first day, thanks to our dynamic human resources. Our extensive product range, most notably staple products, is conveniently positioned in our stores.

With the protagonists of our story, our private-label products, we offer our customers unique purchase experiences; hence, we attract new customers from different walks of life. In order to render our growth sustainable, we continue our store, warehouse and logistics investments with relentless momentum.



A customer- **DOST** (friendly) mindset

With the experience of 28 years, we touch people's lives, and begin a new story every single day, inspired by the smile on their faces. We offer our affordable products to our customers without compromising quality, and increase their purchasing power. With a customer-centric mindset, we care about sustainable satisfaction and trust, rather than short term windfall profits. With this approach BIM has been selected as the "Reputable of the Year" in the Discount Chain Markets category in the Brand Value and Perception Survey 2022 and our DOST brand was selected for this award in the Milk and Dairy Products Category.



5.8 million
Number
of customer
visits per day

Robust growth with Emin (confident) steps

Central to our pursuit of sustainable growth is our resolve to proceed with investments, even in the face of a challenging backdrop such as the pandemic and high inflation. We secure product supply with our warehouse, logistics and production facility investments, and aim to access more people every day with our store investments.

TL 5,112 million
Capital expenditure



(Legendary) experiences with distinctive brands

We deliver legendary product experiences to our customers with affordable prices and high quality content. We introduced the notion of private-label products to Türkiye for the first time, and proved over time that these products could be at least as high quality as branded products. We maintain, today, our leadership of the sector in the sales share of our private label products. While our customers' loyalty and trust constitute our most precious achievement, the accolades we have earned to date attest to our success.

65%

Share of private-label
products in sales



High



(performance) with solid infrastructure

We perceive our deep-rooted history based on trust with our suppliers as our foremost strength in the supply chain. We continue our warehouse and vehicle fleet investments with unabated impetus, hence securing supply sustainability. Thanks to our strong balance sheet and superior experience, we are able to take timely measures against looming risks, and to adroitly manage them.



1.3 million m²
indoor storage
space on
2.7 million m² land

3.7 million m²
sales area

1,521 trucks

TL 5,112 million capital expenditure in 2022

Aware of its social responsibility in the face of declining consumer purchasing power in 2022, BİM consistently stood by customers with its "everyday low price" policy.

109%
Net sales increase

High inflation in 2022 created opportunities and challenges for the retail industry. A sharp decline in purchasing power on the consumer side drove demand for high discount retailing and private-label products. BİM, gained new customers across all strata while expanding its market share.

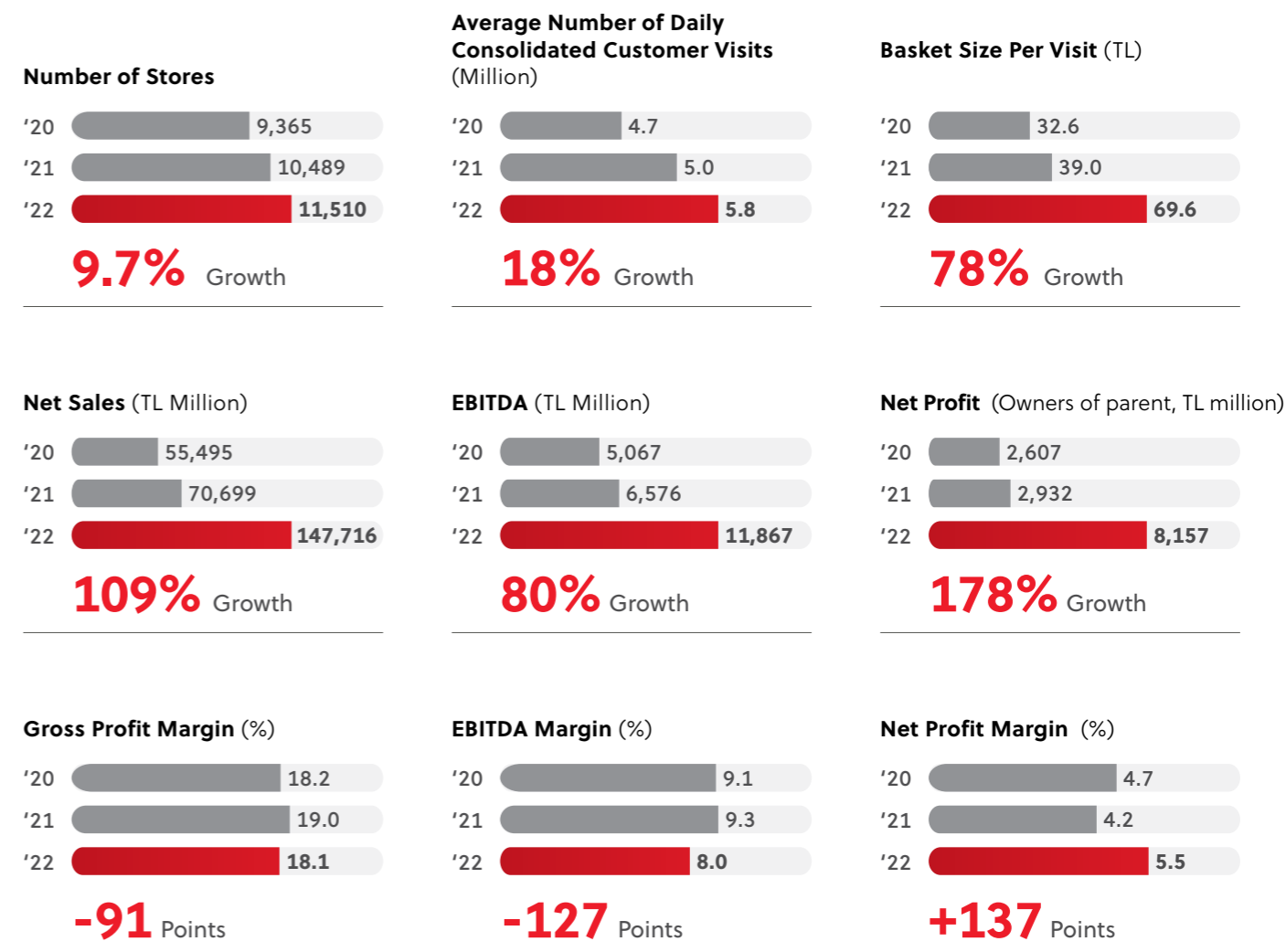
80 thousand
Number of employees

As depreciation of the country's currency raised investment costs, climbing operational expenses were among the factors that adversely affected the margins. In particular, the escalation of electricity and fuel expenses had significant impacts on profitability. The two minimum wage increases, the first at the beginning of the year and the second in the middle of the year, also contributed to rising personnel expenses.

11,510
Number of stores

Aware of its social responsibility in the face of declining consumer purchasing power in 2022 – a period of increasingly high inflation – BİM consistently stood by customers with its "everyday low price" policy. Reflecting gains generated by a range of efforts from efficiency improvements to product prices, BİM continued to create added value for our country. Despite higher costs, the Company maintained its progress in store openings throughout 2022 as well, opening 1,021 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 (TAS/TFRS). Information about the consolidated subsidiaries are available in the section titled Subsidiaries and Affiliates of the Report.

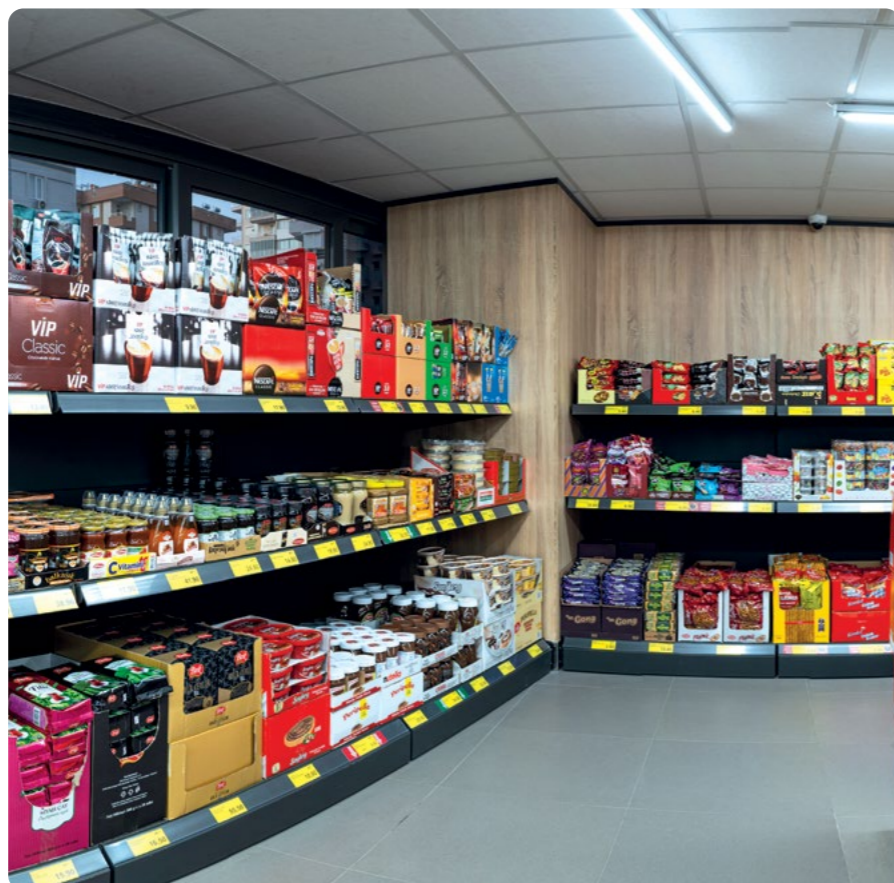


TL **147.7** billion
Net sales

Condensed Consolidated Income Statement (TL Million)	2022	2021	Change (%)
Sales	147,716	70,699	109
Gross Profit	26,774	13,460	99
Gross Profit Margin	18.1%	19.0%	
EBITDA	11,867	6,576	80
EBITDA Margin	8.0%	9.3%	
EBIT	9,274	4,774	94
EBIT Margin	6.3%	6.8%	
Net Profit (Owners of parent)	8,157	2,932	178
Net Profit Margin	5.5%	4.1%	

Condensed Consolidated Balance Sheet (TL Million)	2022	2021	Change (%)
Current Assets	28,095	14,011	101
Fixed Assets	36,589	16,401	123
Total Assets	64,684	30,412	113
Short-term Liabilities	28,810	15,865	82
Long-term Liabilities	10,465	6,738	55
Shareholders' Equity	25,409	7,809	225
Equity Holders of the Parent	25,201	7,606	231
Non-Controlling Interest	208	203	2
Total Equity and Liabilities	64,684	30,412	113

BİM increased its sales by 109% in 2022.



Innovation leadership in the retail industry

BİM will continue to contribute to employment in 2023, with plans to make a consolidated capital expenditure of approximately 3.5% of its sales for domestic and international operations.

3.5%
Capex to sales ratio target

Following two positive target updates in 2022, BİM closed the year with an increase in sales of 109% and an EBITDA margin of 8.0%. The Company continued its capital expenditure without interruption, exceeding its target set for 2022.

at 7.0% - 7.5%. BİM will continue to contribute to employment, with plans to invest approximately 3.5% of sales for domestic and international operations. The Company aims to maintain its leading position in the retail sector through its robust financial structure and high quality employees.

BİM aims to increase sales by 75% in 2023 compared to the previous year and estimates its EBITDA margin

2022	Targets (March 2, 2022)	Targets (May 9, 2022)	Targets (August 17, 2022)	Realizations
Increase in Sales	50% - 60%	70% - 80%	100% - 110%	109%
EBITDA Margin*	8.5%(±0.5)	8.5% (±0.5)	8.5% (±0.5)	8.0%
CAPEX to Sales Ratio	3.2%	3.2%	3.2%	3.5%
2023				Expectations
Increase in Sales				75% (±5)
EBITDA Margin*				7.0% - 7.5%
CAPEX to Sales Ratio				3.5%

* The EBITDA margin target includes IFRS 16 effects.

BİM's journey to success

BİM's private labels, which are produced specifically for the Company by its suppliers, constitute the foundation of its high discount business model.

65%
Ratio of BİM's private-label products to net sales

As the leader in Türkiye'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.

Acting with the principle of keeping operational costs to a minimum level and reflecting the consequent savings to customers as discounts, BİM is the first representative of the high discount model in Türkiye with its organizational structure, effective cost management practices, and limited product range.

BİM accelerates the decision-making and implementation processes by establishing a dynamic logistics and information network among regional offices and stores through a decentralized organizational structure.

BİM avoids unnecessary expenses that raise product prices.

Maintaining effective quality standard controls by limiting its product range to around 850 items, BİM ensures that products reach customers at the most affordable prices.

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 65% of the sales in 2022.



Effective Cost Management

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. BİM has adopted a detailed and precise working method for the selection and pricing of the products. The products offered at the stores are carefully selected to meet 80% of the daily basic needs of a household. 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.

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.

**NielsenIQ Retail Panel*

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. The market share increase of BİM, which is the sector leader considering its sales volume, for fast moving consumer goods accelerated in 2022, and the Company's market share in these products increased by 1.4%*.

Out of 3.000 exit interviews conducted by NielsenIQ of the current customers of BİM stores, the NPS (Net Promoter Score) of BİM was 24, which is highest compared to other national chains. This data indicates that BİM is the company that best meets customer expectations among retail companies.

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.

1.4%
Market share
point increase
in fast moving
consumer goods
of BİM*

BİM keeps the costs at a minimum level without disrupting the service quality, reflects the consequent savings on the product prices, and maintains operations with a limited level of profit margin.

Strong Supply Chain

BİM is the biggest purchaser of the majority of the products it sells in Türkiye 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 all the necessary support to its suppliers, who they consider as business partners.

Always maintaining good relations with its suppliers, BİM did not leave its shelves empty in 2022, when supply problems were experienced, thanks to its strong cash position, successful supply and stock management, and successfully managing product availability issues with its partner suppliers even during the Ukraine-Russia crisis.

BİM preferred to use its strong cash position to ensure product supply and procure cost-effective products, allowing it to maintain high levels of customer satisfaction.

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.

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, BİM 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 the products as 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

BİM, in accordance with its business model keeps the costs at a minimum level without disrupting the service quality; it reflects the consequent savings on the product prices and maintains operations with a limited level of profit margin. Therefore, the Company's fight against inflation has been continuous since the day it was established. Moreover, BİM has significantly contributed to the balanced course of the price mechanisms in the sector. BİM assists spreading low prices throughout the market by setting an example for the market with its "everyday low price" policy. BİM will continue decisively to fight against inflation in the upcoming period as well. Aiming to continue its efficient and sustainable growth, BİM 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 2022, a year of struggle against high inflation, BİM continued to support the fight against inflation by postponing its price increases as much as possible. When its costs increase, BİM takes care not to increase its prices before it runs out of the low-cost inventory.

On the other hand, BİM operates with the effort to keep customer satisfaction at the highest level with the unconditional return guarantee policy applied in its stores. This policy allows a customer to return any product at any time - without the need to provide an explanation - at the closest BİM store by providing the receipt and credit card slip.



*NielsenIQ Retail Panel

10,572
Number of stores in Türkiye



BİM increased its investments in 2022 as well, and continued to contribute to the country's economy and employment.

Investment Policy

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

Since BİM 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.

Even in 2022, when investment costs increased significantly, BİM maintained its investment policy and continued to contribute to the country's economy and employment.

International Operations

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

BİM's first foreign operation, Morocco, is the first discount chain in the country. BİM 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 maintain and develop the current growth trend in the Kingdom of Morocco with Helios Investment Partners LLP, which acquired 35% share in the Morocco operations, and to contribute to localization with investors specialized in the region.

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 more than 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 this trend by maintaining profitability in 2022 as well. The number of stores reached 627 with 49 new store openings in 2022.

In Egypt, where the second foreign operation of the Company launched in 2013, 11 stores were opened in 2022, reaching 311 stores. BİM has the whole capital of the company that carries out the Egypt operation. BİM has two regional directorates in Egypt, which is one of the biggest countries in the Middle East with a population of 104 million and acts as the production base of its region.



627
Number of stores in Morocco



311
Number of stores in Egypt

Number of Stores	2021	2022
BİM Türkiye	9,451	10,370
FİLE	160	202
Morocco	578	627
Egypt	300	311
Total	10,489	11,510

65%
Share of its private labels in net sales



BİM Brands

Having introduced the notion of private-label product sales to the Turkish retail sector, BİM plays an important role in Türkiye'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 65% in 2022. In 2022, when inflation increased and household purchasing power decreased, interest in quality and affordable private label products increased across all strata of the society. Bringing the concept of private label product to Türkiye, BİM was the company that benefited the most from this interest.

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

Türkiye. 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 162 thousand in 2022, reaching 2.9 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.

FİLE

BİM launched its new retail model, FİLE, in March 2015. Combining the concept of discount with a supermarket notion, FİLE achieved an important position in the retail sector and gained the appreciation of customers in a short period of time by offering a strong, fresh, high quality and richly varied range of products.

The primary purpose of this model is to meet consumer needs in groceries, personal care and general hygiene with good or superior quality healthy and fresh products produced at high standards, and offered continuously at low prices.

FİLE 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, FİLE 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.

Establishing a new supply chain, FİLE included new private-label products to its portfolio in addition to national and international products. 33% of the sales of FİLE, which serves consumers with its three brands in basic product categories, is comprised of private-label products. 82 products not previously offered to the market before in Türkiye have been introduced to consumers for the first time thanks to FİLE.

In 2022, there were more than 200 FİLE stores in 26 provinces of Türkiye. FİLE provides service with a total of three warehouses, two in Istanbul and one in Ankara.

Thanks to a plain presentation of the correct business model, FİLE quickly achieved EBITDA profitability and managed to attain net profitability in the 5th year of its operations. The share of online sales in turnover reached 4% in 2022 at FİLE, which launched its mobile shopping application in 2021.

FİLE Brands

Harras is a food product brand, its' product development and manufacturing processes are closely monitored by FİLE. 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 FİLE stores. The products and manufacturers of the Harras brand are regularly audited by independent and certified organizations.

Actisoft is FİLE'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 FİLE 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.



With its organizational structure, effective cost management practices and limited product range, BİM is the first representative of the high discount model in Türkiye.



The first representative of the high discount model



A strong logistics network

1.3 million m² closed storage area on a total of 2.7 million m² land



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



10,370
Stores

67+2
Logistics Centers



202
Stores

3
Logistics Centers



627
Stores

3
Logistics Centers



311
Stores

2
Logistics Centers

High discount business model

BİM also conducts food retailing activities in Morocco and Egypt through its subsidiaries, and its subsidiaries operating in fields such as agriculture and food provide consumers with affordable and high-quality products.

Trade Name	Field of Activity of the Company	Paid-in/ Issued Capital	Currency	BİM's Share in Capital (%)	Nature of the Relationship with the Company	Consolidation Method
BİM MAROC	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	180,000,000	TL	100	Subsidiary	Full consolidation
Es Global Gıda Sanayi Ticaret A.Ş.	Production of Biscuits and Confectionery	340,000,000	TL	100	Subsidiary	Full consolidation
Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret A.Ş.	Soilless Agriculture Activities in Geothermal Greenhouses	65,000,000	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	Full consolidation
FLO Mağazacılık ve Pazarlama A.Ş.	Marketing of Shoe Products	34,500,000	TL	11.5	Affiliate	Not consolidated.

BİM MAROC

BİM became a 100% shareholder in BİM MAROC, a company established on 19th May of 2008 to operate in the discount food retail sector in Morocco. BİM MAROC 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 MAROC'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.

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 titled Es Global Gıda Sanayi ve Ticaret A.Ş. The establishment procedures of the factory started in 2022, 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 Türkiye 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 Türkiye 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.



Solid steps for sustainable success



1995
Commenced operations with 21 stores.



2005
44.12% of BİM shares were offered to the public.



2010
BİM became the leader in the sector through organic growth only.



1997
Released Dost Süt, the first private-label product in the retail sector in Türkiye.

The 100th store was opened.

2009
Commenced its first foreign operation by opening stores in Morocco.



2012
Launched BİMcell, mobile operator brand.



2013
First stores launched in Egypt, as its second foreign operation.



2020
BİM switched to its new store design.

Started investments for renewable energy on warehouse roofs.



2022
The number BİM stores in Türkiye exceeded 10 thousand.

2015
FİLE, BİM's new retail model, opened its first stores.



2021
Bircan Fide, which produces tomatoes under soilless farming method in geothermal greenhouses, was acquired.

Es Global was established for the production of biscuits and confectionery products.

Online shopping channels with BİM Market and FİLE Market applications were launched.



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

Increase in market share with high quality

Esteemed Shareholders,

When the monetary policies deployed to stimulate the economy during the pandemic period were tightened in order to combat inflation, the world entered a period of economic slowdown. According to IMF data, the global economy, which grew by 6% in 2021, is estimated to grow by 3.2% in 2022. Aside from the global financial crisis, this growth rate was the slowest since 2001.

During this period, Türkiye, unlike the rest of the world, adopted loose monetary policies and implemented a growth-oriented policy rather than fighting inflation. Along with increases in global raw material prices and the depreciation of the Turkish Lira, these policies led to an upturn in inflation.

According to data from the Turkish Statistical Institute (TÜİK), inflation was 64% in 2022. While rising inflation reduced the purchasing power of consumers, there was no significant decline in demand as a result of loose monetary policies.

Although the high inflation environment increased retail turnover, cost increases had a major impact. Minimum wage hikes, as well as rising electricity and fuel prices, significantly affected profitability.

Inflation also influenced consumer purchasing behavior. As citizens seeking to insulate their purchasing power against inflation turned to more affordable products, they gravitated towards both high-discount stores and market private labels.

Changing consumer habits demonstrated that brand loyalty has dissipated, while sensitivity to prices and campaigns has intensified, with consumer attention focused on the ingredients and price-quality balance of products rather than on brands. Consumers want to purchase products in convenient locations, at economical prices and with proper services.

In these difficult times, BİM, Türkiye's retail industry leader, stood by the consumer and took every measure possible to avoid passing these increased costs to customers.

BİM has always prioritized customer benefits over short-term high profits. According great importance to quality, BİM consistently avoids unnecessary costs and offers high quality at affordable prices.

Using its strong cash position to ensure product supply sustainability, and in accordance with its business philosophy, BİM did not reflect its rising costs to product prices until the older-priced stocks were exhausted in its stores: through this responsible approach, the Company both supported the fight against inflation and retained the trust of its customers. Our customers once again made BİM, which offers high quality at low prices, the most-preferred retail company.

109% Increase in sales revenues

Thus, BİM further expanded its market share in 2022. Furthermore, households of all income levels demonstrated increasing preference toward BİM. As of the end of 2022, our sales income increased by 109%, reaching TL 147.7 billion, while EBITDA reached TL 11.9 billion with 80% growth. Although factors such as the increase in the share of staple foods in sales and rapid cost increases have put pressure on profitability, the Company remained within the profitability estimation range determined early in the year.

High inflation also raised demand significantly for our private labels. Maintaining its leading position in private-label products in Türkiye, BİM realized 65% of total sales via its private labels.

BİM, which builds long-term trust while meeting customer expectations, has the highest customer satisfaction score among its competitors, thus ensuring the sustainability of the Company's strong growth performance.

BİM continued to work in close cooperation with its suppliers in 2022. Product supply risks, which amplified with geopolitical developments particularly in the first half of the year, were easily overcome, thanks to our close collaboration with our suppliers.

Despite higher input costs and the depreciation of the Turkish Lira in 2022, our investments continued at speed. Warehouse investments and store openings were ongoing during the year, with three warehouses and 919 stores opened in total. Being

among the companies in Türkiye providing the most employment, BİM expanded the number of personnel in Türkiye by 8,921 thousand in 2022 and continued to contribute to the country's economy.

In addition to BİM, it was also a successful year for FİLE, which offers a brand new experience by combining the discount and supermarket concepts. In 2022, the total number of FİLE markets reached 202 across 26 cities, while the number of regional warehouses increased to three.

The FİLE market shopping platform application, one of our digitalization investments, also serves with a total of 49 stores in Türkiye, one of which is a dark store. While 33% of FİLE's sales consist of products belonging to its private labels, FİLE's share in BİM Türkiye's consolidated sales was 4%.

Our overseas operations continue to operate efficiently. In 2022, we expanded the number of our stores in Morocco to 627 and, in Egypt, the number of our stores reached 311.

BİM protects consumers from inflation by providing affordable products without sacrificing quality. Adopting continuous improvement in food safety as a company policy, BİM systematically manages food safety on the basis of national standards. The Company's private-label products are produced in facilities that have been awarded international food safety management systems certification; all facilities are audited and assessed in terms of consumer health and safety. In 2022, 1,4 million parameters were analyzed in 14 thousand product samples. BİM practices a full legal compliance policy in terms of product safety and consumer health.

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.

We published our second sustainability report in 2022, sharing our goals on sustainability topics for the first time. For BİM, the concept of sustainability includes providing quality products and services, managing the value chain responsibly, working towards a livable environment, and ensuring sustainable growth with strong corporate governance.

Adhering to a cost-oriented business philosophy, BİM strives to minimize energy consumption. Solar Power Plant projects continued in 2022 within the scope of sustainability studies, and solar power plants on the roofs of seven warehouses were completed, with the total power of ten SPP projects reaching 15 MW. Solar energy systems that produce the equivalent of the annual energy consumption of more than 7,600 households have reduced carbon emissions by 11,100 tons per year, saving more than 200 thousand trees.

In 2022, we received ISO 45001 Occupational Health and Safety System certificate in one of our regional warehouse and ISO 14001 Environmental Management System certificate in another. Thanks to these certification processes, we plan to identify areas for improvement in the environmental management system as well as the occupational health and safety systems.

These accomplishments are the result of efforts by all our stakeholders, especially BİM employees, who now number nearly 80 thousand. We extend special thanks to our employees and, in the coming years and together with our stakeholders, we will continue to make our customers happy with affordable and quality products and to contribute to the Turkish economy.

To heal the wounds of the devastating earthquake disaster, which shook Türkiye on February 6, 2023 and affected 10 provinces in total, we strived to do our best and stood by the people of the region with all our might and will continue to do so.

Global power of the retail industry

The retail sector has endeavored to offer quality products with affordable prices to consumers whose purchasing power has fallen, while also striving to manage its rising costs as effectively as possible.

16.8%
BİM's market share*

While a return to pre-pandemic behaviors was observed in many sectors as the pandemic subsided, high demand in the retail sector – especially for staple products – persisted as home consumption habits, which rose during the pandemic period, continued in 2022. Despite the adverse effect of high inflation on consumers' purchasing power, no significant loss in consumer demand were observed, thanks to Türkiye's expansionary monetary policies.

With weakened purchasing power, consumers began seeking more affordable alternatives without sacrificing quality, raising demand for both discount markets and their private labels. Introducing both the discount market notion and the concept of market-labeled products to Türkiye, BİM gained new customers from all income levels in 2022.

The geopolitical developments and global energy crises arising early in the year also brought about risks related to the supply process. Despite limited access to many foodstuffs supplied by Russia and Ukraine, particularly in the early stages of the war, this period passed smoothly due to the strong structure of the Turkish retail industry.

The retail sector has endeavored to offer affordable quality products to consumers whose purchasing power has lessened, while also striving to manage its rising costs as effectively as possible. In 2022, mounting costs in areas such as the minimum wage, electricity and fuel in posed a risk to profit margins.



However, these short-term risks also led to positive medium-term results, and the sector was compelled to focus on efficiency and review its existing systems and strategies. The year 2022 paved the way for the restructuring of traditional supply chains, the right-sizing of inventory management, pricing reviews and the recalibration of promotional tempos, as well as the reinvention of the physical store. Sustainability, energy efficiency and, accordingly, renovation processes, gained importance as well.

Retail, like all industries, is undergoing a significant transformation as a result of digitalization. In this period, when customers' shopping habits are changing and new digital channels are constantly being introduced, retailers' ability to interact and connect with consumers has become even more important.

E-commerce, an essential agenda item for the retail industry during the pandemic, lost some of its momentum in 2022 with the normalization of pandemic conditions and consumers' tendencies towards a cost-oriented approach. Nonetheless, with the entry of new players into the industry, it is predicted that e-commerce will continue to grow faster than the retail industry in the coming years.

Under the leadership of discount markets, store openings in the retail industry continue at a rapid pace. Despite the increasing investment costs, the sector continued to provide high employment as investments continued.

According to NielsenIQ Retail Panel data, BİM – with a market share of 16.8% – acting with a sense of social responsibility, continues to stand by consumers with its "everyday low price" policy. Reflecting its gains from efficiency improvements to product prices, BİM continued to create added value for our country. It maintained its position as Türkiye's leading food retailer in 2022 as well.

Among retail companies, BİM is considered the one that best meets customer expectations, a rating that is reinforced by market research data showing that BİM is the retailer with the highest NPS (Net Promoter Score) ratio.

Thanks to its high customer satisfaction and stable investments, BİM continues to grow in a sustainable way. In the Global Powers of the Retail Industry 2022 report, published by Deloitte, BİM rose fifteen places to 137th in the list according to revenue criteria.

*NielsenIQ Retail Panel, FMCG (Fast Moving Consumer Goods) organized and total FMCG market includes all food retail formats.



While the total installed power of 10 SPP projects reached 15 MW in 2022, it is aimed to reach a total installed power of 40 MW in 2023 with ongoing projects.

February

- 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 the 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.

June

- The amendment of Article 4 of the Company's Articles of Association was registered by the Istanbul Trade Registry Office on June 30, 2022.
- The share buyback program initiated by BİM as of December 06, 2021 ended with the General Assembly Meeting held on June 07, 2022. Within the scope of the program,

3,687,000 shares were purchased at an average share price of TL 71.27 until the date of the General Assembly.

October

- Investing in renewable energy sources since 2020 to reduce greenhouse gas emissions by preventing the use of fossil fuels, BİM has completed the installation of its 7th Solar Power Plant (SPP) at its warehouse in Erzurum.

November

- Based on the decision taken by the Company's Board of Directors, there were changes in the management levels, effective from January 1, 2023. Purchasing General Manager and General Purchasing Committee Member Aynur Çolpan resigned from her current duties as of 31.12.2022 and was appointed as the Consultant to the Board of Directors; Operations Committee Member Umut Baba was appointed as the Purchasing General Manager and a Member of the General Purchasing Committee as of 01.01.2023; and Regional General Manager Metin Baykal was appointed as a Member of the Operations Committee as of 01.01.2023.

Türkiye's most valuable retail brand

BİM has been selected as the "Reputable of the Year" in the Discount Chain Markets category in the Brand Value and Perception Survey 2022 and our DOST brand was selected for this award in the Milk and Dairy Products Category.

Brand Finance

In "Türkiye's 100 Most Valuable Brands Report," announced for the 15th time in 2022 by the international brand valuation organization Brand Finance, BİM ranked 8th among the 10 most valuable brands and 6th among the top 10 strongest brands.

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 Türkiye.

Marketing Türkiye & Akademetre

At the ONE Awards Integrated Marketing Awards, one of the most important standards of the marketing sector, organized through a cooperation between Marketing Türkiye and Akademetre, BİM Birleşik Mağazaları received the "Most Reputable Company of the Year" award in the chain market category and our DOST brand was selected for this award in the Milk and Dairy Products Category.

Beverage of the Year

Abdullah Efendi Turkish Coffee was chosen as the Best Beverage of 2021. According to the surveys conducted on the Denebunu.com platform between 22.09.2021 and 01.01.2022, 9 out of 10 people who tried it recommended Abdullah Efendi Turkish Coffee.



Successes beyond goals

The private-label products offered at BİM stores are high quality, with the brands and formulas owned solely by BİM, and produced only by suppliers selected by the Company.

According to NielsenIQ market research data; the NPS (Net Promoter Score) of BİM was 24*, which is highest compared to other national chains.

High inflation in 2022 and weakened purchasing power due to depreciation in the Turkish Lira caused consumers to turn to products of the same quality but more affordable prices.

This trend enabled BİM, which introduced the "private-label product" concept to Türkiye, to expand its market share, gain new customers across all income levels, and achieve a sustainable growth.

The private-label products offered at BİM stores are high quality, with the brands and formulas owned solely by BİM; these products are manufactured only by suppliers selected by the Company. The most outstanding feature of the private-label products is that their prices are lower than those of similar products of the same quality.

BİM completed 2022 with growth of 109%. The sector leader in terms of turnover, BİM's already significant market share for fast-moving consumer goods accelerated in 2022; according to NielsenIQ Retail Panel data, the Company's market

share in this area expanded by 140 basis points. Although factors including the increase in the share of staple foods in sales and rapid cost increases put pressure on profitability, BİM achieved the profitability targets determined early in the year. In addition to its operational cash outflow, the Company distributed cash profits in the approximate amount of TL 1.8 billion in 2022.

Out of 3 thousand exit interviews conducted by NielsenIQ of the current customers of BİM stores, the NPS (Net Promoter Score) of BİM was 24, which is highest compared to other national chains.

Despite escalating costs, the Company maintained its investments at a steady pace. Warehouse investments and store openings continued during the year. In 2022, a total of three warehouses and 1,021 stores were opened. As of the end of 2022, the Company has a total of 11,510 stores, 627 of which are located in Morocco, and 311 of which are located in Egypt.

The Company provides significant support to the country's economy via the employment it generates. BİM, whose consolidated number of personnel increased by 9,612 in 2022, had a total of 79,809 employees by the end of 2022.

Investing in renewable energy sources since 2020 to prevent the use of fossil fuels and reduce greenhouse gas emissions, BİM also continued its investments in SPP within the scope of sustainability efforts. The Company completed the installation of the 10th Solar Power Plant (SPP) in its Aksaray warehouse.

The total power of 10 SPP projects reached 15 MW. Solar energy systems, producing the equivalent of the annual energy consumption of more than 7,600 households, have reduced carbon emissions by 11,100 tons per year, saving more than 200 thousand trees.

Continuing with the investments in the following year, the Company expects the ratio of 2023 investments to turnover to be about 3.5%.

FİLE

Consistently generating positive feedback from its opening to date, FİLE has demonstrated that it is the right concept for Türkiye. In 2022, FİLE continued to grow, opening 42 new stores and increasing the total number of its stores to 202. FİLE takes sure steps towards its goals and, in the coming period, will continue to open stores without slowing down.

International Operations

Following the sale of 35% of BİM's Morocco operation to Helios Investment Partners, a private equity fund based in England, localization activities in the country gained momentum with the new partnership structure.



The number of stores reached 627 in Morocco, where 49 new stores were opened in 2022. In Egypt, BİM's second international operation, 311 stores continue their activities as of the end of 2022.

Digitalization / E-Commerce Investments

BİM Mobile Application

Sales of non-food products are carried out via the BİM market application, 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, installment payment options, and affordable price advantages with the addition of new products every Friday.

FİLE Mobile Application

Having launched its online shopping channel in 2021, FİLE provides mobile shopping services in 49 provinces.

BİMcell

BİMcell, a BİM brand offering special communication solutions with internet and mixed packages, extended its subscriber base by 162 thousand, reaching 2.9 million subscribers as of the end of 2022. 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 acquired even more importance due to the pandemic. The BİM Para mobile app enables customers to send money to each other and perform contactless payments at checkouts. More than 5 million transactions were conducted via BİM Para by the end of 2022.

*Based on the results of 3 thousand surveys conducted at the exit of the door with current customers in BİM stores.

Satisfaction oriented innovations

BİM, whose main criterion in the formation of the product portfolio is high quality and low price, selects its products so as they meet the daily basic needs of a household.

155

New products

R&D Activities

R&D activities at BİM are carried out by the Purchasing Department. 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 2022, 155 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 Türkiye. 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 65% in 2022. Consumers' demand for our private-label products grew in 2022, 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

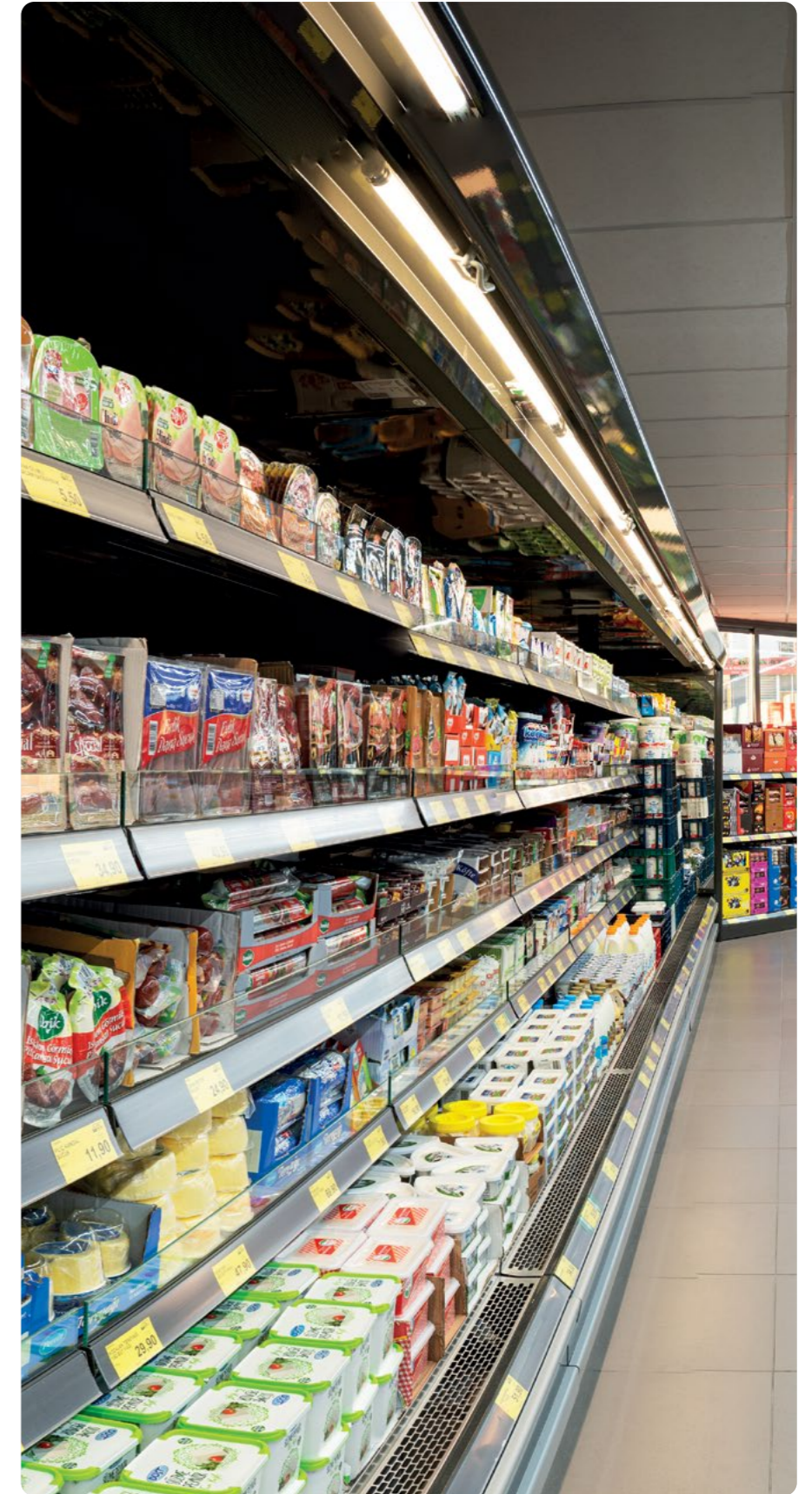
These are products kept in stock for a limited time and offered to customers in weekly periods. When they are on offer, spot products increase customer traffic and hence increase the sales of standard listed products as well.

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.



Management structure that rose from the ranks

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.

44%
Ratio of women employees

80 thousand
Number of employees

BİM is 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.

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.

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, has expanded to 7 regional directorates.

Career Management

Planning at BİM includes the processes of regularly reviewing the organizational structure, making the necessary design and planning in line with company strategies, goals, and needs. One of the Company's top priorities in career management is to fill open positions or newly created positions within the Company by promoting internal candidates who meet the qualifications needed for the position while also taking gender equality into consideration.

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.

Employee Health and Occupational Safety and Compliance with Labor Legislation

Labor relations are carried out in accordance with the legislation in force. Assuring that all employees work in a safe and healthy business environment is among the most prioritized targets of BİM. The Company managing occupational health and safety (OHS) issues together with OHS Committee within the framework of legislation constantly monitors its performance in this issue and reports accident statistics.

In the workplace, creating and maintaining a suitable working environment for employees are considered as the most important priorities. Within the framework of OHS principles, necessary precautions are taken to protect employees from physical and psychological adverse situations.

Protection of Employees' Rights

Any discrimination in any issue such as religion, language, race and gender is not tolerated in the human resources policies. Human values are given priority and efforts are made to enhance the quality of life throughout the value chain.

BİM does not tolerate the exposure of its employees to ill-treatment, intimidation, and verbal or physical abuse. In accordance with the principle of equality included in the Constitution, which constitutes the legal basis of the principle of equality in Turkish Law, and the relevant regulations on gender discrimination in the Labor Law No. 4857 and the Law on the Human Rights and Equality Institution of Türkiye, establishing and maintaining a fair working environment where employees are not exposed to discrimination and ill-treatment is considered one of our top priorities.

Human Resources Profile

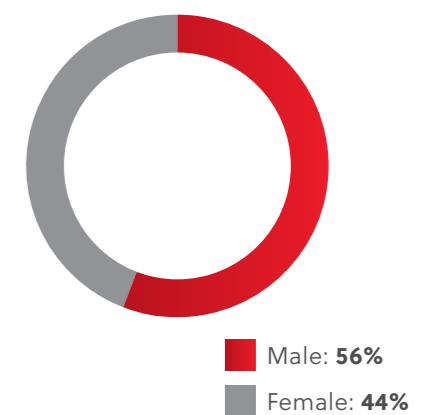
BİM provides significant contribution to the country's employment. The total number of employees increased by 13.7% reaching to 80 thousand people in 2022.

Distribution of Employees by Domestic and International Operations*

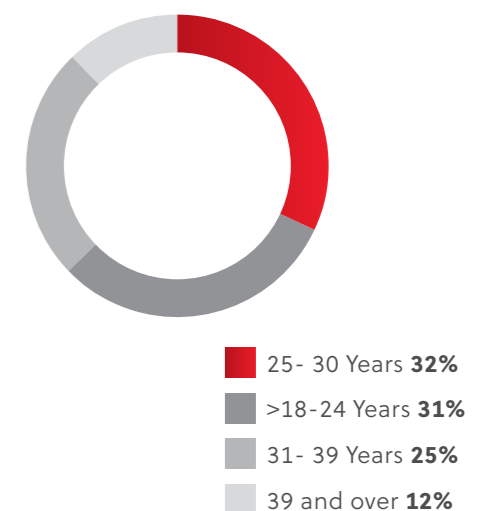


*As of 31.12.2022

Gender Distribution



Distribution of Personnel by Age



Generating long-term value



Being included in the BIST Sustainability Index as of 2022, BİM has been included in the BIST Sustainability 25 index as of 2023. BİM is also a part of FTSE4Good Emerging and FTSE Emerging ESG Indices.

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.

Having a cost-oriented business philosophy, BİM is ahead of its competitors in terms of food waste, while minimizing the sourced energy consumption. The company published its second sustainability report in 2022. The related report outputs are based on the Sustainability Indices. Being included in the BIST Sustainability Index as of 2022, BİM has been included in the BIST Sustainability 25 index early in 2023. BİM is also included in FTSE4Good Index in 2023.

BİM shares its KPI and performance outputs on sustainability topics with international rating platforms such as S&P Global, Refinitiv, and Sustainalytics. The Company aims to be included in the Dow Jones Sustainability Index in the medium term.

Investing in renewable energy sources since 2020 to prevent the use of fossil fuels and reduce greenhouse gas emissions, BİM also continued its investments in SPP within the scope of sustainability efforts. So, the total power of 10 SPP projects reached 15 MW.

BİM obtained the ISO 14001 Environmental Management System certificate in a regional warehouse in 2022 to identify potential areas of development in the environmental management system, and similarly, it obtained the ISO 45001 Occupational Health and Safety System certificate in one of its regions to identify potential development areas in occupational health and safety topics and administrative issues.

The total power of BİM's 10 Solar Power Plant (SPP) projects reached 15 MW.

BİM obtained the ISO 45001 Occupational Health and Safety System certificate in one of its regional warehouses and the ISO 14001 Environmental Management System certificate in another one.

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS	EXPLANATION/LINK
A. General Principles			
A1. Strategy, Policy and Targets			
A1.1	Priority environmental, social and corporate governance (ESG) issues, risks, and opportunities were determined by the board of directors of the partnership.	YES	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. (Sustainability Management Section (Page 14) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
	ESG policies (such as Environmental Policy, Energy Policy, Human Rights and Employee Policy) were created and disclosed to the public by the board of directors.	YES	These policies are published on the Company website. (https://english.bim.com.tr/Categories/674/policies.aspx)
A1.2	Short and long term targets set within the scope of ESG policies were disclosed to the public.	YES	The medium-term ESG targets set within the scope of ESG Policies were first shared with the public in the 2021 Sustainability Report. (Our Sustainability Goals Section (Page 3) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
A2. Application/Monitoring			
A2.1	The committees and/or units responsible for the implementation of ESG policies and the highest level officials in the partnership related to ESG issues and their duties were identified and disclosed to the public.	YES	BİM decided to establish a Sustainability Unit on December 1, 2020. 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. (Sustainability Management Section (Page 14) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
	Activities carried out as part of policies by the responsible committee and/or unit were reported to the board of directors at least once a year.	YES	The Sustainability Committee, which is a part of the board, provides information to the Board of Directors. (Sustainability Committee Operating Principles https://english.bim.com.tr/Uploads/dosyalar/Sustainability%20Committee%20Operating%20Principles.pdf)
A2.2	Implementation and action plans in line with ESG policies were created and disclosed to the public.	YES	The medium-term ESG targets set were first shared with the public in the 2021 Sustainability Report. Detailed information on the projects implemented or planned to be implemented within the scope of these targets is disclosed to the public in the Sustainability Reports. (Our Sustainability Goals Section (Page 3) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
A2.3	ESG Key Performance Indicators (KPI) and the level of reaching these indicators on a yearly basis were disclosed to the public.	YES	KPIs are disclosed to the public collectively in the Sustainability Report. (Performance Indicators Section (Pages 47 - 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
A2.4	Activities to improve the sustainability performances for business processes or products and services were disclosed to the public.	YES	Details of all activities aimed at improving sustainability performance are disclosed to the public in the Sustainability Reports. (https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
A3. Reporting			
A3.1	In the annual reports, information regarding the sustainability performance, targets and actions of the partnership is given in an understandable, accurate and sufficient manner.	YES	Details of the information outlined in the Annual Reports are included in the Sustainability Reports. (Sustainability Section (Pages 38 - 43) https://english.bim.com.tr/AnnualReports/2021/2021%20Annual%20Report.pdf)
A3.2	Information on which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals were disclosed to the public by the partnership.	YES	BİM's Sustainability Approach gives information on which SDGs BİM's ESG priorities are associated with. (Sustainability Management Section (Page 14) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)

		COMPLIANCE STATUS	EXPLANATION/LINK
A3.3	Lawsuits filed and/or concluded against on ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, were disclosed to the public.	YES	There are no significant lawsuits or penalties regarding the environment. The number of judicial decisions finalized against the Company with respect to employee rights: There are 52 lawsuits finalized against the Company in 2022. The number of judicial decisions finalized against the Company due to responsibility for occupational accidents: There are no lawsuits finalized against the Company in 2022.
	A4. Verification		
A4.1	Ortaklığın ÇSY Kilit Performans ölçümleri bağımsız üçüncü tarafça doğrulanmış ve kamuya açıklanmıştır.	NO	The verification of BİM's data other than financial information will be evaluated in the coming years.
	B. Environmental Principles		
B1	The partnership publicly disclosed its policies and practices, action plans, environmental management systems (known as the ISO 14001 standard), and programs in the field of environmental management.	YES	The Company's Environmental Policy was published on the corporate website. Within the scope of this policy, implementations and action plans are disclosed to the public in the Sustainability Reports. The Company also obtained ISO14001 certification in a regional warehouse in 2022. (https://english.bim.com.tr/Policies/General/Environmental%20Policy.pdf)
B2	The scope of the report, the reporting period, the reporting date, and the limitations on the reporting conditions were disclosed to the public regarding the environmental reports prepared in providing information on environmental management.	YES	BİM continues its activities in more than one country with more than one brand. 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 Türkiye or only the data of BİM brands may be given. Clarification is always provided when limited data are shared. (About the Report Section (Page 7) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers, and employees) were disclosed to the public.	NO	
B5	How the priority environmental issues are integrated into business goals and strategies was disclosed to the public.	YES	BİM formed four 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. (Sustainability Management Section (Page 14) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B7	How environmental issues were managed throughout the partnership value chain, including the operational process, as to include suppliers and customers, and how these were integrated into business goals and strategies were disclosed to the public.	YES	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. (https://english.bim.com.tr/Policies/General/Responsible%20Procurement%20Policy.pdf)
B8	Whether the relevant organizations and nongovernmental organizations were involved in the policy-making processes on the environment and the collaborations with these institutions and organizations were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Packaging and Waste Management Section (Page 38) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B9	Information on its environmental impacts 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) is periodically disclosed to the public in a comparable manner.	PARTIAL	BİM explains the environmental indicators collectively in its Sustainability Report. In the coming years, necessary preparations are being made for the disclosure of Scope-3 Greenhouse Gas emissions. (Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)

		COMPLIANCE STATUS	EXPLANATION/LINK
B10	Details of the standard, protocol, methodology, and base year used to collect and calculate data are publicly disclosed.	YES	The Sustainability Report, in which BiM presents its sustainability strategy and performance to its stakeholders, is prepared in accordance with the "Core" option of the Global Reporting Initiative (GRI) Standards. (About the Report Section (Page 7) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B11	The increase or decrease of environmental indicators for the report year comparatively with previous years was disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B12	Short and long-term targets were determined to reduce its environmental impacts, and these targets together with their progress with respect to the targets determined in previous years were disclosed to the public.	YES	BiM explains the status of environmental indicators and its short and long-term targets in its Sustainability Report. (Our Sustainability Goals Section (Page 3) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B13	A strategy to fight against the climate crisis was created and the planned actions were disclosed to the public.	YES	BiM publishes its strategy and actions to fight the climate crisis in its Sustainability Report. (Healthy and Thriving Environment Section (Pages 33 - 39) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B14	Programs or procedures were established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Healthy and Thriving Environment Section (Pages 33 - 39) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B14	Actions were taken to reduce greenhouse gas emissions of third parties (such as suppliers, subcontractors, dealers) and these actions were disclosed to the public.	YES	Within the scope of BiM's Responsible Procurement Policy, the outputs of projects made especially with private label product suppliers are included in the Sustainability Reports. (Healthy and Thriving Environment Section (Pages 33 - 39) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B15	The environmental benefits/gains and cost savings of initiatives and projects aimed at reducing environmental impacts were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Healthy and Thriving Environment Section (Pages 33 - 39) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are disclosed to the public as Scope-1 and Scope-2.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B18	Studies on increasing the use of renewable energy and the transition to zero or low carbon electricity were made and publicly disclosed.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Climate Change and Energy Section (Page 36) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)
B19	Renewable energy production and usage data is publicly disclosed.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. (Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf)

		COMPLIANCE STATUS	EXPLANATION/LINK
B20	Energy efficiency projects were carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects was disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Healthy and Thriving Environment Section (Pages 33 - 39) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
B21	Water consumption, if any, amounts of water drawn, recycled and discharged from underground or above ground, their sources and procedures were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Performance Indicators Section (Page 49) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
B22	Whether its operations or activities were included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax) was disclosed to the public.	YES	BiM does not have an application for carbon trading.
B23	Information about carbon credits accumulated or purchased during the reporting period was disclosed to the public.	NOT RELEVANT	BiM does not have an application for carbon trading.
B24	Details of the carbon pricing applied in the partnership, if any, was disclosed to the public.	NOT RELEVANT	BiM does not have a carbon pricing application.
B25	The platforms where the partnership provides its environmental information were publicly disclosed.	YES	Explanations on the subject are disclosed to the public in the Activity Reports. (https://english.bim.com.tr/Categories/654/annual-reports.aspx)
C. Social Principles			
C1. Human Rights and Employee Rights			
C1.1	The Corporate Human Rights and Employee Rights Policy was established as to cover the Universal Declaration on Human Rights, the ILO Conventions ratified by Türkiye and other relevant legislation, those responsible for the implementation of the policy were identified, and the policy and those responsible people were disclosed to the public.	YES	They are published on the Company website. (https://english.bim.com.tr/Policies/General/Human%20Rights%20Policy.pdf https://english.bim.com.tr/Policies/General/Human%20Resources%20Policy.pdf)
C1.2	Considering also the impacts of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusiveness issues (such as non-discrimination on issues of sex, race, religion, language, marital status, ethnic identity, sexual orientation, gender, family responsibilities, union activities, political views, disability, social and cultural differences, etc.) were included in its employee rights policy.	YES	It is published on the Company website. (https://english.bim.com.tr/Policies/General/Diversity%20and%20Inclusion%20Policy.pdf)
C1.3	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 were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Responsible Value Chain Section (Pages 27 - 32) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
C1.4	Developments regarding preventive and corrective practices for discrimination, inequality, human rights violations, forced labor, and employing child labor were disclosed to the public.	YES	In this regard, an Ethics Hotline was established where complaints can be conveyed, and the process for resolving incoming notifications has been explained in the Whistle Blowing Policy. (https://english.bim.com.tr/Policies/General/Whistle%20Blowing%20Policy.pdf)
C1.5	Investments in employees (training, development policies), compensation, vested benefits, unionization rights, work/life balance solutions, and talent management topics are included in its employee rights policy.	YES	It is published on the Company website. (https://english.bim.com.tr/Policies/General/Human%20Resources%20Policy.pdf)
	Dispute resolution processes were determined by establishing mechanisms for employee complaints and resolution of disputes.	YES	In this regard, an Ethics Hotline was established where complaints can be conveyed, and the process for resolving incoming notifications has been explained in the Whistle Blowing Policy. (https://english.bim.com.tr/Policies/General/Whistle%20Blowing%20Policy.pdf)
	Activities carried out within the reporting period to ensure employee satisfaction were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Employees Section (Pages 29 - 32) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf

		COMPLIANCE STATUS	EXPLANATION/LINK
C1.6	Occupational health and safety policies were established and publicly disclosed.	YES	OHS issues are included in the Human Resources Policy. (https://english.bim.com.tr/Policies/General/Human%20Resources%20Policy.pdf)
	The measures taken to prevent occupational accidents and protect health, as well as accident statistics were disclosed to the public.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Performance Indicators Section (Page 48) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
C1.7	The policies for protection of personal data and data security were established and publicly disclosed.	YES	The relevant clarification text is published on the Company website. (https://english.bim.com.tr/pages/personal-data-processing-lighting.aspx)
C1.8	Ethics policy is established and disclosed to the public	YES	BiM Ethical Principles are published on the Company website. (https://english.bim.com.tr/Categories/674/policies.aspx)
C1.10	Informative meetings and training programs for employees regarding ESG policies and applications were organized.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Employees Section (Pages 31 - 32) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
	C2. Stakeholders, International Standards and Initiatives		
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints is set and publicly disclosed.	YES	It is published on the company website. (https://english.bim.com.tr/Policies/General/Customer%20Satisfaction%20Policy.pdf)
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	YES	Explanations on the subject are disclosed to the public in the Sustainability Reports. {Stakeholder Dialogue Section (Page 46) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
C2.3	International reporting standards adopted in reporting were explained.	YES	BiM publishes its Sustainability Reports in accordance with GRI standards. {About the Report Section (Page 7) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
C2.4	Principles adopted regarding sustainability, international organizations, committees and principles to which we are a signatories or members were disclosed to the public.	NO	
C2.5	Improvements were made and studies were carried out to be included in the sustainability indices of Borsa Istanbul and/or international index providers.	YES	Following its inclusion in the BIST Sustainability Index in 2022, BiM has been included in the BIST Sustainability 25 index by the first quarter of 2023. BiM is also included in FTSE4Good Emerging and FTSE Emerging ESG Indices. (https://www.kap.org.tr/en/Bildirim/1088484 , 2022 Annual Report Page 44)
D. Corporate Governance Principles			
D1	Stakeholders were consulted when determining measures and strategies regarding sustainability.	YES	BiM's sustainability priorities were determined by taking the opinions of various stakeholders. {Sustainability Management Section (Page 16) https://english.bim.com.tr/Sustainability/2021/Sustainability%20Report%202021.pdf
D2	Studies were made on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities, and training.	NO	

Risk Management and Internal Control Mechanism

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 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. The Company has implemented the Competition Law Compliance Policy in 2022, as part of a comprehensive strategy to ensure full compliance with competition law. In this context, employees receive regular competition law training, and periodic audits are performed.

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. All of the feedback received through the ethics line has been forwarded to the relevant units for investigation and has been largely resolved. 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. A road map was created in 2022 by declaring long-term targets on ESG issues.

Risk exposures were closely monitored through predefined indicators within the year. The Early Detection of Risk Committee convened six times in 2022. 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 six meetings of the Audit Committee held in 2022



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

Information Regarding the Early Identification of the Risk System and Committee

The Company established the Early Identification of the Risk System and Committee which consists of 2 members. For the period between January 1 – December 31, 2022, the committee has met for the purposes of early identification of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the six reports it has prepared to the Board of Directors.

Conclusion

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

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

Kaan Bırdal, SMMM
Partner



İstanbul, 13 March 2023

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 78 material disclosures in total in 2022.

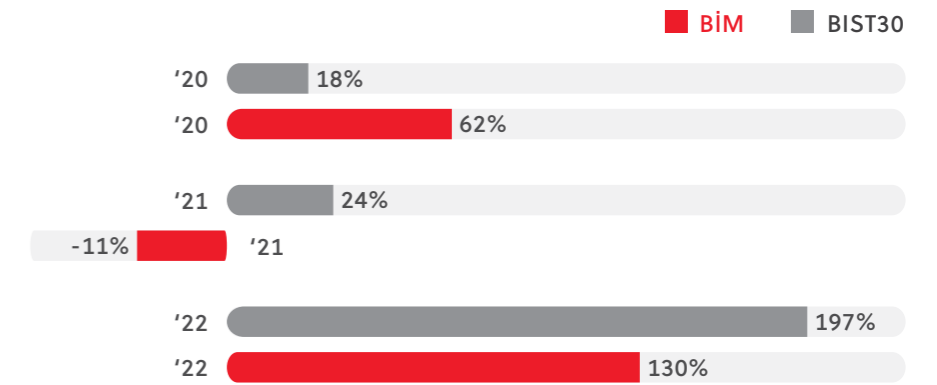
Under the Dividend Distribution Policy which was established in 2007 and updated in 2014 by the Company, at least 30% of the distributable profit to be calculated in accordance with the Turkish Commercial Law and regulations of the Capital Markets Board shall be distributed; however, actual dividend distributions were far above this rate. Dividends in the amount TL 1,822 million, which corresponds to 62% of the profit of 2021, were distributed in cash in 2022.

BİM attended 7 investor conferences and held approximately 156 meetings with investors in 2022.

Investor Relations Contact

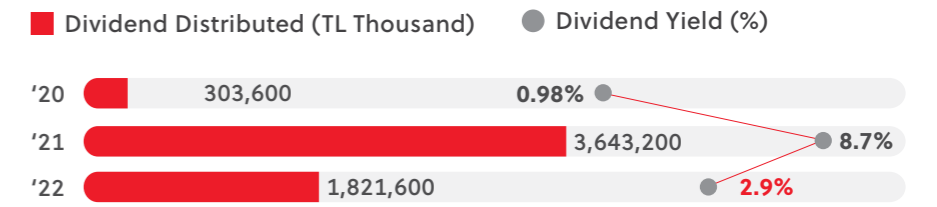
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The Comparison of BİM and BİST 30 Share Performance**



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

Cash Dividend Graph*



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

Share Buyback Programs

The share buyback program initiated with the decision of the Board of Directors dated December 6, 2021, ended with the General Assembly held on June 7, 2022. Within the scope of the program, 3,687,000 shares were purchased at an average share price of TL 71.27 until the date of the General Assembly. Together with the shares obtained from the share buyback programs initiated by the Company in previous years, the number of BIMAS shares owned reached 9,357,992, and the ratio of these shares to the Company's capital was 1.5412%.

The Company initiated a share buyback program in 2023. A resource of TL 750 million was allocated for the program, which was initiated as per the Board of Directors' decision dated February 2, 2023, and authority was granted to purchase a maximum of 5 million shares.

Shareholding Structure

Shareholders Structure of BİM Birleşik Mağazalar A.Ş.

	2022	2021
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	15.15%	15.10%
Naspak Gıda Sanayi ve Ticaret A.Ş.	11.30%	11.00%
Non-public Shares (Other)	2.47%	3.00%
Public Shares (Other)	71.08%	70.90%
	100.00%	100.00%

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. Also in 2022, 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 2022.

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/comitees.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 2022 in accordance with the relevant legislation, and to determine the suitability of similar transactions to be carried out in 2023, 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 2022 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 2023 is permissible.

Ordinary General Assembly Meeting Agenda

The Ordinary General Assembly Meeting of BİM Birleşik Mağazalar Anonim Şirketi for 2021 was held on Tuesday June 07, 2022, at 11:00 am at the company headquarters at Abdurrahmangazi Mahallesi Ebubekir Caddesi No: 73 Sancaktepe, Istanbul, under the supervision of Şafak Yerli, Representative of the Ministry, who was appointed in the communiqué dated 06/06/2022 Nr: 75278693, issued by the Istanbul Provincial Directorate of Commerce. At the meeting, it was decided;

- 1) To be covered from the profit of 2021,
 - To distribute in cash gross TL 1,821,600,000 equivalent to 300% of the paid-in capital to partners,
 - Not to set aside primary reserves since the limits specified in article 519 of the TCC (Turkish Commercial Code) were reached,

- To allocate TL 179,124,000 as secondary reserves,
- To calculate the cash dividend distribution as "TL 1 Nominal value = 1 item = 1 lot", and thereby, to pay gross = net TL 3.0 for the shareholders whose dividend income is not subject to stoppage and net TL 2.70 (gross TL 3.0) for other shareholders in terms of fully paid bearer shares of TL 1,
- To distribute the cash dividend in two installments, the first installment being gross TL 1.50 for each share as of June 15, 2022 and the second installment being gross TL 1.50 for each share as of December 14, 2022,

- 2) To update Article 4 of the Articles of Association, titled "Purpose and Subject Matter", as to cover new product and service sales,
- 3) To elect Mustafa Latif Topbaş, Mahmud Pyarali Meralı, Ömer Hulusi Topbaş, Karl-Heinz Holland, Ahmet Akça (Independent) and Paul Michael Foley (Independent) as members of the Board of Directors for a period of 1 year and to pay them a monthly net attendance fee in the amount of TL 20.000,
- 4) To outsource the independent audit service to Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi in 2022.

Articles of Association Amendments

BİM BİRLEŞİK MAĞAZALAR A.Ş. ARTICLES OF ASSOCIATION AMENDMENTS

OLD

PURPOSE AND SUBJECT MATTER Article 4

4.1. The purpose of the Company is (i) to import and export any and all kinds of goods in full compliance with applicable legislation relating to imports and exports and to open; and (ii) to operate big store chains where any kind of commercial products will be sold at wholesale and retail. In order to inform the investors, the company shall fulfill its liability of public disclosing in compliance with the CMB act and relevant regulations while it engages in the below given operations. The Company may engage particularly in the following transactions and disposals in order to achieve this purpose:

a. It may acquire all rights and assume all debts and liabilities that fall within the line of activity mentioned above. The Company may appropriate to take into possession any and all movable and immovable properties in or outside the country in accordance with its purpose and subject matter and it may conduct any dispositive act with respect to those properties. It may purchase, re-sell (if necessary), construct, and appoint other persons to construct, lease to or from, repair (if necessary) and expand such properties.

b. It may enter into, perform or amend any agreement or contract regarding the purchase or selling of any goods, product or service relating to its purpose and subject-matter and to transfer or dispose of all its rights, privileges or benefits arising from those agreements to Turkish nationals or to foreigners or may freely dispose them.

c. It may submit its documents and funds to official or private entities for deposit and to request the return of the same.

d. It may acquire, transfer or dispose of industrial and commercial rights and ownership rights over the movable and immovable properties in or outside the country; to conduct any dispositive transaction including, but not limited to, the purchase or sale of such immovable properties or establishment of pledge or lien over such properties, to accept, establish, release and cancel any and all kinds of rights in rem, servitude rights, leasing, preemptive right to purchase, habitation, mortgage and other encumbrances on immovable properties provided that it does not engage in intermediation and does not manage security portfolios at home or abroad; all these transactions are carried out through a resolution of the Board of Directors.

NEW

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OLD

The Company may not exclusively guarantee, pledge or put lien in favor of third persons except that it may guarantee, pledge or put lien on behalf of its own legal persons and/or in favor of partnerships included in the scope of full consolidation during the drafting of financial statements and/ or for the purpose of conducting the usual business operations of the Company. The Company adheres to principles specified in the CMB legislation if it may guarantee, pledge, give security or put lien including mortgage on its behalf or in favor of third persons.

e. It may co-operate with any real or legal persons, governmental institutions and courts of all degrees, registration offices, municipalities, private entrepreneurs, associations, commissions and committees.

f. It may carry out any research, projects and consultancy services within the scope of the Company.

g. It may carry out all kinds of commercial and industrial transactions necessitated by its economical purpose and subject matter. It may particularly acquire industrial property rights such as trademarks, patents, invention certificates, know-how, model and design rights and register these in the name of the Company, if necessary. It may also acquire intellectual property rights such as licences, technical information, privilege and goodwill. It may enter into agreements with local or foreign individuals or legal entities regarding such industrial property rights it may transfer, acquire by way of assignment, lease to or from or made them available to third parties.

h. It may employ foreign personnel if necessary it may train employees in Türkiye or abroad and it may carry related activities thereto.

i. It may initiate any kind of litigation procedure, to take part in any lawsuit either as plaintiff or defendant, it may relinquish from lawsuit and accept amicable settlement, it may appeal against court decisions, it may execute such decisions, it may apply to arbitration tribunal, it may appoint and reject arbitrators and to apply for any legal remedy or method in order to successfully conclude any litigation.

j. It may supply or have third parties to supply all kinds of plants, machinery, equipment and material relating to its purpose.

k. It may execute powers of attorney and agreements relating to services, international agency, dealership, salesmanship, brokerage, agency, distributorship, guarantee and sub-contract agreements.

NEW

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OLD

l. It may carry out all financial, commercial and industrial transactions within the scope of its subject-matter or appoint others to carry out the same.

m. It may carry out any and all other transactions and dispositions related to the subject-matter of the Company in order to achieve the purpose of the Company.

n. It may deal with transportation and packaging activities and also import and export if deemed necessary.

o. It may incorporate new companies or acquire the shares of existing companies locally or abroad if deemed necessary.

p. In order for the company to carry out its operations, it may undertake inner-city and intercity transfer and similar activities to load, unload and distribute the dry and/or fresh fruits and vegetables, meat and meat products, dairy products and, not limited with above said, also all kinds of food and perishable or non-perishable merchandise with all types of specially equipped and/or unequipped territorial, air and naval vehicles which are owned and/or hired and/or possessed through leasing in between its sales outlets, private and/or state owned, individuals and/or corporate entities, organizations and enterprises and warehouses and/or distribution centers which belong to them. To this end, it may purchase, sell, hire, rent, grant finance lease and import motor, motorless, refrigerated, special equipment, unequipped land, sea, air freight vehicles and all their equipment and parts.

r. If deemed necessary, aids and donations could be given to third parties in compliance with the Capital Markets Board regulations subject to fulfillment of CMB's decision of 21/the last, to do required disclosures, to inform the shareholders of the annual donations in the General Assembly and provided that the maximum limits of the donations to be determined by the General Assembly. They could accept cession of owned properties free of charge to city councils, governmental bodies and entities.

s. It may participate in any official or private tenders which are related to its field of activity.

NEW

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OLD

NEW

ş. Provided that the relevant legislation in force is complied with and the requisite permits have been obtained, the Company may install, manage and/or have others manage charging stations for electric or alternative energy vehicles at the parking lots of its stores or third party stores and Shopping Malls, may lease and/or sub-lease parking areas, operate parking lots and make contracts and/or partnerships with third parties on these matters; the Company in order to cover its electric and heat energy needs, may establish renewable energy systems such as licensed and unlicensed solar energy power plants and wind energy systems, may establish generating plants and electricity storage systems and may produce electric and heat energy; in case of surplus production, the Company may sell the electric and heat energy and/or capacity to the other legal entities and eligible consumers and may import equipment and fuel relating with the facilities on non-commercial basis.

t. Provided that the relevant legislation in force is complied with and the requisite permits have been obtained, the Company may buy, sell, import, export, produce or outsource, cultivate fields and gardens and the Company may carry out the production, outsourcing, purchase, sale, commitment, import and export of all kinds of commercial materials and articles mentioned below, either in its own stores or in practice by opening a new workplace or through e-commerce, may establish partnerships, enter into tenders, and may engage in any commercial activities for intellectual and industrial products and all kinds of commercial goods and services retail and wholesale including all kinds of food products, including fresh fruits and vegetables and ready-to-serve food, basic necessities and all kinds of industrial, agricultural electrical or electronic, telecommunications, digital products and services, stationery, hardware, glassware, pet food, food, collar, aquarium and etc. pet products, textile, furniture, carpet, home textile, cosmetics, leather, chemical, fertilizer, agrochemical products, pesticides, seeds, flowers, seedlings and etc. all kinds of agricultural products; surgical, medical and orthopedic instruments and devices, all kinds of medical, surgical devices, medical consumables and all kinds of similar products and etc., and all kinds of industrially produced traditional herbal medicinal products that have protective and therapeutic effects on human health, all kinds of herbal medicinal products with vitamin and mineral additives, supplements, cosmetic products with herbal content and medical devices with herbal content.

OLD

NEW

u. The Company may establish, operate, manage shopping malls, establish warehouses, open stores, establish and operate fuel sale and service stations together with the abovementioned facilities or separately, operate traveling sales cars, act as operating vending machines, acting as brokers in various fields, act as an outsourcer, get outsourcing, and give agency and dealerships, The Company may open modern farms, barns, livestock and slaughterhouses, cold storages, bread factory, integrated meat combination, aisle, restaurant, buffet, cafeteria and sales stores, may establish ready-made food sales, promotion and distribution organizations, may benefit from established organizations, establish and operate a meal card network.

ü. Provided that the relevant legislation in force is complied with and the requisite permits have been obtained, the Company may sell cars, minibuses, midibuses, motorcycles, atvs, utvs, electric bikes, etc., may carry out wholesale or retail trade, import, export of all kinds of motor land vehicles (including trade via intermediaries from internet TV, etc.), may construct real estate, residence, workplace etc., may build buy, sell, mediate and broker all kinds of real estate in its own stores, by opening a workplace or through e-commerce.

v. Provided that the relevant legislation in force is complied with and the requisite permits have been obtained, the Company may establish and develop infrastructures for digital, electronic and other alternative payment methods that allow paying for goods and services through online payment, mobile payment, short message payment and all kinds of technologies and methods that will be implemented later, may provide consultancy services to other domestic and foreign companies in order to provide services, may create electronic expenditure payment units to be used in physical and other virtual platforms, printing, marketing, selling of prepaid virtual and physical cards, coupons containing electronic expenditure payment units, may distribute already printed cards and coupons, may market, sell, make partnerships and agreements with companies that carry out these business and transactions.

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. Merali joined one of the major firms & gained experience in large owner-managed companies & public listed group of companies. Merali has over 50 years' experience in auditing, accounting, taxation, and business advisory spanning the EMEA region.

Merali 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), and a Chartered Tax Advisor (CIOT-UK). An Executive Partner of the Meralis Group, Merali is the Group Managing Partner for the EMEA (Europe, Middle East and Africa) region. Merali serves as a consultant to multi-national companies in the UK, UAE, and East Africa.

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

Between 2016 and 2022, he was serving as Member and between 2021 and 2022 as Chairman of the Supervisory Board of Zooplus AG, the leading online pet food retailer in Europe. Holland served as a Member of the Supervisory Board of the X5 Retail Group, the leading grocery retailer in Russia between 2018-2021, and 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, Holland 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 more than 30 years of experience in the retail industry; he is married and a German citizen, living in Germany.

Ahmet Akça Independent Member of the 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 in 1980.

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 served as the Chairman of the Committee of Trustees between November 2011 and June 2022.

In March 2013, Akça 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 May 2018 and he is also Chairman of the Audit Committee.

Paul Michael Foley Independent Member of the Board

Born in London in 1958, Foley is currently serving as Independent Board Member at VOLI in Montenegro, Korzinka in Uzbekistan, and BİM Morocco.

Foley previously held Board positions at Fortenova (Konzum and Mercator) in the Balkans, 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.

Foley 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 company, 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 the company's international Board of Directors. 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	07.06.2022 - 1 Year	Chairman of the Board of Directors	Board of Directors Memberships at Companies
Mahmud Pyarali Merali	Not Independent	07.06.2022- 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	07.06.2022 - 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	07.06.2022- 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	07.06.2022 - 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	07.06.2022 - 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 six times in 2022. In addition, 17 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%

In the General Assembly Meeting of 2021 held on June 07, 2022, 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 30, 2022.

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 193 individuals in 2022 is TL 171,120,990 and directors are not given shares from the profit. All Members of the Board of Directors have directors & officers liability insurance.

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, Türkiye'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 Vice

Chairman of the Turkish Retailing Council, established by The Union of Chambers and Commodity Exchanges, and Vice Chairman of the Federation of Shopping Centers and Retailers. He served as the Chairman of the Board of Directors of the Food Retailers Association (GPD) between 2019-2022. 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 Türkiye Magazine in 2013, Mr. Aykaç ranked 7th among "The Most Prestigious Executives in Business World." Finally, he received the "Leader of Food Retail Sector" Award at the retail days event in June 2022.

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 Türkiye" 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 FILE, 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 FILE.

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*

* Based on the decision taken by the Company's Board of Directors; Purchasing General Manager and General Purchasing Committee Member Aynur Çolpan resigned from her current duties as of 31.12.2022 and was appointed as the Consultant to the Board of Directors, Operations Committee Member Umut Baba was appointed as the Purchasing General Manager and a Member of the General Purchasing Committee as of 01.01.2023, and Regional General Manager Metin Baykal was appointed as a Member of the Operations Committee as of 01.01.2023.

Statement of Independence

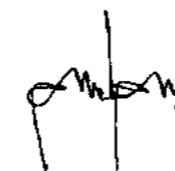
To the Board of Directors of BİM Birleşik Mağazalar A.Ş.

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 am considered a resident in Türkiye 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.

Kind regards,



Ahmet Akça

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

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

Declaration of Compliance with Corporate Governance Principles

The Capital Markets Board of Türkiye 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 Türkiye, has been complied with. Regarding non-mandatory recommendations, we have continued to act in accordance with these. The company will strive to improve any deficiencies and continue its efforts to increase compliance level under changing circumstances.

The issues that do not comply with the Corporate Governance Principles are listed below, and there are no conflicts of interest arising from related issues.

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

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

There is no provision in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chairman of the Executive Committee. In the current organizational structure of the company, the Chairman of the Board of Directors performs the duties of the Chairman of the Executive Committee. This issue and its justification was publicly disclosed on the 07.06.2022 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.

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 Compliance Report

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
Corporate Governance Compliance Report						
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					
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	

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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.
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.
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					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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					
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					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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					
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 issue in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chairman of the Executive Committee. In the current organizational structure of the company, the Chairman of the Board of Directors performs the duties of the Chairman of the Executive Committee. This issue and its justification was publicly disclosed on the 7th of June 2022 via disclosure of material matters. In order to make the company's decision-making processes more efficient, and to foster a more dynamic organizational structure, it has been preferred to have the same person holding both positions. 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					
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				The Company aims to include women in the Board of Directors and increase their role. A policy has been adopted accordingly. There are no female members in the Board of Directors yet. However, the company aims to have female member/members in the Board of Directors until the end of 2027 in accordance with the policy.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	Company Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
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					
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, remuneration paid to the members of the Board of Directors and executive managers and all other benefits granted, are publicly announced via annual report. However, the announcement is not made on an individual basis and the Company does not have any plans for this.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year The company participated in 7 conferences in 2022 and organized 4 investor teleconferences regarding financial results and held 156 investor meetings.

1.2. Right to Obtain and Examine Information

The number of special audit request(s) 0

The number of special audit requests that were accepted at the General Shareholders' Meeting 0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/en/Bildirim/1026217>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time Yes

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 No such transaction took place during the year.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) No such transaction took place during the year.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) <https://www.kap.org.tr/en/Bildirim/1006672>

The name of the section on the corporate website that demonstrates the donation policy of the company Investor Relations/Corporate Governance/Policies

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/en/Bildirim/431725>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting 26

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any Only the shareholders participated the General Assembly.

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. None

The percentage of ownership of the largest shareholder 15.15%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association. -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy Investor Relations/Corporate Governance/Policies

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. -

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends -

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
7.06.2022	0	77.44%	0.41%	77.03%	Investor Relations/ General Assembly Information	Investor Relations/ General Assembly Information	Article 9	0	https://www.kap.org.tr/en/Bildirim/1035562

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations and About Us sections
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Shareholders
List of languages for which the website is available	Turkish and English
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) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors and Senior Management, Statement of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Committees established under the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board of Directors and Senior Management - Executive Committee
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Risk Management and Internal Control Mechanisms
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	There are no significant lawsuits filed against the company.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Such services are not recieved.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There are no mutual subsidiaries in which direct participation in capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources and Sustainability
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	The Company carries out the compensation related matters within the scope of the relevant provisions of the Labor Law. Although a compensation policy has not been established in particular due to the consideration of the matters specific to the Company in accordance with the relevant law, the Company considers creating a compensation policy.

The number of definitive convictions the company was subject to in relation to breach of employee rights	52
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Director
The contact detail of the company alert mechanism	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/
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Investor Relations/Corporate Governance/Policies
Corporate bodies where employees are actually represented	Audit Committee, Corporate Governance Committee, Occupational Health - Safety Committee and Sustainability Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There is no succession plan.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Policies
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Policies
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Corporate Governance / Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations/Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	The Company is committed to conduct its activities with an honest and ethical approach. As part of this, the Company adopts a zero-tolerance approach to bribery and corruption. In this regard, an Anti-Bribery and Anti-Corruption Policy has been established and there is an Ethics Hotline for reporting issues contrary to the policy. The policy is available on the Company's website under Investor Relations/Corporate Governance/Policies.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	Evaluated from time to time
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Mustafa Latif Topbaş was authorized as Chairman, and P.K. Merali as Vice Chairman.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	12
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management and Internal Control Mechanisms
Name of the Chairman	Mustafa Latif Topbaş
Name of the CEO	Mustafa Latif Topbaş - Chief Executive Officer
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	https://www.kap.org.tr/en/Bildirim/1035587
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Although board members are insured, the amount is not exceeding 25% of the company's capital. This is not stated publicly, since its not mandatory to make such a statement.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/Corporate Governance/Policies/Diversity and Inclusion Policy
The number and ratio of female directors within the Board of Directors	0

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Mustafa Latif Topbaş	Executive	Not independent director	5.05.1995	-	Not applicable	Not applicable	Not applicable
Mahmud P. Merali	Non-executive	Not independent director	4.04.2006	-	Not applicable	Not applicable	Not applicable
Ömer Hulusi Topbaş	Non-executive	Not independent director	1.06.2005	-	Not applicable	Not applicable	Not applicable
"Karl-Heinz Holland	Non-executive	Not independent director	28.04.2021	-	Not applicable	Not applicable	Not applicable
Ahmet Akça	Non-executive	Independent director	25.04.2018	https://www.kap.org.tr/en/Bildirim/1026218	Considered	No	Yes
Paul Michael Foley	Non-executive	Independent director	21.05.2019	https://www.kap.org.tr/en/Bildirim/1026218	Considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	6
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7 days
The name of the section on the corporate website that demonstrates information about the board charter	Investor relations/Corporate Governance/Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is none such policy.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Committees established under the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/206977 https://www.kap.org.tr/en/Bildirim/353650 https://www.kap.org.tr/en/Bildirim/938513

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Ahmet Akça	Yes	Board member
Audit Committee	-	Paul Michael Foley	No	Board member
Corporate Governance Committee	-	Paul Michael Foley	Yes	Board member
Corporate Governance Committee	-	Mahmud Pyrali Merali	No	Board member
Corporate Governance Committee	-	Serkan Savaş	No	Not board member
Committee of Early Detection of Risk	-	Paul Michael Foley	Yes	Board member
Committee of Early Detection of Risk	-	Mahmut Pyrali Merali	No	Board member
Sustainability Committee	-	Paul Michael Foley	Yes	Board member
Sustainability Committee	-	Ömer Hulusi TOPBAŞ	No	Board member
Sustainability Committee	-	Haluk DORTLUOĞLU	No	Not board member
Sustainability Committee	-	Galip AYKAÇ	No	Not board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report - 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 website (Page number or section name in the annual report/website)	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 website (Page number or section name in the annual report/website)	The Corporate Governance Committee fulfills the duties of the nominating committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report - Board Committees, website - Investor Relations/Corporate Governance/ Board Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee fulfills the duties of the Remuneration Committee.

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Expectations and Achievements.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations/Corporate Governance/Policies/Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Board of Directors and Senior Management - Executive Committee

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	6	6
Corporate Governance Committee	-	66.66%	33.33%	1	1
Committee of Early Detection of Risk	-	100%	50%	6	6
Sustainability Committee	-	50%	25%	2	2

RESOLUTION OF THE BOARD ON THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS
DATE OF RESOLUTION: 13 March 2023
RESOLUTION NO: 930/23

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 2022, 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.



Güney Bağımsız Denetim ve SMMM A.Ş.
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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 2022-31 December 2022.

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 13 March 2023 on the full set consolidated financial statements of the Group for the period of 1 January 2022-31 December 2022.

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

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

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

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



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

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

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

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

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

Kaan Birdal, SMMM
Partner
13 March 2023
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,
2022 TOGETHER WITH AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BİM Birleşik Mağazalar Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of BİM Birleşik Mağazalar Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, 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, 2022, 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.

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

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	How our audit addressed the key audit matter
<p>Application of TFRS 16, "Leases", its impacts on the consolidated financial statements and notes to the consolidated financial statements</p> <p>The Group has right-of-use assets amounting to TRY 10.696.965 thousand and lease liabilities amounting to TRY 11.910.848 thousand in its consolidated financial statements.</p> <p>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.</p> <p>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.</p> <p>Explanations regarding TFRS 16 are made in Notes 6 and 12.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>The lease contracts used in the calculation of right of use assets and financial lease liabilities are selected on a sample basis and the compliance of the discount rates, term of the lease contracts and the assessment of the extension options applied if such options exist with the provision of the contract are tested.</p> <p>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.</p>

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

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group operates in hard discount retail markets on domestic and abroad with 11.510 stores in total as of 31 December 2022.</p> <p>In addition to being the most important financial statement line item for the retail industry, revenue is one of the most important criteria for evaluation of performance and results of strategies applied by the management.</p> <p>Revenue, amounting to TRY 147.715.566 thousand for the year ended 31 December 2022 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.</p> <p>Explanations regarding Revenue are made in Notes 18.</p>	<p>The audit procedures performed include a combination of validation of key controls in revenue recognition process, substantive tests and analytical procedures.</p> <p>The revenue recognition process was understood by way of inquiries with the process owners and the design effectiveness, implementation and operating effectiveness of key controls were evaluated with the support of our experts in Information Technology ("IT").</p> <p>Access to programs, program changes and program development controls were tested by our IT experts.</p> <p>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.</p> <p>Testing on a sample basis was performed for recognition of daily transfers made to the cash boxes.</p> <p>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.</p>

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

Key audit matters	How our audit addressed the key audit matter
<p>Land and Buildings Revaluation</p> <p>The Group has decided to measure certain property, plant and equipment according to TAS 16 revaluation model. Estimates and assumptions used in the valuation has been considered as critical for our audit and therefore, land and building revaluation has been determined as a key audit matter.</p> <p>The complexity of these transactions and the fact that they contain important judgments and assumptions are important for our audit and have therefore been identified by us as a key audit topic.</p> <p>Explanations regarding property, plant and equipment are made in Notes 2.8 and Notes 10.</p>	<p>We evaluated the qualifications, competencies and independence of independent professional appraisers appointed by the management. Within our audit work, the appropriateness of the methods used by the valuation experts in these valuation reports, which constitute the basis of the fair values of the related tangible fixed assets measured according to the revaluation model, has been evaluated.</p> <p>Valuation experts of EY network has been included in our audit team for the purpose of controlling the conformity of the assumptions used by the independent appraisers during the valuation with the market data. In this context, as a result of the studies carried out by the experts on the real estate fair value determination, we evaluated the estimations and assumptions used in the valuation report, and we evaluated whether the fair value determined by the independent valuation experts stays in the acceptable range.</p> <p>The average value per square meter used in market approach by valuation appraiser are compared to market information on sampling basis. The sensitivity assessment of assumptions like negotiation shares and location adjustment on fair value is performed. In addition, the assumptions and estimations used for values in cost approach used by the valuation appraiser firm are evaluated.</p>

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

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.

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

- 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.

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

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 13, 2023.
- 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 2022 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



March 13, 2023
İstanbul, Türkiye

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BİM BİRLEŞİK MAĞAZALAR A.Ş.**Consolidated Balance Sheets at
December 31, 2022 and December 31, 2021**

(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, 2022	Audited December 31, 2021
Current assets		28.095.102	14.011.093
Cash and cash equivalents	4	2.181.753	1.497.058
Financial investments	5	2.012.357	1.491.589
Trade receivables		7.074.346	3.775.415
- Trade receivables from third parties	7	7.074.346	3.775.415
Other receivables	8	109.889	55.627
- Other receivables from related parties		988	23
- Other receivables from third parties		108.901	55.604
Inventory	9	14.631.983	6.692.940
Prepaid expenses	14	976.660	366.120
Other current assets	16	1.108.114	132.344
Non-current assets		36.589.331	16.401.029
Financial investments	5	2.092.540	977.555
Other receivables		55.147	21.103
- Other receivables from third parties		55.147	21.103
Property, plant and equipment	10	22.540.650	7.898.133
Intangible assets		65.034	66.645
- Other Intangible assets	11	51.613	53.224
- Goodwill		13.421	13.421
Right of use assets	12	10.696.965	7.086.409
Prepaid expenses	14	455.945	66.592
Deferred tax assets	25	683.050	284.592
Total assets		64.684.433	30.412.122

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.**Consolidated Balance Sheets at
December 31, 2022 and December 31, 2021**

(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, 2022	Audited December 31, 2021
Current liabilities		28.809.987	15.864.572
Short-term liabilities	6	2.450.374	1.792.893
- Bank loans		-	101.175
- Lease liabilities		2.450.374	1.691.718
Trade payables		24.745.248	12.293.843
- Trade payables due to related parties	28	2.483.734	1.053.495
- Trade payables due to third parties	7	22.261.514	11.240.348
Other payables		870	1.132
- Other payables due to related parties		-	703
- Other payables due to third parties		870	429
Deferred income	14	142.845	62.554
Payables related to employee benefits		434.747	109.073
Short term provisions		237.367	850.351
- Provision for employee benefits	13	111.846	60.717
- Oter short-term provisions	13	125.521	789.634
Current income tax liabilities	25	355.213	487.609
Other current liabilities	16	443.323	267.117
Non-current liabilities		10.465.043	6.738.478
Long - term liabilities	6	9.460.474	6.349.151
- Lease liabilities		9.460.474	6.349.151
Non - current provisions		995.345	388.923
- Provision for employee benefits	15	995.345	388.923
Deferred tax liabilities	25	9.224	404
Equity		25.409.403	7.809.072
Paid-in share capital	17	607.200	607.200
Treasury Shares	17	(637.483)	(565.177)
Other comprehensive income/(expense) not to be reclassified to profit or loss		13.714.454	2.486.429
- Property, plant and equipment revaluation fund	10,17	12.566.677	1.958.767
- Defined benefit plans revaluation fund loss		(702.480)	(251.399)
- Fair value increases in available-for-sale financial assets		1.850.257	779.061
Other comprehensive income/(expense) to be reclassified to profit or loss		377.190	304.985
- Foreign currency translation difference		377.190	304.985
Restricted reserves		1.698.046	1.442.567
Retained earnings		1.284.655	397.129
Net income for the period		8.156.913	2.932.482
Equity holders of the parent		25.200.975	7.605.615
Non-controlling interests		208.428	203.457
Total liabilities		64.684.433	30.412.122

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.**Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Periods Ended December 31, 2022 and 2021**

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

Notes		Audited January 1 - December 31 2022	Audited January 1 - December 31 2021
PROFIT OR LOSS			
Revenue	18	147.715.566	70.698.507
Cost of sales (-)	18	(120.941.907)	(57.238.477)
GROSS PROFIT		26.773.659	13.460.030
Marketing expenses (-)	19	(15.544.615)	(7.694.012)
General administrative expenses (-)	19	(1.954.858)	(992.509)
Other operating income	21	369.687	146.143
Other operating expense (-)	21	(128.322)	(796.370)
OPERATING PROFIT		9.515.551	4.123.282
Income from investing activities	24	398.745	333.931
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		9.914.296	4.457.213
Financial income	22	215.942	452.892
Financial expense (-)	23	(1.331.349)	(1.000.480)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		8.798.889	3.909.625
- Current tax expense	25	(1.460.779)	(1.199.244)
- Deferred tax income	25	820.741	240.329
PROFIT FROM CONTINUED OPERATIONS		8.158.851	2.950.710
NET INCOME FOR THE PERIOD		8.158.851	2.950.710
Profit for the period attributable to			
Equity holders of the parent		8.156.913	2.932.482
Non-controlling interest	27	1.938	18.228
Earnings per share			
Earnings per share from continued operations (Full TRY)	26	13,64	4,88
OTHER COMPREHENSIVE GAIN/LOSS			
Items not to be reclassified to profit/(loss)			
Defined Benefit Pension Plan Revaluation (Loss),Net		(451.081)	(98.579)
Revaluation of Available for Sale Financial Assets			
Gain/(losses), Net		1.071.196	431.428
Gain/(losses) on revaluation of Property, Plant and Equipment,After Tax		10.607.910	246.883
Items to be reclassified to profit /(loss):		114.113	239.974
Currency translation difference		114.113	239.974
Other Comprehensive Income		11.342.138	819.706
Total comprehensive income		19.500.989	3.770.416
Total comprehensive income attributable to			
Non-controlling interest	27	43.846	87.394
Equity holders of the parent		19.457.143	3.683.022

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

BİM BİRLEŞİK MAĞAZALAR A.Ş.**Consolidated Statement of Changes In Shareholders' Equity
for the Periods Ended December 31, 2022 and 2021**

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

	Audited		Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss		Retained earnings		Total equity
	Paid-in share capital	Treasury shares	Restricted reserves	Fair value changes in available-for-sale financial assets	Property, plant and equipment revaluation fund	Actuarial loss on defined benefit plans	Foreign currency translation differences	Net income for the period	
Balance at January 1, 2021	607.200	(374.708)	893.850	347.633	1.711.884	(152.820)	134.177	1.401.656	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)
Dividend paid (Note 17)								(3.609.174)	(3.609.174)
Changes in ownership without a loss of control in subsidiaries ^(v)									
Net income for the period								546.549	116.063
Other Comprehensive income				431.428	246.883	(98.579)	170.808	2.932.482	18.228
Total comprehensive income				431.428	246.883	(98.579)	170.808	3.683.022	87.394
Balance at December 31, 2021	607.200	(565.177)	1.442.567	779.061	1.958.767	(251.399)	304.985	2.932.482	7.809.072
Balance at January 1, 2022	607.200	(565.177)	1.442.567	779.061	1.958.767	(251.399)	304.985	397.129	203.457
Transfers			179.124					2.753.358	(2.932.482)
Increase/decrease due to acquisition of treasury shares		(72.306)	72.306					(72.306)	(72.306)
Dividend paid (Note 17)								(1.793.526)	(1.793.526)
Increase Due to Other Changes								4.049	4.049
Net income for the period								8.156.913	1.938
Other comprehensive income				1.071.196	10.607.910	(451.081)	72.205	11.300.230	41.908
Total comprehensive income				1.071.196	10.607.910	(451.081)	72.205	8.156.913	43.846
Balance at December 31, 2022	607.200	(637.483)	1.698.046	1.850.257	12.566.677	(702.480)	377.190	25.200.975	25.409.403

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.**Consolidated Statement of Cash Flows
for the Periods Ended December 31, 2022 and 2021**

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

		Audited January 1- December 31, 2022	Audited January 1- December 31, 2021
	Notes		
A. CASH FLOWS FROM OPERATING ACTIVITIES		10.219.073	5.830.034
Profit for the period		8.158.851	2.950.710
Adjustments to reconcile profit for the period		4.907.274	4.383.881
Depreciation and amortization	10,11,12	2.592.840	1.802.658
Provisions for impairments		9.295	14.716
- Provisions for impairments of inventories	9	9.173	14.711
- Allowance for doubtful receivables	8	122	5
Adjustments related to provisions		274.673	844.382
- Adjustments related to provision for employment termination benefits	13,15	220.189	100.554
- Adjustments related to the legal provisions	13	33.908	15.911
- Adjustments related to other provisions	13	20.576	727.917
Adjustments related to financial income and expense		1.716.898	941.311
- Adjustments related to financial expenses	23	1.098.259	805.526
- Adjustments related to deferred financial expense from future purchases.		618.639	135.785
Other adjustments related cash flows arising from investing and financing activities		(367.801)	(328.623)
Adjustments for tax expense	25	640.038	958.915
Gain/(loss) on sale of property and equipment and Intangible assets	24	(30.944)	(1.234)
Adjustments related to unrealized currency translation differences		72.275	151.756
Changes in net working capital		(336.237)	(491.676)
Increases/decreases in inventories		(7.948.216)	(2.477.905)
Increases/decreases in trade receivables		(3.298.931)	(1.157.446)
Increases/decreases in other assets		(88.428)	(45.014)
Increases/decreases in trade payables		11.832.766	3.260.959
Increases/decreases in other payables		441	(461)
Increases/decreases other net working capital		(833.869)	(71.809)
Net cash generated from operating activities		12.729.888	6.842.915
Income taxes paid	25	(1.665.729)	(955.348)
Employee benefits paid	15	(126.489)	(57.533)
Other cash outflow	13	(718.597)	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(5.195.459)	(45.169)
Cash Inflows Related to Sales that Do not Result from the Loss of Control of Subsidiaries		-	689.894
Acquisition of Shares or Debt Instruments of Other Enterprises or Funds		-	(46.738)
Proceeds from sale of tangible and intangible assets		57.252	37.033
Cash outflows from purchases of tangible and intangible assets	10,11	(4.669.047)	(2.221.737)
- Purchases of tangible assets		(4.655.080)	(2.199.632)
- Purchases of intangible assets		(13.967)	(22.105)
Participation (profit) share and cash inflows from other financial instruments		(140.377)	1.500.815
Cash advances given and liabilities		(443.287)	(4.436)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(4.302.909)	(5.374.720)
Cash inflows (outflows) from financial liabilities	6	(101.175)	(38.418)
Cash outflows from payments of rent agreements	6	(2.297.027)	(1.536.659)
Dividend paid	17	(1.832.401)	(3.609.174)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments	17	(72.306)	(190.469)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		720.705	410.145
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(42.201)	(25.686)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		678.504	384.459
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1.496.863	1.112.404
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	2.175.367	1.496.863

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.**Notes to the Consolidated Financial Statements For the Year
Ended 31 December 2022 and 2021**

(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 S.A. 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 S.A. ("Bim Morocco") 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 S.A. financial statements are consolidated by using the full consolidation method as of December 31, 2022.

The Company established a new company named BIM Stores LLC ("Bim Egypt") 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, 2022.

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, 2022.

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, 2022.

Es Global Gıda Sanayi ve Ticaret A.Ş. ("Es Global") 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 financial statements are consolidated by using the full consolidation method as of December 31, 2022.

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, ("Bircan Fide") which is a 100% subsidiary, was realized as of 14 October 2021. The financial results of Bircan Fide are consolidated in accordance with the full consolidation method in the financial statements dated December 31, 2022.

İdeal Standart Mümessillik San. ve Tic. A.Ş. ("İdeal Standart") which is a 100% subsidiary of the Company for the production of toothbrush products sold in the Company's stores. ("Ideal Standard") acquired all the shares of its subsidiary on January 30, 2012. Since the Company's financial results do not have a significant impact on the Group's consolidated financial results, they have not been included in the scope of consolidation and have been classified as financial investments in the consolidated financial statements. Ideal Standard's financial results have been consolidated in the financial statements as of December 31, 2022 according to the full consolidation method.

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

Approval of 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 13, 2023. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issues.

BİM BİRLEŞİK MAĞAZALAR A.Ş.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

For the periods ended December 31, 2022 and 2021, the year-end number of employees in accordance with their categories is shown below:

	December 31, 2022	December 31, 2021
Office personnel	4.010	3.723
Warehouse personnel	7.120	6.437
Store personnel	68.679	60.037
Total	79.809	70.197

As of December 31, 2022, the Group operates in 11.510 stores (December 31, 2021: 10.489).

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.

On January 20, 2022, the Public Oversight Accounting and Auditing Standards Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 - Financial Reporting in High Inflation Economies ("TAS 29"). As of the preparation date of these consolidated financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

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.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2022 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, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

BİM BİRLEŞİK MAĞAZALAR A.Ş.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

i) The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows:

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments 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.

The amendments did not have a significant impact on the 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 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 prospectively 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).

The amendments did not have a significant impact on the 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.

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

ii) Standards issued but not yet effective and not early 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.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

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.

TFRS 17 - The new Standard for insurance contracts

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 1 January 2023; early application is permitted. TFRS 17 will enter into force for annual periods beginning on or after January 1, 2023, and early implementation is permitted for businesses applying Proceeds from TFRS 9 Financial Instruments and TFRS 15 Customer Contracts on or before that date TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

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

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

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

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 amendments is not expected to have a significant impact on the financial position or performance of the Group.

Amendments to TAS 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 recognized 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 amendments is not expected to have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

2.3. Statement of compliance to TAS

The Group prepared its consolidated financial statements for the period ended December 31, 2022 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.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

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 S.A., 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 = 0,5598 MAD and 1 TRY = 0,5588 exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 0,6170 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 = 1,3211 EGP and 1 TRY = 1,3231EGP exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,1618 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, 2022. 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.

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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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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. The financial statements of subsidiaries are shown in the consolidated financial statements from the date of formation of the controlling power to the date of termination.

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 BIM 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.

The Group has classified the donation amounting to TRY 49.424 presented in General Administrative Expenses to Other operating expense.

The effect of reclassification in the statement of financial position as of December 31, 2021 is as follows:

	Previously reported	Effect of reclassification	Reclassified
Other operating expense (-)	(746.946)	(49.424)	(796.370)
General administrative expenses (-)	(1.041.933)	49.424	(992.509)

The Group has included Bircan Fide, which it acquired on October 14, 2021, in the 2021 year-end consolidation on a provisional basis, as permitted by the TFRS 3 standard. After the revaluation report, the Group classified TRY 27.831 of the TRY 41.252 goodwill balance presented in goodwill into Property, plant and equipment.

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As of December 31, 2021, the effect of the classification in the statement of financial position is as follows:

	Previously reported	Effect of reclassification	Reclassified
Property, plant and equipment	7.870.302	27.831	7.898.133
Goodwill	41.252	(27.831)	13.421

The Group has grossed the mobile operator online TRY upload revenue balance of TRY 45.988, which it offers in the Other Operating Income account, and classified TRY 287.428 to revenue and TRY 241.440 to the cost of sales. In addition, mobile operator sales of 115.599 TL have been netted with Cost of Sales.

	Previously reported	Effect of reclassification	Reclassified
Revenue	70.526.679	171.828	70.698.507
Cost of Sales (-)	(57.112.637)	(125.840)	(57.238.477)
Other Operating Income	192.131	(45.988)	146.143

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 consolidated 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 is reflected in the consolidated financial statements when the shareholders are entitled to receive dividends.

Currency protected deposit accounts

Currency-protected deposit accounts are financial assets with cash flows that include principal and interest or dividends, but they also feature a derivative product, as these cash flows may change depending on the change in exchange rates. Therefore, currency protected deposit accounts are treated as hybrid contracts and accounted for as financial assets whose fair value is recognized in profit or loss in line with the provisions of TFRS 9 regarding mixed contracts. Changes in the fair value of currency-protected deposit accounts are accounted for under "Income from Investing Activities" in the Statement of Profit or Loss and Other Comprehensive Income.

Cash and cash equivalents

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

Trade receivables

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 13 days term (December 31, 2021: 17 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 amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

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Inventories

Inventories are valued at the lower of cost or net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Rebates which generate from sales from ordinary operations are deducted from cost of inventories and associated with cost of sales. Net realizable value is the estimated selling price less estimated costs necessary to realize sale.

Right-of-Use Assets and Lease Liabilities

The Group has applied the TFRS-16 standard as of January 1, 2019.

Group - lessee

The Group's leases are mainly consisting of retail stores,warehouse 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 the followings:

- 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.

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

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 Group 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:

- a) fixed payments, less any lease incentives receivable
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) 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:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payment made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments. The Group reflects the remeasurement amount of the lease liability in its financial statements as an adjustment for the right-of-use asset.

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 revalues the amounts of their lands and buildings every 3 years with the CMB-licensed valuation firm 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.

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.

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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.

Goodwill

Goodwill arises when purchasing subsidiaries and the amount of the transferred consideration, the amount of non-controlling interests in the acquiree and the fair value of the identifiable net assets in the acquiree, the excess of the fair value difference at the acquisition date of the equity interests in the acquiree previously held by the acquirer. If the total transferred consideration, recognized non-controlling interests and previously held interests measured at fair value are less than the fair value of the net assets of the acquired subsidiary, for example in a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. The carrying amount of goodwill is compared with its recoverable value, which is the higher of its value in use and fair value less costs to sell. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and is not reversed in subsequent periods

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: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. 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

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Financial assets measured at fair value through other comprehensive income

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

Financial assets measured at fair value through profit or loss

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

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date the date on which the group commits to purchase or sell the asset. Investments are initially recognized 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 recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized 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 amortized 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 recognized 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.

Financial assets classified as financial assets at fair value through other comprehensive income, accumulated fair value adjustments shown in equity when sold or impaired are classified into retained earnings.

Trade payables

Trade payables which generally have an average of 56 days term (December 31, 2021: 68 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 recognized 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, 2022	18,6983	19,9349	22,4892
December 31, 2021	13,3290	15,0867	17,9667

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.

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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 financial liability.

ii) Contingent assets and liabilities

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

Related parties

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

- Has control or joint control over the reporting entity,
- Has significant influence over the reporting entity, or,
- Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group,
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- Both entities are joint ventures of the same third party,
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- The entity is controlled or jointly controlled by a person identified in (a),
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Income taxes

Current Income Taxes and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In such case, the tax is recognized in shareholders' equity or other comprehensive income. The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

BİM BİRLEŞİK MAĞAZALAR A.Ş.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

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, investing activities and financing activities.

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

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

Employee Benefits

a) Defined benefit plans:

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

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

b) Unused vacation

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

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.

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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.

4. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	583.373	395.651
Banks		
- Demand deposits	795.760	370.973
- Profit share deposits	300.000	578.429
Cash in transit	502.620	152.005
Cash and cash equivalents	2.181.753	1.497.058
Less: Accrual for profit share	(6.386)	(195)
Cash and cash equivalents for cash flow	2.175.367	1.496.863

As of December 31, 2022 and December 31, 2021 there is no restricted cash. As of December 31, 2022, total profit share deposits are in TRY and US Dollars (December 31, 2021: TRY and US Dollars) and the gross rates profit share from participation banks are 21% for TRY, (December 31, 2021: for TRY gross %15,00 and %1,25 for US Dollars 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, 2022, and December 31, 2021 Group's short-term financial investments measured at fair value through profit and loss are detailed in the table below:

	December 31, 2022	December 31, 2021
Real estate investment funds	2.012.357	1.491.589
	2.012.357	1.491.589

b) Long-term financial assets

Financial investments amounting to TRY 2.092.540 as of December 31, 2022 are detailed below (December 31, 2021: TRY 977.555).

i) Subsidiaries:

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

Name of subsidiary	Share (%)	December 31, 2022	Share (%)	December 31, 2021
İdeal Standart İşletmecilik ve Müessillik San. ve Tic. A.Ş. ("İdeal Standart") ^(*)	-	-	100	12.590
	-	-	100	12.590

^(*) The Group has consolidated the financial results of İdeal Standart in the financial statements as of December 31, 2022 according to the full consolidation method.

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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, 2022	Share (%)	December 31, 2021
FLO Mağazacılık ve Pazarlama A.Ş. ^(*)	11,5	2.092.540	11,5	964.965
		2.092.540		964.965

^(*) As of December 31, 2022 the fair value of available-for-sale financial asset is calculated by using discounted cash flow analysis method with discount rate used as 22,5% and the terminal growth rate used as 7.9%.

The movement table of the revaluation fund of financial investments belonging to the Group is as follows:

	2022	2021
Opening - January 1	779.061	347.633
Revaluation increase	1.127.575	454.135
Deferred tax due to revaluation increase	(56.379)	(22.707)
Closing - December 31	1.850.257	779.061

6. Financial liabilities**a) Bank Loans**

As of December 31, 2022, the Group has no short-term interest-free financial debts from banks. (December 31, 2021: TRY 101.175).

b) Lease Liabilities

Short-term portion of long-term liabilities	December 31, 2022	December 31, 2021
Lease liabilities	2.450.374	1.691.718
	2.450.374	1.691.718

Long-term lease liabilities	December 31, 2022	December 31, 2021
Lease liabilities	9.460.474	6.349.151
	9.460.474	6.349.151
Total borrowings	11.910.848	8.040.869

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

	December 31, 2022	December 31, 2021
Shorter than 3 months	690.239	357.822
3 - 12 month	1.760.135	1.333.896
More than 12 months	9.460.474	6.349.151
	11.910.848	8.040.869

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

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As of December 31, 2022, and 2021, the movement table of the Group's liabilities arising from leasing transactions is as follows.

	December 31, 2022	December 31, 2021
Opening - January 1	8.040.869	5.961.885
Cash outflows from payments of lease liabilities	(2.297.027)	(1.536.659)
Additions (Note 12)	5.094.487	2.587.939
Changes in financial expenses accrual (Note 23)	1.098.259	805.526
Exchange rate differences	70.192	62.795
Change in accruals for termination of lease	41.310	36.783
Foreign currency translation differences	(137.242)	122.600
Closing - December 31	11.910.848	8.040.869

7. Trade receivables and payables**a) Trade receivables from third parties**

	December 31, 2022	December 31, 2021
Credit card receivables	7.056.083	3.773.763
Trade receivables from third parties	17.893	-
Other trade receivables	370	1.652
	7.074.346	3.775.415

As of December 31, 2022 the average term of credit card receivables is 13 days (December 31, 2021: 17 days).

b) Trade payables due to third parties

	December 31, 2022	December 31, 2021
Trade payables	22.813.209	11.363.096
Rediscount expense (-)	(551.695)	(122.748)
	22.261.514	11.240.348

As of December 31, 2022 the average term of trade payables is 56 days (December 31, 2021: 68 days). As of December 31, 2022 letters of guarantee, cheques and notes are amounting to TRY 1.038.022 and mortgages are amounting to TRY 32.722 (December 31, 2021: letters of guarantee, cheques and notes amounting to TRY 625.513 and mortgages amounting to TRY 23.426).

8. Other receivables**a) Other receivables from related parties**

	December 31, 2022	December 31, 2021
Receivables from related parties	988	23
	988	23

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b) Other receivables from third parties

	December 31, 2022	December 31, 2021
Other receivables	108.901	55.604
Doubtful receivables	11.386	11.508
Less: Allowance for doubtful receivables	(11.386)	(11.508)
	108.901	55.604

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

	December 31, 2022	December 31, 2021
Balance at the beginning of the period – January 1	11.508	11.548
Allowance for doubtful receivables	1.185	5
Collection in current year	(1.307)	(45)
Balance at the end of the period – December 31	11.386	11.508

9. Inventories

	December 31, 2022	December 31, 2021
Trade goods, net	14.547.031	6.666.107
Other	108.836	41.544
Allowance for impairment on inventory (-)	(23.884)	(14.711)
	14.631.983	6.692.940

Cost of inventories amounting to TRY 125.286.338 (December 31, 2021: TRY 57.110.063) was recognized under cost of sales.

As of December 31, 2022 an allowance for impairment amounting to TRY 23.884 (December 31, 2021: TRY 14.711) has been made for trade goods.

The movement of impairment for inventories in 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Balance at the beginning of the period - January 1	14.711	6.248
Allowance cancellations	(14.711)	(6.248)
Allowance for impairment	23.884	14.711
Balance at the end of the period – December 31	23.884	14.711

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10. Property, plant and equipment

The movements of property, plant and equipment and the related accumulated depreciation for the periods ended December 31, 2022 and 2021 are as follows:

	January 1, 2022	Additions	Additions Due to Company Acquisition	Disposals	Transfers	Offsetting	Revaluation	Currency translation differences	December 31, 2022
Cost or revalued amount									
Land	1.473.820	16.015	-	-	-	-	4.519.760	11.639	6.021.234
Land improvements	56.447	12.246	-	-	2.865	-	-	1.977	73.535
Buildings	2.356.663	126.434	-	(67)	480.199	(302.907)	6.553.470	(5.384)	9.208.408
Machinery and equipment	2.884.588	1.393.083	119.959	(41.277)	85.063	-	-	98.621	4.540.037
Vehicles	531.058	436.397	-	(8.614)	20.720	-	-	20.388	999.949
Furniture and fixtures	1.099.541	752.269	3.384	(21.320)	9.194	-	-	21.393	1.864.461
Leasehold improvements	2.562.314	1.176.938	2.759	(20.794)	73.714	-	-	155.079	3.950.010
Construction in progress	252.162	675.968	-	(5)	(671.755)	-	-	(1)	256.369
	11.216.593	4.589.350	126.102	(92.077)	0	(302.907)	11.073.230	303.712	26.914.003
Less : Accumulated depreciation									
Land improvements	(26.208)	(5.097)	-	-	-	-	-	-	(31.305)
Buildings	(135.047)	(170.413)	-	(5)	-	302.907	-	2.558	-
Machinery and equipment	(1.213.354)	(354.055)	(55.832)	28.879	-	-	(73.551)	(1.667.913)	
Vehicles	(296.255)	(117.904)	-	7.030	-	-	(14.749)	(421.878)	
Furniture and fixtures	(562.737)	(232.510)	(1.996)	19.522	-	-	(16.284)	(794.005)	
Leasehold improvements	(1.084.859)	(283.812)	(2.544)	10.735	-	-	(97.772)	(1.458.252)	
	(3.318.460)	(1.163.791)	(60.372)	66.161	-	302.907	-	(199.798)	(4.373.353)
Net book value	7.898.133								22.540.650

	January 1, 2021	Additions	Additions Due to Company Acquisition	Disposals	Transfers	Offsetting	Revaluation	Currency translation differences	December 31, 2021
Cost or revalued amount									
Land	1.353.235	87.964	13.637	-	-	-	-	18.984	1.473.820
Land improvements	21.645	6.346	28.494	(38)	-	-	-	-	56.447
Buildings	2.099.605	78.933	379	(3.153)	167.664	-	13.235	2.356.663	
Machinery and equipment	2.022.969	661.799	4.706	(50.148)	28.216	-	217.046	2.884.588	
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	-	287.674	2.562.314	
Construction in progress	91.837	404.083	2.132	(1.374)	(244.517)	-	1	252.162	
	8.457.332	2.199.632	51.365	(121.273)	--	--	629.537	--	11.216.593
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)
	(2.226.379)	(757.386)	(11.491)	86.763	-	-	(409.967)	--	(3.318.460)
Net book value	6.230.953								7.898.133

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As of January 1 - December 31, 2022, depreciation expense amounting to TRY 1.088.301 (January 1- December 31, 2021: TRY 703.023) were recognized in marketing expenses and TRY 54.910 (January 1- December 31, 2021: TRY 51.810) in general and administrative expenses and TRY 20.580 (January 1 - December 31, 2021: TRY 2.553) were recognized in cost of goods sold for the period January 1- December 31, 2022. The land and buildings were revalued and reflected to consolidated financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

If the Group does not adopt the revaluation model in accordance with TAS 16, the net book values of the items of property and equipment as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Land	363.588	357.638
Buildings	1.755.838	1.640.309
	2.119.426	1.997.947

Fair values of land and buildings

As of December 31, 2022, the Group carries its land and buildings over the revalued amounts in the consolidated financial statements. The revaluation surplus, as of December 31, 2022 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.

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

Valuation processes of the group

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

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumstances. The valuation of land and buildings was performed as of December 31, 2022.

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 recognized and relevant professional qualification and has recent experience in the location and category of the land and buildings.

The movement table of the revaluation fund of the Group's land and buildings is as follows:

	1 Ocak - 31 Aralık 2022	1 Ocak - 31 Aralık 2021
Balance at the beginning of the period – January 1	1.958.767	1.711.884
Property, plant and equipment revaluation fund	11.073.230	-
Deferred tax income related to revaluation fund recognized in statutory financial statements ^(*)	1.261.678	246.883
Deferred tax income related to revaluation fund	(1.750.279)	-
Tax expense related to revaluation fund recognized in statutory financial statements	26.082	-
Currency translation differences	(2.801)	-
Balance at the end of the period – December 31	12.566.677	1.958.767

^(*) Temporary Article 32 of Law No. 213 added via Article 52 of Law No. 7338 on Amending the Tax Procedure Law and Certain Laws dated 14 October 2021, and paragraph (Ç) added to duplicated Article 298 of Law No. 213 via Law No. 7338 enable taxpayers that fall within scope to revalue the properties listed on their balance sheets and other depreciable financial assets as of the end of the previous accounting period, before performing revaluation. The assets in scope will be depreciated using their revaluation amount, and a 2% tax will be paid on the increased value. In the scope of the relevant law adjustment, a deferred tax asset was created in the statement of financial position based on the revaluation records for fixed assets in the legal ledger, and the part of the buildings shown in the financial statements at their fair value was recorded in the "revaluation increases/decreases of tangible fixed assets" account in the equity, and the part of other fixed assets was recorded in the deferred tax income account in the profit or loss statement. In addition, the part of the tax expense at the rate of 2% on the amount of value increase resulting from the revaluation that hits the buildings is recorded in the account of "revaluation increases/decreases in tangible fixed assets" in equity, and the part belonging to other fixed assets is recorded in the profit or loss statement in the tax expense account for the period. Fixed asset values in the scope of Temporary Article 32 have been brought to the values of December 2021 from May 2021, and within the scope of 298 (Ç), fixed asset values have been brought to their values from January 2022 to December 2022.

Pledges and mortgages on assets

As of December 31, 2022 and 2021, 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, 2022 and 2021 are as follows:

	January 1, 2022	Additions	Additions Due to Company Acquisition	Disposals	Currency translation differences	December 31, 2022
Cost						
Right	110.486	13.885	307	(739)	2.423	126.362
Other intangible assets	307	-	-	(7)	-	300
	110.793	13.885	307	(746)	2.423	126.662

Accumulated amortization

Right	(57.243)	(15.339)	(225)	349	(2.266)	(74.724)
Other intangible assets	(326)	(4)	-	5	-	(325)
	(57.569)	(15.343)	(225)	354	(2.266)	(75.049)
Net book value	53.224					51.613

	January 1, 2021	Additions	Additions Due to Company Acquisition	Disposals	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

As of December 31, 2022 amortization expense amounting to TRY 14.582 (January 1- December 31, 2021: TRY 11.212) has been charged in marketing expenses and TRY 736 (January 1- December 31, 2021: TRY 826) in general and administrative expenses and TRY 25 (January 1- December 31, 2021: 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 licenses.

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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, 2022 and 2021 as follows:

	January 1, 2022	Additions	Disposals	Currency translation differences	December 31, 2022
Building	9.575.434	5.012.208	(392.468)	416.155	14.611.329
Vehicles	266.930	82.279	(16.914)	7.266	339.561
	9.842.364	5.094.487	(409.382)	423.421	14.950.890

Less: Accumulated amortization

Building	(2.607.641)	(1.335.027)	93.108	(180.459)	(4.030.019)
Vehicles	(148.314)	(78.679)	8.194	(5.107)	(223.906)
	(2.755.955)	(1.413.706)	101.302	(185.566)	(4.253.925)
Net book value	7.086.409				10.696.965

	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, 2022, TRY 1.345.804 (December 31, 2021, TRY 962.295) of amortization expenses is recognized under selling and marketing expenses and TRY 67.902 (December 31, 2021 TRY 70.918) is recognized under general administrative expenses.

13. Provisions, contingent assets and liabilities**a) Short term provisions for employee benefits**

Unused vacation amounting to TRY 111.846 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended December 31, 2022 (December 31, 2021: TRY 60.717).

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

	January 1- December 31, 2022	January 1- December 31, 2021
Balance at the beginning of the period – January 1	60.717	22.429
Used in the period	(60.717)	(22.429)
Provision of unused vacation	111.846	60.717
Balance at the end of the period - December 31	111.846	60.717

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b) Other short-term provisions

	December 31, 2022	December 31, 2021
Legal provisions (*)	87.038	53.130
Provision of Competition Authority penalty (**)	-	718.597
Other	38.483	17.907
Total	125.521	789.634

(*) As of December 31, 2022 and December 31, 2021, the total amount of outstanding lawsuits filed against the Group, TRY 197.124 and TRY 82.889 (in historical terms), respectively. The Group recognized provisions amounting to TRY 87.038 and TRY 53.130 for the related periods, respectively.

(**) 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 as 718,597 TL on 17 February 2022 by taking advantage of the 25% early payment discount. Annulment case against this penalty decision of the Competition Authority was filed in the relevant Administrative Court and the judicial process continues.

Current period movement of provision for lawsuits is as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Balance at the beginning of the period - January 1	53.130	37.219
Provisions required	33.908	15.911
Balance at the end of the period - December 31	87.038	53.130

Letter of guarantees, mortgages and pledges given by the Group

As of December 31, 2022 and December 31, 2021, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	December 31, 2022				Moroccan Dirham
	Total TRY equivalent	TRY	US Dollars	EUR	
A. Total amount of guarantees, pledges and mortgages given in the name of	76.101	71.459	250.870	-	-
Guarantee	76.101	71.459	250.870	-	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
Guarantee	-	-	-	-	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
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	76.101	71.459	250.870	-	-

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	Total TRY equivalent	December 31, 2021			Moroccan Dirham
		TRY	US Dollars	EUR	
A. Total amount of guarantees, pledges and mortgages given in the name of					
Guarantee	55.009	51.665	250.870	-	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation					
Guarantee	-	-	-	-	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
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	-	-

Insurance coverage on assets

As of December 31, 2022, and December 31, 2021, insurance coverage on assets of the Group is TRY 27.707.641 and TRY 8.197.857 respectively.

14. Prepaid Expenses and Deferred Income**a) Short term prepaid expenses**

	December 31, 2022	December 31, 2021
Order advances given to third parties for inventories	808.182	294.785
Prepaid service expenses	135.335	28.917
Order advances given to related parties (Note 28)	15.193	5.870
Other	17.950	36.548
	976.660	366.120

b) Long term prepaid expenses

	December 31, 2022	December 31, 2021
Advances given for property, plant and equipment	443.287	54.412
Other	12.658	12.180
	455.945	66.592

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c) Deferred Income

	December 31, 2022	December 31, 2021
Gift cards income	142.829	62.410
Other	16	144
	142.845	62.554

15. Employee termination benefits

	December 31, 2022	December 31, 2021
Provision for employee termination benefits	995.345	388.923
	995.345	388.923

The amount payable consists of one month's salary limited to a maximum of full TRY 15.371,40 for each period of service as of December 31, 2022 (December 31, 2021: full TRY 8.651,62). The retirement pay provision ceiling is revised semiannually, and full TRY 15.371,40 which is effective from December 31, 2022, is taken into consideration in the calculation of provision for employment termination benefits (effective from December 31, 2021: full TRY 8.651,62). 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 "Defined benefits plans revaluations fund loss".

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, 2022, and December 31, 2021, 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 4,05% by assuming an annual inflation rate of 17,80% (December 31, 2021: 17%) and a discount rate of 21,85% (December 31, 2021: 21,5 %). The anticipated rate of termination benefits not paid as a result of voluntary leaves is also taken into consideration.

If the 21,85% discount rate (December 31, 2021: 21,5%) used in the calculation of provision for employment termination benefit were 21,35% (December 31, 2021: 22%), total provision would be TRY 1.016.943 (December 31, 2021: TRY 381.489) and if it were 22,35%, total provision would be TRY 973.152 (December 31, 2021: 396.071). 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 employee termination benefits recognized in the comprehensive statement of income and amounts recognized in the balance sheet:

	January 1- December 31, 2022	January 1- December 31, 2021
Current service cost (Note 20)	91.444	52.250
Interest cost of employee termination benefit (Note 23)	77.616	29.120
Total	169.060	81.370

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

	January 1- December 31, 2022	January 1- December 31, 2021
Balance at the beginning of the period -January 1	388.923	241.859
Current service cost	91.444	52.250
Interest cost of employee termination benefit	77.616	29.120
Payments made in the current period	(126.489)	(57.533)
Current Actuarial loss/ (gain)	563.851	123.227
Balance at the end of the period - December 31	995.345	388.923

The movement table of Actuarial loss on defined benefit plans is as follows:

	2022	2021
Opening - January 1	(98.579)	(35.264)
Actuarial revaluation change	(465.272)	(87.962)
Deferred tax due to revaluation	112.770	24.647
Closing - December 31	(451.081)	(98.579)

16. Other assets and liabilities**a) Other current assets**

	December 31, 2022	December 31, 2021
VAT receivable	1.106.742	118.610
Other	1.372	13.734
	1.108.114	132.344

b) Other current liabilities

	December 31, 2022	December 31, 2021
Taxes and funds payables	439.398	261.063
Other	3.925	6.054
	443.323	267.117

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17. Equity**a) Share capital and capital reserves**

As of December 31, 2022, and December 31, 2021, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows.

	December 31, 2022		December 31, 2021	
	Historical cost	(%)	Historical cost	(%)
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	92.000	15,15	91.998	15,15
Naspak Gıda Sanayi ve Ticaret A.Ş.	68.600	11,30	66.600	10,97
Other	15.012	2,47	18.348	3,02
Publicly traded	431.588	71,08	430.254	70,86
	607.200	100,00	607.200	100,00

The Company's share capital is fully paid and consists of 607.200.000 (December 31, 2021: 607.200.000) shares of full TRY 1 nominal value each.

Property, plant and equipment revaluation fund

As of December 31, 2022 the Group has revaluation fund amounting TRY 12.566.677 (December 31, 2021: TRY 1.958.767) 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.

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As of December 31, 2022, and December 31, 2021 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	December 31, 2022	December 31, 2021
Legal reserves	1.698.046	1.442.567
Extraordinary reserves	857.514	40.223
Net profit for the period	5.100.486	3.242.412
	7.656.046	4.725.202

As of December 31, 2022, net profit for the Company's statutory books is TRY 5.100.486 (December 31, 2021: TRY 3.242.412) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 8.158.851 (December 31, 2021: TRY 2.950.710). Equity holders of the parent company of profit is TRY 8.156.913 (December 31, 2021: TRY 2.932.482)

c) Treasury Shares

As part of the resolution of the Board of Directors on 6 December 2021, buy-back operations have been started. As part of such buy-back operation shares of the Company which are equivalent to 990.000 units of BİM shares corresponding to TRY 72.306 have been repurchased. As of December 31, 2022, 9.357.992 shares repurchased for a total of TRY 637,482,822 (full TRY) together with the purchases made in the previous periods, in the Company's capital is 1.5412%.

The financing of share repurchases is provided by the Company's internal resources. As of the report date, there has been no sale of the repurchased shares.

d) Dividend payment

At the Ordinary General Assembly meeting dated June 7, 2022, it was decided to distribute 1.821.600.000 (full TRY) cash dividends from the profit of 2021 to the shareholders and to make the payment on June 15, 2022 and December 14, 2022. The gross dividend paid per share is total 3,0 full TRY A total of TRY 28.074 of both dividends decided to distribute dividends 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, 2022, the relevant amount in the "Non-controlling interests" account in the consolidated statement of financial position is TRY 208.428 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, 2022, the amount of profit attributable to minority interests in the consolidated statement of comprehensive loss is TRY 1.938.

18. Sales and cost of sales**a) Net Sales**

The Group's net sales for the periods ended December 31, 2022, and 2021 are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Sales	148.433.778	71.112.105
Sales returns (-)	(718.212)	(413.598)
	147.715.566	70.698.507

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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.)

b) Cost of sales

	January 1- December 31, 2022	January 1- December 31, 2021
Beginning inventory	6.666.107	4.214.855
Additional stock from the merger	11.058	1.115
Purchases	128.791.168	59.686.040
Depreciation and amortization expenses	20.605	2.574
Ending inventory (-)	(14.547.031)	(6.666.107)
	120.941.907	57.238.477

19. Operational expenses**a) Marketing expenses**

	January 1- December 31, 2022	January 1- December 31, 2021
Personnel expenses	8.779.705	4.333.037
Depreciation and amortization expense	2.448.688	1.676.530
Electricity, water and communication expenses	1.860.935	562.150
Truck fuel expense	478.475	139.732
Maintenance and repair expenses	378.460	191.483
Advertising expense	291.006	178.983
Packaging expenses	220.034	96.709
Stationery expenses	154.640	43.234
Freight expenses	130.719	30.519
Information technology expenses	87.425	43.441
Provision for employee termination benefits	81.435	45.464
Rent expenses	79.585	29.408
Taxes and duty expenses	75.054	50.562
Directly expensed fixed asset	65.395	39.301
Cleaning expenses	54.544	33.042
Insurance expenses	40.649	20.044
Other	317.866	180.373
	15.544.615	7.694.012

b) General and administrative expenses

	January 1- December 31, 2022	January 1- December 31, 2021
Personnel expenses	1.193.820	650.389
Tax and duty expense	326.339	22.680
Depreciation and amortization	123.547	123.554
Legal and consultancy expenses	60.313	38.223
Money collection expenses	54.384	30.456
Motor vehicle expenses	55.011	15.609
Electricity, water, gas and communication expenses	22.772	10.824
Office supplies	11.723	5.648
Provision for employee termination	10.009	6.786
Other	96.940	88.340
	1.954.858	992.509

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20. Expenses by nature**a) Depreciation and amortization expenses**

	January 1- December 31, 2022	January 1- December 31, 2021
Marketing and selling expenses	2.448.688	1.676.530
General and administrative expenses	123.547	123.554
Cost of sales	20.605	2.574
	2.592.840	1.802.658

b) Personnel expenses

	January 1- December 31, 2022	January 1- December 31, 2021
Wages and salaries	8.956.019	4.477.545
Social security premiums employer contribution	1.017.506	505.881
Provision for employee termination (Note 15)	91.444	52.250
	10.064.969	5.035.676

21. Other operating income and expense**a) Other operating income**

	January 1- December 31, 2022	January 1- December 31, 2021
Gain on sale of scraps	143.077	25.886
Contract termination income (IFRS-16)	41.310	36.783
Commission and promotion income	25.915	13.156
Other income from operations	159.385	70.318
	369.687	146.143

b) Other operating expense

	January 1- December 31, 2022	January 1- December 31, 2021
Donation and aid expenses	61.064	49.424
Provision expenses	44.561	14.652
Competition Authority penalty provision expenses	-	718.597
Other operating expenses	22.697	13.697
	128.322	796.370

22. Financial income

	January 1- December 31, 2022	January 1- December 31, 2021
Participation account income	107.800	78.876
Foreign exchange gains	108.142	374.016
	215.942	452.892

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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.)

23. Financial expenses

	January 1- December 31, 2022	January 1- December 31, 2021
Financial expenses arises from lease liabilities	1.098.259	805.526
Foreign exchange losses	126.042	157.521
Interest cost related to provision for employee termination (Note 15)	77.616	29.120
Other financial expenses	29.432	8.313
	1.331.349	1.000.480

24. Income and expense from investing activities**a) Income from investing activities**

	January 1- December 31, 2022	January 1- December 31, 2021
Currency protected deposit income ^(*)	200.411	-
Incomes from financial investments ^(*)	167.390	328.623
Gain on sale of property, plant and equipment	30.944	1.234
Other	-	4.074
	398.745	333.931

^(*) The balance consists of income from investment funds of the Group.^(**) The Group has converted its foreign currency deposit account amounting to USD full 38.491.048 into "Currency Protected TRY Time Deposit Accounts". Maturity of Currency Protected Deposit accounts is 90 days. There is no Currency Protected TRY Time Deposit Accounts as of December 31, 2022.**25. Tax assets and liabilities**

As of December 31, 2022, and December 31, 2021, provision for taxes of the Group is as follows:

	December 31, 2022	December 31, 2021
Current income tax liabilities	1.507.251	1.152.958
Current tax assets (Prepaid taxes)	(1.178.120)	(692.780)
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements ^(*)	26.082	27.431
Corporate tax payable	355.213	487.609
Current period corporate and income tax provision	1.507.251	1.152.958
Adjustments to prior period tax expense (-)	(72.553)	-
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements ^(*)	26.082	27.431
Tax expense %2 related to revaluation fund recognized in the statutory financial statements ^(*)	26.807	18.855
Current income tax liabilities	1.487.587	1.199.244

^(*) 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 & 31 December 2022.

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.

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Corporate tax rate in Turkey is 23%. (However corporate earnings of corporations for 2023 and the following taxation periods will be applied as 20%.) Corporate tax rate is applied to net corporate profit, which is found after the addition of non-deductible expenses to the commercial income of corporations in accordance with tax laws, and reduction of exemptions and deductions in tax laws. Corporate tax is declared until the 30th day of the 4th month following the relevant year-end and is paid until the end of the relevant month. Companies calculate temporary taxes on their quarterly financial profits at a rate of 23% (20% for 2023 and subsequent taxation periods) and declare them by the 17th day of the second month following that period and pay them by the evening of the seventeenth day. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

In Morocco, as of December 31, 2022 the corporate tax rate is 31% (December 31, 2021: 31%) where the consolidated subsidiary of the Company, BIM Stores S.A. operates. Although retained earnings of BIM Stores S.A. 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, 2022 the corporate tax rate is 22.5% (December 31, 2021: 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

10% withholding tax rate applies to dividends distributed by resident corporations and 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, 2022, and December 31, 2021, 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, 2022	December 31, 2021	January 1- December 31, 2022	January 1- December 31, 2021
Deferred tax liability				
Right-of-use asset	1.869.186	1.199.023	670.163	252.671
The effect of the revaluation of land and buildings	3.327.666	307.001	3.020.665	-
The effect of the revaluation of financial asset	97.382	41.003	56.379	22.706
Other adjustments	121.008	29.307	91.701	12.497
Deferred tax asset				
Lease liabilities	(2.104.270)	(1.439.185)	(665.085)	(376.751)
Tangible and intangible assets	(3.559.298)	(252.597)	(3.306.701)	(381.576)
Provision for employee termination benefit	(199.069)	(77.774)	(121.295)	(29.444)
Other adjustments	(226.431)	(90.966)	(135.465)	(33.576)
Currency translation difference	-	-	1.107	16.889
Deferred tax	(673.826)	(284.188)	(388.531)	(516.584)

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Deferred tax is presented in financial statements as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets	683.050	284.592
Deferred tax liabilities	(9.224)	(404)
Net deferred tax asset	673.826	284.188

Movement of net deferred tax liability for the periods ended December 31, 2022, and 2021 are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Balance at the beginning of the period - January 1	284.188	(249.285)
Deferred tax expense recognized in statement of profit or loss,	820.741	240.329
Deferred tax expense recognized in other comprehensive income	(432.210)	276.255
- Property, plant and equipment revaluation fund	(488.601)	274.315
- Fair value increases in available-for-sale financial assets	(56.379)	(22.707)
- Defined benefit plans revaluation fund loss	112.770	24.647
Foreign currency translation differences	1.107	16.889
Balance at the end of the period - December 31	673.826	284.188

Tax reconciliation

	January 1- December 31, 2022	January 1- December 31, 2021
Profit before tax	8.798.889	3.909.625
Corporate tax provision calculated at effective tax rate of 23% (December 31, 2021: 25%)	(2.023.744)	(977.406)
Deductions and exemptions	35.733	(196.304)
Fiscal year losses which is no deferred tax not created ^(*)	(44.775)	(21.384)
Effect of tax rate differences of the consolidated subsidiary	(17.086)	7.114
Effect of tax rate changes	45.695	15.763
Revaluation recognized in statutory financial statements		
tax expense on value series fund	(26.807)	(18.855)
Adjustments to prior period tax expense	99.361	-
Tangible and Intangible Assets Revaluation and Indexing Effect	1.286.839	215.977
Other	4.746	16.180
	(640.038)	(958.915)

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

	January 1- December 31, 2022	January 1- December 31, 2021
Tax expense		
Current period tax expense	(1.460.779)	(1.199.244)
Deferred tax income	820.741	240.329
Total tax expense	(640.038)	(958.915)

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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, 2022 and 2021 is as follows. All shares of the Company are in same status.

	January 1- December 31, 2022	January 1- December 31, 2021
Earnings per share		
Average number of shares at the beginning of the period (Thousand) ^(*)	597.961	601.435
Net profit of the year	8.156.913	2.932.482
Earnings per share	13,64	4,88

^(*) When calculating earnings per share, bonus shares are counted as issued shares. Therefore, the weighted average number of shares used in the calculation of earnings per share has been obtained by retrospectively considering the bonus shares issued.**27. Non – controlling interests**

Details of non-controlling interests as of December 31 2022 are as follows:

	December 31, 2022	December 31, 2021
Share of non – controlling interests	%35	%35
Total assets	3.527.194	2.722.009
Total liabilities	(2.931.686)	(2.140.703)
Net assets	595.508	581.306
Non – controlling interests	208.428	203.457

	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	6.812.044	3.037.833
Gross profit	1.218.044	640.667
Operating profit	108.010	104.970
Net income for the period	5.536	52.081
Net profit for the period of non-controlling interests	1.938	18.228
Other comprehensive income from non-controlling interests	41.908	69.166
Total comprehensive income of non-controlling interests	43.846	87.394

28. Related party disclosures**a) Prepaid expenses to related parties**

	December 31, 2022	December 31, 2021
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ^{(2) (*)}	-	5.870
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) ⁽¹⁾	15.193	-
	15.193	5.870

^(*) İdeal Standart financial statements are consolidated as of December 31, 2022.**BİM BİRLEŞİK MAĞAZALAR A.Ş.****Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021**

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b) Payables related to goods and services received

Due to related parties balances as of December 31, 2022 and December 31, 2021 are as follows:

Payables related to goods and services received:**Related parties**

	December 31, 2022	December 31, 2021
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ^{(1) (*)}	561.108	312.156
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) ^{(1) (*)}	471.117	139.435
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) ^{(1) (*)}	446.598	194.506
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ^{(1) (*)}	422.949	244.533
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) ^{(1) (*)}	271.945	17.306
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) ⁽³⁾	248.487	113.289
Ahenk Helva Şekerleme İm. İth. İhr. San. ve Tic. A.Ş. (Ahenk) ⁽¹⁾	35.682	-
MTB Kağıt ve Temizlik Ürünleri San. Ve Tic. A.Ş. (MTB) ⁽¹⁾	14.796	-
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) ⁽¹⁾	5.824	2.297
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye) ⁽¹⁾	5.228	-
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) ⁽¹⁾	-	29.684
	2.483.734	1.053.206

^(*) Trade payables to Başak Gıda are mainly from purchases of bread and other bakery products, trade payables to Aktül Kağıt are mainly from purchases of paper towels and other paper cleaning materials, trade payables to Reka are mainly from purchases of sunflower oil, trade payables to Turkuvaz Plastik mainly arise from purchases of plastic products and plastic cleaning materials, while trade payables to Hedef Tüketim mainly arise from purchases of non-food products.**Affiliates and Subsidiaries**

	December 31, 2022	December 31, 2021
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ⁽²⁾	-	289
	-	289

Trade payables due to related parties

	2.483.734	1.053.495
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⁽¹⁾ Companies owned by shareholders of the Company.⁽²⁾ 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, 2022 and 2021 are as follows:

Related parties

	January 1- December 31, 2022	January 1- December 31, 2021
Reka ⁽¹⁾	4.626.718	1.909.150
Başak ⁽¹⁾	3.695.777	1.695.991
Hedef ⁽¹⁾	1.918.817	1.205.775
Turkuvaz ⁽¹⁾	1.796.413	923.999
Aktül ⁽¹⁾	1.679.967	646.270
Sena ⁽³⁾	959.257	364.062
Apak ⁽¹⁾	921.836	382.847
Ahenk ⁽¹⁾	105.467	-
MTB ⁽¹⁾	65.641	-
Avansas ⁽¹⁾	31.804	14.659
Bahariye Mensucat ⁽¹⁾	5.105	5.503
Aytaç ^{(1)(*)}	-	81.798
Proline ⁽¹⁾	-	9
	15.806.802	7.230.063

^(*) These are the goods purchases until April 1, 2021, since they have ceased to be related party status.**Affiliates and Subsidiaries**

	January 1- December 31, 2022	January 1- December 31, 2021
İdeal Standart ⁽²⁾	-	15.346
	-	15.346
Total Related Party Transaction	15.806.802	7.245.409

⁽¹⁾ Companies owned by shareholders of the Company.⁽²⁾ Consolidated subsidiaries of the Group.⁽³⁾ Other related party.

In the report dated March 13, 2023 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 2022 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 2023. This report have been approved on March 13, 2023 by the decision of the Board of Directors.

ii) For the periods ended December 31, 2022 and 2021 salaries, bonuses and compensations provided to board of directors and key management comprising of 193 and 184 personnel, respectively, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Short-term benefits to employees	271.565	157.434
Total benefits	271.565	157.434

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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 effected from forthcoming profit share ratios.

Profit share rate position table

According to IFRS 7 "Financial Assets", the profit share rate position of the Group is as follows:

Profit share position table		December 31, 2022	December 31, 2021
Financial assets	Fixed profit share bearing financial instruments	2.312.357	2.070.018
	Participation account	300.000	578.429
	Lease certificate & Investment fund	2.012.357	1.491.589
Financial liabilities		-	-
Financial assets	Variable profit share bearing financial instruments	-	-
Financial liabilities		-	-

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1-month maturity credit card collections, the exposure to credit and price risk is minimal.

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(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 (Current period – December 31, 2022)

	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
31 December 2022								
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	7.074.346	988	164.048	-	1.095.760	2.092.540	2.012.357
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	7.074.346	988	164.048	-	1.095.760	2.092.540	2.012.357
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)	-	-	-	11.386	-	-	-	-
- Impairment	-	-	-	(11.386)	-	-	-	-
- 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	-	-	-	-	-	-	-	-

Credit risk table (Previous period - December 31, 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
31 December 2021								
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)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	11.508	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	(11.508)	-	-	-	-
- 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)	-	-	-	-	-	-	-	-

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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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.

Foreign currency position

As of December 31, 2022 and December 31, 2021, the Group's foreign currency position is as follows:

	December 31, 2022		December 31, 2021	
	TRY Equivalent	Full US Dollars	TRY Equivalent	Full US Dollars
1. Trade receivables	42.920	2.261.535	31.743	-
2a. Monetary financial assets (including cash, banks accounts)	31.619	1.121.063	526.145	7.466
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	74.539	3.382.598	557.888	7.466
5. Trade receivables	-	-	2.087	100.000
6a. Monetary financial assets	-	-	637.749	47.604.960
6b. Non-monetary financial assets	-	-	-	204.513
7. Other	170	9.100	87	6.500
8. Current assets (5+6+7)	170	9.100	87	6.500
9. Total assets (4+8)	74.709	3.391.698	557.888	7.468
10. Trade payables	30	-	1.481	-
11. Financial liabilities	78.092	-	3.917.390	-
12a. Monetary other liabilities	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	78.122	-	3.918.871	-
14. Trade payables	-	-	104.285	5.889.733
15. Financial liabilities	165.534	-	95.552	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	165.534	-	95.552	-
18. Total liabilities (13+17)	243.656	-	199.837	1.157.502
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)	(168.947)	3.391.698	(11.664.718)	7.468
21. Net foreign currency asset/(liability) position of monetary items (FRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(169.117)	3.382.598	(11.664.718)	7.468
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

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Exchange rate risk

The following table demonstrates the sensitivity to a possible change in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of December 31, 2022 and December 31, 2021.

December 31, 2022

	Exchange rate sensitivity analysis table			
	Current Period		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	6.342	(6.342)	-	-
2- Protected part from US Dollars risk (-)	-	-	-	-
3- US Dollars net effect (1+2)	6.342	(6.342)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(23.253)	23.253	-	-
5- Protected part from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(23.253)	23.253	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	17	(17)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	17	(17)	-	-
Total (3+6+9)	(16.894)	16.894	-	-

December 31, 2021

	Exchange rate sensitivity analysis table			
	Prior Period		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	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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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.

As of December 31, 2022 and December 31, 2021, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

December 31, 2022

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
Non derivative financial liabilities					
Trade payables	22.261.514	22.813.209	22.813.209	-	-
Due to related parties	2.483.734	2.550.678	2.550.678	-	-
Contractual lease liabilities	11.910.848	20.683.453	712.030	1.922.627	18.048.796

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

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, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	39.275.030	22.603.050
Less: Cash and cash equivalents	(2.181.753)	(1.497.058)
Net debt	37.093.277	21.105.992
Total equity	25.200.975	7.605.615
Total equity + net debt	62.294.252	28.711.607
Net debt/ (Total equity + net debt) (%)	60	74

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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 of fair value calculations 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, 2022 and December 31, 2021. See Note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Financial Assets	-	2.092.540	-	2.092.540
Financial assets measured at fair value through other comprehensive income				
Lease certificates, investment fund	-	2.012.357	-	2.012.357
Total assets	-	4.104.897	-	4.104.897

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
Financial assets measured at fair value through other comprehensive income				
Lease certificates, investment funds	-	1.491.589	-	1.491.589
Total assets	-	2.456.554	-	2.456.554

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, 2022 and December 31, 2021, 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 uncollectibility 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 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 Mergers

On October 14, 2021, the Group has purchased all of the shares of Bircan Fide Tohum Tarım Transportation Industry and Trade Joint Stock Company ("Bircan Fide"). Bircan Fide produces tomatoes in geothermal greenhouses with soilless farming method. The purchase price is 51.344.943 (full) TRY. Based on this acquisition, the Group has accounted for Bircan Fide as a subsidiary within the scope of acquisition accounting in accordance with TFRS 3, "Business Combinations". As of 31 December 2021, the fair values of identifiable assets acquired and identifiable liabilities assumed within the scope of the aforementioned business combination are reported over their provisional amounts (provisionally) 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. Accordingly, after the additions and adjustments related to their fair values, the goodwill amount measured at fair value as of 31 December 2022 and the summary of the financial statements of Bircan Fide are given below:

Purchase Amount	51.345
On September 30, 2021, Equity	(10.093)
Indicative Goodwill	41.252
Tangible assets	36.401
- Lands and parcels	13.637
- Land improvements & Buildings	17.412
- Plants machinery and equipment	5.352
Deferred Tax Liability	(8.570)
Fair Value of Net Assets	27.831
Goodwill	13.421

BİM BİRLEŞİK MAĞAZALAR A.Ş.

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022 and 2021

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

32. Fees for Services Received from Independent Audit Firm

The Company's explanation regarding the fees for the services rendered by the independent audit firms, which was prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles were based on the letter of the KGK dated August 19, 2021, is as follows:

	December 31, 2022	December 31, 2021
Legal and voluntary independent audit services (annual)	500	270
	500	270

33. Subsequent events

On 6 February 2023, earthquakes occurred and severely affected 10 cities in the east of Türkiye. The expected impact of the disaster on the Group's financial statements are summarised as follows.

As of 31 January 2023, the Group has 10.572 stores throughout the country and 1.241 stores, all of which are leased and insured, in the 10 cities affected by the earthquake. In the current situation, an evaluation shows that 250 of these stores became unusable. This number may change based on additional evaluations. Preliminary evaluations have started for these stores, as well as for some other stores in the region, whose products and fixtures were damaged. In addition, due to the partial damage, the logistics activities of one of the warehouses have been temporarily shifted to the other regional warehouses. In addition to the operational impacts above, the Group made donations for earthquake relief and provided financial support to its employees in the region. Information about insurance compensation processes and clarification of donations and contributions will be stated in the 2023 reports.

The regulation dismantling the retirement age requirement for employees who started their working life before 8 September 1999 was published in the Official Gazette on 3 March 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. Efforts to measure the impact of the regulation on the Company's/Group's financial position and financial performance continue



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