

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

BİM BİRLEŐİK MAĐAZALAR A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 - MARCH 31, 2023**

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CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2023 AND DECEMBER 31, 2022

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

ASSETS

		Not Reviewed	Audited
	Notes	March 31, 2023	December 31, 2022
Current assets		35.978.512	28.095.102
Cash and cash equivalents	4	1.715.237	2.181.753
Financial investments	5	2.315.757	2.012.357
Trade receivables		9.012.603	7.074.346
- <i>Trade receivables from third parties</i>	7	9.012.603	7.074.346
Other receivables	8	162.395	109.889
- <i>Other receivables from related parties</i>		2.147	988
- <i>Other receivables from third parties</i>		160.248	108.901
Inventory	9	19.506.909	14.631.983
Prepaid expenses	14	1.841.598	976.660
Other current assets	16	1.424.013	1.108.114
Non-current assets		40.051.710	36.589.331
Financial investments	5	2.092.540	2.092.540
Other receivables		53.838	55.147
- <i>Other receivables from third parties</i>		53.838	55.147
Property, plant and equipment	10	23.513.379	22.540.650
Intangible assets		63.902	65.034
- <i>Other Intangible assets</i>	11	50.481	51.613
- <i>Goodwill</i>		13.421	13.421
Right of use assets	12	13.013.691	10.696.965
Prepaid expenses	14	571.350	455.945
Deferred tax assets	25	743.010	683.050
Total assets		76.030.222	64.684.433

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

CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2023 AND DECEMBER 31, 2022

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

LIABILITIES

		Not Reviewed	Audited
	Notes	March 31, 2023	December 31, 2022
Current liabilities		37.194.956	28.809.987
Short-term liabilities	6	3.222.289	2.450.374
- Bank loans		254.049	-
- Lease liabilities		2.968.240	2.450.374
Trade payables		31.339.198	24.745.248
- Trade payables due to related parties	28	2.327.990	2.483.734
- Trade payables due to third parties	7	29.011.208	22.261.514
Other payables		910	870
- Other payables due to related parties		-	-
- Other payables due to third parties		910	870
Deferred income	14	875.094	142.845
Payables related to employee benefits		424.744	434.747
Short term provisions		312.316	237.367
- Provision for employee benefits	13	163.722	111.846
- Other short-term provisions	13	148.594	125.521
Current income tax liabilities	25	603.708	355.213
Other current liabilities	16	416.697	443.323
Non-current liabilities		12.505.287	10.465.043
Long - term liabilities	6	11.323.804	9.460.474
- Lease liabilities		11.323.804	9.460.474
Non - current provisions		1.172.223	995.345
- Provision for employee benefits	15	1.172.223	995.345
Deferred tax liabilities	25	9.260	9.224
Equity		26.329.979	25.409.403
Paid-in share capital	17	607.200	607.200
Treasury Shares	17	(747.689)	(637.483)
Other comprehensive income/(expense) not to be reclassified to profit or loss		13.321.834	13.714.454
- Property, plant and equipment revaluation fund	10,17	12.566.677	12.566.677
- Defined benefit plans revaluation fund loss		(1.095.100)	(702.480)
- Fair value increases in available-for-sale financial assets		1.850.257	1.850.257
Other comprehensive income/(expense) to be reclassified to profit or loss		443.634	377.190
- Foreign currency translation difference		443.634	377.190
Restricted reserves		1.808.252	1.698.046
Retained earnings		9.331.362	1.284.655
Net income for the period		1.354.118	8.156.913
Equity holders of the parent		26.118.711	25.200.975
Non-controlling interests		211.268	208.428
Total liabilities		76.030.222	64.684.433

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022**

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

	Notes	Not Reviewed January 1 - March 31 2023	Not Reviewed January 1 - March 31 2022
PROFIT OR LOSS			
Revenue	18	51.334.587	27.313.940
Cost of sales(-)	18	(42.114.567)	(22.246.287)
GROSS PROFIT		9.220.020	5.067.653
Marketing expenses (-)	19	(6.112.231)	(2.920.915)
General administrative expenses (-)	19	(917.749)	(398.514)
Other operating income	21	92.204	69.601
Other operating expense (-)	21	(118.059)	(15.088)
OPERATING PROFIT		2.164.185	1.802.737
Income from investing activities	24	66.788	43.347
Expense from investing activities	24	(19.495)	(4.013)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		2.211.478	1.842.071
Financial income	22	19.462	83.981
Financial expense (-)	23	(492.782)	(298.479)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		1.738.158	1.627.573
- Current tax expense	25	(351.887)	(312.897)
- Deferred tax income	25	(39.038)	29.535
PROFIT FROM CONTINUED OPERATIONS		1.347.233	1.344.211
NET INCOME FOR THE PERIOD		1.347.233	1.344.211
Profit for the period attributable to			
Equity holders of the parent		1.354.118	1.341.604
Non-controlling interest	27	(6.885)	2.607
Earnings per share			
Earnings per share from continued operations (Full TRY)	26	2,27	2,23
OTHER COMPREHENSIVE GAIN/LOSS			
Items not to be reclassified to profit/(loss)		(392.620)	-
Defined Benefit Pension Plan Revaluation (Loss),Net		(392.620)	-
Revaluation of Available for Sale Financial Assets			
Gain/(losses), Net		-	-
Gain/(losses) on revaluation of Property, Plant and Equipment,After Tax		-	-
Items to be reclassified to profit/(loss):		76.169	31.118
Currency translation difference		76.169	31.118
Other Comprehensive Income		(316.451)	31.118
Total comprehensive income		1.030.782	1.375.329
Total comprehensive income attributable to			
Non-controlling interest	27	2.840	13.688
Equity holders of the parent		1.027.942	1.361.641

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BİM Birleşik Mağazalar A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022**

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

	Not Reviewed											
				Other comprehensive income not to be reclassified to profit or loss	Other comprehensive income to be reclassified to profit or loss	Retained earnings						
	Paid-in share capital	Treasury shares	Restricted reserves	Fair value changes in available-for-sale financial assets	Property, plant and equipment revaluation fund	Actuarial loss on defined benefit plans	Foreign currency translation differences	Retained earnings	Net income for the period	Equities of the Parent	Non-controlling interests	Total equity
Balance at January 1, 2022	607.200	(565.177)	1.442.567	779.061	1.958.767	(251.399)	304.985	397.129	2.932.482	7.605.615	203.457	7.809.072
Transfers			-	-	-	-	-	2.932.482	(2.932.482)	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(48.299)	48.299	-	-	-	-	(48.299)	-	(48.299)	-	(48.299)
Dividend paid (Note 17)	-	-	-	-	-	-	-	-	-	-	(38.875)	(38.875)
Net income for the period	-	-	-	-	-	-	-	-	1.341.604	1.341.604	2.607	1.344.211
Other Comprehensive income	-	-	-	-	-	-	20.037	-	-	20.037	11.081	31.118
Total comprehensive income	-	-	-	-	-	-	20.037	-	1.341.604	1.361.641	13.688	1.375.329
Balance at March 31, 2022	607.200	(613.476)	1.490.866	779.061	1.958.767	(251.399)	325.022	3.281.312	1.341.604	8.918.957	178.270	9.097.227
Balance at January 1, 2023	607.200	(637.483)	1.698.046	1.850.257	12.566.677	(702.480)	377.190	1.284.655	8.156.913	25.200.975	208.428	25.409.403
Transfers	-	-	-	-	-	-	-	8.156.913	(8.156.913)	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(110.206)	110.206	-	-	-	-	(110.206)	-	(110.206)	-	(110.206)
Net income for the period	-	-	-	-	-	-	-	-	1.354.118	1.354.118	(6.885)	1.347.233
Other comprehensive income	-	-	-	-	-	(392.620)	66.444	-	-	(326.176)	9.725	(316.451)
Total comprehensive income	-	-	-	-	-	(392.620)	66.444	-	1.354.118	1.027.942	2.840	1.030.782
Balance at March 31, 2023	607.200	(747.689)	1.808.252	1.850.257	12.566.677	(1.095.100)	443.634	9.331.362	1.354.118	26.118.711	211.268	26.329.979

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022**

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

		Not Reviewed	Not Reviewed
		January 1- March 31, 2023	January 1- March 31, 2022
	Notes		
A. CASH FLOWS FROM OPERATING ACTIVITIES		1.969.780	713.947
Profit for the period		1.347.233	1.344.211
Adjustments to reconcile profit for the period		3.156.578	1.639.377
Depreciation and amortization	10,11,12	948.134	556.444
Provisions for impairments		310.512	26.416
- Provisions for impairments of inventories	9	310.505	26.408
- Allowance for doubtful receivables	8	7	8
Adjustments related to provisions		253.458	96.786
- Adjustments related to provision for employment termination benefits	13,15	230.385	35.670
- Adjustments related to the legal provisions	13	16.616	3.940
- Adjustments related to other provisions	13	6.457	57.176
Adjustments related to financial income and expense		1.253.913	422.504
- Adjustments related to financial expenses	23	378.928	231.682
- Adjustments related to deferred financial expense from future purchases.	29	874.985	190.822
Other adjustments related cash flows arising from investing and financing activities	24	(66.788)	(43.347)
Adjustments for tax expense	25	390.925	283.362
Gain/(loss) on sale of property and equipment and Intangible assets	24	19.495	4.013
Adjustments related to unrealized currency translation differences		60.695	276.839
Adjustments related to gain/(loss)		(13.766)	16.360
Changes in net working capital		(1.679.340)	(1.749.469)
Increases/decreases in inventories		(5.185.431)	(4.037.666)
Increases/decreases in trade receivables		(1.938.257)	(1.410.842)
Increases/decreases in other assets		(51.204)	(13.164)
Increases/decreases in trade payables		5.718.965	5.427.677
Increases/decreases in other payables		40	(718.229)
Increases/decreases other net working capital		(223.453)	(997.245)
Net cash generated from operating activities		2.824.471	1.234.119
Income taxes paid	25	(362.628)	(496.092)
Employee benefits paid	15	(492.063)	(24.080)
Other cash outflow	13	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(1.847.735)	335.560
Proceeds from sale of tangible and intangible assets		27.205	9.581
Cash outflows from purchases of tangible and intangible assets	10,11	(1.513.457)	(790.733)
- Purchases of tangible assets		(1.510.712)	(788.067)
- Purchases of intangible assets		(2.745)	(2.666)
Participation (profit) share and cash inflows from other financial instruments		(236.612)	1.179.341
Cash advances given and liabilities		(124.871)	(62.629)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(611.813)	(556.295)
Cash inflows (outflows) from financial liabilities	6	254.049	29.891
Cash outflows from payments of rent agreements	6	(755.656)	(499.012)
Dividend paid	17	-	(38.875)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments	17	(110.206)	(48.299)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(489.768)	493.212
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(874)	(14.117)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(490.642)	479.095
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	2.175.367	1.496.863
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	1.684.725	1.975.958

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

(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 900 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 March 31, 2023.

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 March 31, 2023.

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 March 31, 2023.

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 March 31, 2023.

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 March 31, 2023.

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 March 31, 2023.

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. (“İdeal Standart”) 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. İdeal Standard's financial results have been consolidated in the financial statements as of March 31, 2023 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 May 8, 2023. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

(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 (Cont’d)

For the periods ended March 31, 2023 and 2022, the number of employees in accordance with their categories is shown below:

	March 31, 2023	March 31, 2022
Office personnel	4.022	3.777
Warehouse personnel	7.208	6.669
Store personnel	68.238	62.260
Total	79.468	72.706

As of March 31, 2023, the Group operates in 11.525 stores (December 31, 2022: 11.510).

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 March, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.1 Basis of presentation (Cont’d)

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 March 31, 2023 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.

i) The new standards, amendments and interpretations which are effective as at January 1, 2023 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 to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.2. The new standards, amendments and interpretations (Cont’d)

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.

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

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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.)

2. Basis of preparation of financial statements (Cont’d)

2.2. The new standards, amendments and interpretations (Cont’d)

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

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

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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.)

2. Basis of preparation of financial statements (Cont’d)

2.2. The new standards, amendments and interpretations (Cont’d)

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 are 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 are 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 March 31, 2023 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 INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

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 = 0,5333 MAD and 1 TRY = 0,5324 exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 0,5470 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 = 1,6101 EGP and 1 TRY = 1,6123 EGP exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,5918 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 March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

2. Basis of preparation of financial statements (Cont’d)

2.5 Basis of consolidation (Cont’d)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.6 Comparatives and restatement of prior periods’ financial statements

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

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

The Group has classified the donation amounting to TRY 8.510 presented in General Administrative Expenses to Other operating expense.

The effect of reclassification in the statement of financial position as of March 31, 2022 is as follows:

	Previously reported	Effect of reclassification	Reclassified
Other operating expense (-)	(6.578)	(8.510)	(15.088)
General administrative expenses (-)	(407.024)	8.510	(398.514)

The Group has grossed the mobile operator online TRY upload revenue balance of TRY 11.866, which it offers in the Other Operating Income account, and classified TRY 74.161 to revenue and TRY 62.295 to the cost of sales. In addition, in addition, mobile operator sales of 27.475 TL have been netted with Cost of Sales.

	Previously reported	Effect of reclassification	Reclassified
Revenue	27.267.254	46.686	27.313.940
Cost of Sales (-)	(22.211.467)	(34.820)	(22.246.287)
Other Operating Income	81.467	(11.866)	69.601

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

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.

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.

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2. Basis of preparation of financial statements (Cont’d)

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 14 days term (December 31, 2022: 13 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice.

Estimate is made for the doubtful provision when the collection of the trace receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Group has preferred to apply “simplified approach” defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at 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.

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

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2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies

- 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.

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.

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2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

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.

Property, plant and equipment

All property and equipment are initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. Group revaluates the amounts of their lands and buildings every 3 years with the CMB-licensed valuation firm unless there is a change in the circumstances. All other property and equipment are 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.

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2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

Property, plant and equipment (Cont’d)

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.

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.

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2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

Intangible assets (Cont’d)

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 recognized 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

Financial assets (Cont’d)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

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

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

Impairment of financial assets

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

Financial assets measured at amortized cost

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

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

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 60 days term (December 31, 2022: 56 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

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)
March 31, 2023	19,1532	20,8450	23,6602
December 31, 2022	18,6983	19,9349	22,4892

Earnings per share

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

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

Events after balance sheet date

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

Provisions, contingent assets and contingent liabilities

i) Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

Related parties

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

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.

Income taxes (Cont’d)

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.

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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.)

2. Basis of preparation of financial statements (Cont’d)

2.8 Summary of significant accounting policies (Cont’d)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

3. Segment reporting

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

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

3. Cash and cash equivalents

	March 31, 2023	December 31, 2022
Cash on hand	556.363	583.373
Banks		
- Demand deposits	893.343	795.760
- Profit share deposits	-	300.000
Cash in transit	265.531	502.620
Cash and cash equivalents	1.715.237	2.181.753
Less: Accrual for profit share	(30.512)	(6.386)
Cash and cash equivalents for cash flow	1.684.725	2.175.367

As of March 31, 2023 and December 31, 2022 there is no restricted cash. As of March 31, 2023, total profit share deposits are in TRY (December 31, 2022: TRY) and the gross rates profit share from participation banks are 19,25% for TRY, (December 31, 2022: for TRY gross %21,00). 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 March 31,2023, and December 31, 2022 Group’s short-term financial investments measured at fair value through profit and loss are detailed in the table below:

	March 31, 2023	December 31, 2022
Real estate investment funds	2.315.757	2.012.357
	2.315.757	2.012.357

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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.)

5. Financial assets (Cont’d)

b) Long-term financial assets

Financial investments amounting to TRY 2.092.540 as of March 31, 2023 are detailed below (December 31, 2022: TRY 2.092.540).

i) 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 (%)	March 31, 2023	Share (%)	December 31, 2022
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	2.092.540	11,5	2.092.540
		2.092.540		2.092.540

(*) 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%.

6. Financial liabilities

a) Bank Loans

As of March 31, 2023 the Group has short-term interest-free financial debt from banks amounting to TRY 254.049. These financial liabilities were closed on April 3, 2023. (December 31, 2022: None)

Lease Liabilities

Short-term portion of long-term liabilities	March 31, 2023	December 31, 2022
Lease liabilities	2.968.240	2.450.374
	2.968.240	2.450.374
Long-term lease liabilities	March 31, 2023	December 31, 2022
Lease liabilities	11.323.804	9.460.474
	11.323.804	9.460.474
Total borrowings	14.292.044	11.910.848

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

	March 31, 2023	December 31, 2022
Shorter than 3 months	689.976	690.239
3 - 12 month	2.278.264	1.760.135
More than 12 months	11.323.804	9.460.474
	14.292.044	11.910.848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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6. Financial liabilities (Cont’d)

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

As of March 31, 2023, and 2022, the movement table of the Group's liabilities arising from leasing transactions is as follows.

	March 31, 2023	March 31, 2022
Opening - January 1	11.910.848	8.040.869
Cash outflows from payments of lease liabilities	(755.656)	(499.012)
Additions (Note 12)	3.022.129	911.880
Changes in financial expenses accrual (Note 23)	378.928	231.682
Exchange rate differences	16.893	24.314
Change in accruals for termination of lease	14.590	9.094
Foreign currency translation differences	(295.689)	(7.661)
Closing - March 31	14.292.044	8.711.166

7. Trade receivables and payables

a) Trade receivables from third parties

	March 31, 2023	December 31, 2022
Credit card receivables	8.981.726	7.056.083
Trade receivables from third parties	30.738	17.893
Other trade receivables	139	370
	9.012.603	7.074.346

As of March 31, 2023 the average term of credit card receivables is 14 days (December 31, 2022: 13 days).

b) Trade payables due to third parties

	March 31, 2023	December 31, 2022
Trade payables	29.805.333	22.813.209
Rediscount expense (-)	(794.125)	(551.695)
	29.011.208	22.261.514

As of March 31, 2023 the average term of trade payables is 60 days (December 31, 2022: 56 days). As of March 31, 2023 letters of guarantee, cheques and notes are amounting to TRY 1.752.329 and mortgages are amounting to TRY 33.506 (December 31, 2022: letters of guarantee, cheques and notes amounting to TRY 1.038.022 and mortgages amounting to TRY 32.722).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

8. Other receivables

a) Other receivables from related parties

	March 31, 2023	December 31, 2022
Receivables from related parties	2.147	988
	2.147	988

b) Other receivables from third parties

	March 31, 2023	December 31, 2022
Other receivables	160.248	108.901
Doubtful receivables	11.379	11.386
Less: Allowance for doubtful receivables	(11.379)	(11.386)
	160.248	108.901

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

	March 31, 2023	March 31, 2022
Balance at the beginning of the period – January 1	11.386	11.508
Allowance for doubtful receivables	216	8
Collection in current year	(223)	(1.286)
Balance at the end of the period – March 31	11.379	10.230

9. Inventories

	March 31, 2023	December 31, 2022
Trade goods, net	19.721.921	14.547.031
Other	119.377	108.836
Allowance for impairment on inventory (-)	(334.389)	(23.884)
	19.506.909	14.631.983

Cost of inventories amounting to TRY 43.089.270 (March 31, 2022: TRY 22.899.005) was recognized under cost of sales.

As of March 31, 2023 an allowance for impairment amounting to TRY 39.746 (December 31, 2022: TRY 23.884) has been made for trade goods.

The movement of impairment for inventories in 2023 and 2022 is as follows:

	March 31, 2023	March 31, 2022
Balance at the beginning of the period - January 1	23.884	14.711
Allowance cancellations	(23.884)	(14.711)
Other stock loss (*)	294.643	-
Allowance for impairment	39.746	26.408
Balance at the end of the period – March 31	334.389	26.408

(*) It consists of stock losses due to the earthquake on February 6, 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

10. Property, plant and equipment

The movements of property, plant and equipment and the related accumulated depreciation for the periods ended March 31, 2023 and 2022 are as follows:

	January 1, 2023	Additions	Disposals	Transfers	Currency translation differences	March 31, 2023
Cost or revalued amount						
Land	6.021.234	73.730	-	-	242	6.095.206
Land improvements	73.535	1.892	-	249	-	75.676
Buildings	9.208.408	46.821	(275)	140.832	(6.326)	9.389.460
Machinery and equipment	4.540.037	428.182	(16.571)	18.410	2.867	4.972.925
Vehicles	999.949	126.141	(7.813)	5.456	2.006	1.125.739
Furniture and fixtures	1.864.461	229.591	(10.419)	4.702	(1.261)	2.087.074
Leasehold improvements	3.950.013	335.700	(51.147)	27.017	20.308	4.281.891
Construction in progress	256.366	268.655	-	(196.666)	(1)	328.354
	26.914.003	1.510.712	(86.225)	-	17.835	28.356.325
Less: Accumulated depreciation						
Land improvements	(31.305)	(3.055)	-	-	-	(34.360)
Buildings	-	(158.982)	(4)	-	2.219	(156.767)
Machinery and equipment	(1.667.913)	(114.892)	10.327	-	(299)	(1.772.777)
Vehicles	(421.878)	(45.379)	5.157	-	(2.453)	(464.553)
Furniture and fixtures	(794.005)	(82.276)	8.121	-	(82)	(868.242)
Leasehold improvements	(1.458.252)	(91.553)	15.947	-	(12.389)	(1.546.247)
	(4.373.353)	(496.137)	39.548	-	(13.004)	(4.842.946)
Net book value	22.540.650					23.513.379
	January 1, 2022	Additions	Disposals	Transfers	Currency translation differences	March 31, 2022
Cost or revalued amount						
Land	1.463.735	5.344	-	(4.512)	2.302	1.466.869
Land improvements	41.012	875	-	224	-	42.111
Buildings	2.356.663	11.791	(11)	157.139	(1.319)	2.524.263
Machinery and equipment	2.882.275	288.411	(13.061)	38.632	26.197	3.222.454
Vehicles	531.058	51.498	(1.570)	1.181	6.476	588.643
Furniture and fixtures	1.099.541	132.037	(4.347)	3.803	5.735	1.236.769
Leasehold improvements	2.562.317	180.969	(4.039)	27.295	45.168	2.811.710
Construction in progress	252.161	117.142	-	(223.762)	-	145.541
	11.188.762	788.067	(23.028)	-	84.559	12.038.360
Less : Accumulated depreciation						
Land improvements	(26.208)	(827)	-	-	-	(27.035)
Buildings	(135.047)	(39.237)	-	-	(186)	(174.470)
Machinery and equipment	(1.213.354)	(71.972)	5.369	-	(19.817)	(1.299.774)
Vehicles	(296.255)	(21.956)	1.434	-	(4.336)	(321.113)
Furniture and fixtures	(562.737)	(44.769)	3.764	-	(4.511)	(608.253)
Leasehold improvements	(1.084.859)	(60.018)	2.973	-	(28.284)	(1.170.188)
	(3.318.460)	(238.779)	13.540	-	(57.134)	(3.600.833)
Net book value	7.870.302					8.437.527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

10. Property, plant and equipment (Cont’d)

As of January 1 - March 31, 2023, depreciation expense amounting to TRY 447.447 (January 1- March 31, 2022: TRY 214.881) were recognized in marketing expenses and TRY 40.927 (January 1- March 31, 2022: TRY 23.458) in general and administrative expenses and TRY 7.763 (January 1 – March 31, 2022: TRY 440) were recognized in cost of goods sold for the period January 1- March 31, 2023. 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 March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Land	428.480	363.588
Buildings	2.442.703	1.755.838
	2.871.183	2.119.426

Fair values of land and buildings

As of March 31 ,2023, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

10. Property, plant and equipment (Cont’d)

Cost approach

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

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

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

Valuation processes of the group

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

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

Pledges and mortgages on assets

As of March 31, 2023 and 2022, there is no pledge or mortgage on property and equipment of the Group.

11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended March 31, 2023 and 2022 are as follows:

	January 1, 2023	Additions	Disposals	Currency translation differences	March 31, 2023
Cost					
Right	126.362	2.745	(265)	547	129.389
Other intangible assets	300	-	(1)	-	299
	126.662	2.745	(266)	547	129.688
Accumulated amortization					
Right	(74.724)	(3.860)	243	(540)	(78.881)
Other intangible assets	(325)	(1)	-	-	(326)
	(75.049)	(3.861)	243	(540)	(79.207)
Net book value	51.613				50.481

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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.)

11. Intangible assets (Cont’d)

	January 1, 2022	Additions	Disposals	Currency translation differences	March 31, 2022
Cost					
Right	110.486	2.666	(133)	763	113.782
Other intangible assets	307	-	-	-	307
	110.793	2.666	(133)	763	114.089
Accumulated amortization					
Right	(57.243)	(3.697)	40	(703)	(61.603)
Other intangible assets	(326)	(1)	-	-	(327)
	(57.569)	(3.698)	40	(703)	(61.930)
Net book value	53.224				52.159

As of March 31, 2023 amortization expense amounting to TRY 3.528 (January 1- March 31, 2022: TRY 3.330) has been charged in marketing expenses and TRY 323 (January 1- March 31, 2022: TRY 364) in general and administrative expenses and TRY 10 (January 1- March 31, 2022: 4) 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.

12. Right of Use Assets

The movements of right use of assets and the related accumulated depreciation for the period ended March 31, 2023 and 2022 as follows:

	January 1, 2023	Additions	Disposals	Currency translation differences	March 31, 2023
Building	14.611.329	2.994.028	(328.244)	52.916	17.330.029
Vehicles	339.560	28.102	(4.383)	(1.270)	362.009
	14.950.889	3.022.130	(332.627)	51.646	17.692.038
Less: Accumulated amortization					
Building	(4.030.019)	(429.513)	41.631	(21.533)	(4.439.434)
Vehicles	(223.906)	(18.623)	2.781	835	(238.913)
	(4.253.925)	(448.136)	44.412	(20.698)	(4.678.347)
Net book value	10.696.964				13.013.691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

12. Right of Use Assets (Cont’d)

	January 1, 2022	Additions	Disposals	Currency translation differences	March 31, 2022
Building	9.575.434	888.507	(92.746)	124.257	10.495.452
Vehicles	266.930	23.373	(1.755)	1.854	290.402
	9.842.364	911.880	(94.501)	126.111	10.785.854
Less: Accumulated amortization					
.Building	(2.607.641)	(296.676)	21.850	(48.491)	(2.930.958)
Vehicles	(148.314)	(17.291)	474	(1.202)	(166.333)
	(2.755.955)	(313.967)	22.324	(49.693)	(3.097.291)
Net book value	7.086.409				7.688.563

For the period ended March 31, 2023, TRY 410.581 (March 31, 2022, TRY 283.065) of amortization expenses is recognized under selling and marketing expenses and TRY 37.555 (March 31, 2022 TRY: 30.902) is recognized under general administrative expenses.

13. Provisions, contingent assets and liabilities

a) Short term provisions for employee benefits

Unused vacation amounting to TRY 163.722 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended March 31, 2023 (December 31, 2022: TRY 111.846).

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

	January 1- March 31, 2023	January 1- March 31, 2022
Balance at the beginning of the period – January 1	111.846	60.717
Used in the period	(111.846)	(60.717)
Provision of unused vacation	163.722	54.130
Balance at the end of the period – March 31	163.722	54.130

b) Other short-term provisions

	March 31, 2023	December 31, 2022
Legal provisions (*)	103.654	87.038
Other	44.940	38.483
Total	148.594	125.521

(*) As of March 31, 2023 and December 31, 2022, the total amount of outstanding lawsuits filed against the Group, TRY 234.456 and TRY 197.124 (in historical terms), respectively. The Group recognized provisions amounting to TRY 103.654 and TRY 87.038 for the related periods, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

13. Provisions, contingent assets and liabilities (Cont’d)

Current period movement of provision for lawsuits is as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Balance at the beginning of the period - January 1	87.038	53.130
Provisions required	16.616	3.940
Balance at the end of the period - March 31	103.654	57.070

13. Provisions, contingent assets and liabilities (Cont’d)

Letter of guarantees, mortgages and pledges given by the Group

As of March 31, 2023 and December 31, 2022, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	March 31, 2023				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	84.583	79.892	250.870	-	-
<i>Guarantee</i>	84.583	79.892	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
Total	84.583	79.892	250.870	-	-

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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.)

13. Provisions, contingent assets and liabilities (Cont’d)

	December 31, 2022				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	76.101	71.459	250.870	-	-
<i>Guarantee</i>	76.101	71.459	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
Total	76.101	71.459	250.870	-	-

Insurance coverage on assets

As of March 31, 2023, and December 31, 2022, insurance coverage on assets of the Group is TRY 31.593.195 and TRY 27.707.641 respectively.

14. Prepaid Expenses and Deferred Income

a) Short term prepaid expenses

	March 31, 2023	December 31, 2022
Order advances given to third parties for inventories	1.625.077	808.182
Prepaid service expenses	96.037	135.335
Order advances given to related parties (Note 28)	-	15.193
Other	120.484	17.950
	1.841.598	976.660

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

14. Prepaid Expenses and Deferred Income (Cont’d)

b) Long term prepaid expenses

	March 31, 2023	December 31, 2022
Advances given for property, plant and equipment	568.158	443.287
Other	3.192	12.658
	571.350	455.945

c) Deferred Income

	March 31, 2023	December 31, 2022
Gift cards income	873.773	142.829
Other	1.321	16
	875.094	142.845

15. Employee termination benefits

	March 31, 2023	December 31, 2022
Provision for employee termination benefits	1.172.223	995.345
	1.172.223	995.345

The amount payable consists of one month’s salary limited to a maximum of full TRY 19.982,83 for each period of service as of March 31, 2023 (December 31, 2022: full TRY 15.371,40). The retirement pay provision ceiling is revised semiannually, and full TRY 19.982,83 which is effective from March 31, 2023, is taken into consideration in the calculation of provision for employment termination benefits (effective from December 31, 2022: full TRY 15.371,40). 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 March 31, 2023, and March 31, 2022, 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, 2022: 17%) and a discount rate of 21,85% (December 31, 2022: 21,5 %). The anticipated rate of termination benefits not paid as a result of voluntary leaves is also taken into consideration.

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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.)

15. Employee termination benefits (Cont’d)

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- March 31, 2023	January 1- March 31, 2022
Current service cost (Note 20)	135.819	22.845
Interest cost of employee termination benefit (Note 23)	42.690	19.412
Total	178.509	42.257

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

	January 1- March 31, 2023	January 1- March 31, 2022
Balance at the beginning of the period -January 1	995.345	388.923
Current service cost	135.819	22.845
Interest cost of employee termination benefit	42.690	19.412
Payments made in the current period	(492.063)	(24.080)
Current Actuarial loss/ (gain)	490.432	-
Balance at the end of the period - March 31	1.172.223	407.100

16. Other assets and liabilities

a) Other current assets

	March 31, 2023	December 31, 2022
VAT receivable	1.418.779	1.106.742
Other	5.234	1.372
	1.424.013	1.108.114

b) Other current liabilities

	March 31, 2023	December 31, 2022
Taxes and funds payables	405.415	439.398
Other	11.282	3.925
	416.697	443.323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

17. Equity

a) Share capital and capital reserves

As of March 31, 2023, and December 31, 2022, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows.

	March 31, 2023		December 31, 2022	
	Historical cost	(%)	Historical cost	(%)
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	92.000	15,15	92.000	15,15
Naspak Gıda Sanayi ve Ticaret A.Ş.	68.600	11,30	68.600	11,30
Other	15.012	2,47	15.012	2,47
Publicly traded	431.588	71,08	431.588	71,08
	607.200	100,00	607.200	100,00

The Company’s share capital is fully paid and consists of 607.200.000 (December 31, 2022: 607.200.000) shares of full TRY 1 nominal value each.

Property, plant and equipment revaluation fund

As of March 31, 2023 the Group has revaluation fund amounting TRY 12.566.677 (December 31, 2022: TRY 12.566.677) 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.

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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.)

17. Equity (Cont’d)

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

As of March 31, 2023, and December 31, 2022 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	March 31, 2023	December 31, 2022
Legal reserves	1.808.252	1.698.046
Extraordinary reserves	5.798.279	857.514
Net profit for the period	1.142.535	5.100.486
	8.749.066	7.656.046

As of March 31, 2023, net profit for the Company's statutory books is TRY 1.142.535 (December 31, 2022: TRY 5.100.486) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 1.347.233 (December 31, 2022: TRY 8.158.851). Equity holders of the parent company of profit is TRY 1.354.118 (December 31, 2022: TRY 8.156.913)

c) Treasury Shares

As part of the resolution of the Board of Directors on 2 February 2023, buy-back operations have been started. As part of such buy-back operation shares of the Company which are equivalent to 842.008 units of BİM shares corresponding to TRY 110.206.535 have been repurchased. As of March 31, 2023, 10.200.000 shares repurchased for a total of TRY 747.689.357 (full TRY) together with the purchases made in the previous periods, in the Company's capital is 1,6798%.

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

d) Dividend payment

At the Ordinary General Assembly meeting dated May 16, 2023, it was decided to distribute 3.036.000.000 (full TRY) cash dividends from the profit of 2022 to the shareholders. The gross dividend paid per share is total 5,0 full TRY.

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 March 31, 2023, the relevant amount in the "Non-controlling interests" account in the consolidated statement of financial position is TRY 211.268. 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 March 31, 2023, the amount of profit attributable to minority interests in the consolidated statement of comprehensive loss is TRY 6.885.

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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.)

18. Sales and cost of sales

a) Net Sales

The Group’s net sales for the periods ended March 31, 2023, and 2022 are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Sales	51.573.921	27.443.496
Sales returns (-)	(239.334)	(129.556)
	51.334.587	27.313.940

b) Cost of sales

	January 1- March 31, 2023	January 1- March 31, 2022
Beginning inventory	14.547.031	6.665.109
Purchases	47.281.684	26.228.908
Depreciation and amortization expenses	7.773	444
Ending inventory (-)	(19.721.921)	(10.648.174)
	42.114.567	22.246.287

19. Operational expenses

a) Marketing expenses

	January 1- March 31, 2023	January 1- March 31, 2022
Personnel expenses	3.796.210	1.623.937
Depreciation and amortization expense	861.557	501.276
Electricity, water and communication expenses	583.868	330.497
Maintenance and repair expenses	128.320	66.003
Provision for employee termination benefits	119.430	20.116
Truck fuel expense	113.624	81.709
Advertising expense	84.314	55.531
Packaging expenses	66.936	49.671
Stationery expenses	49.919	27.665
Freight expenses	49.720	23.194
Rent expenses	29.111	13.315
Taxes and duty expenses	27.364	15.729
Information technology expenses	26.028	16.321
Directly expensed fixed asset	22.025	13.355
Insurance expenses	17.251	6.467
Cleaning expenses	15.538	12.078
Other	121.016	64.051
	6.112.231	2.920.915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

19. Operational expenses (Cont’d)

b) General and administrative expenses

	January 1- March 31, 2023	January 1- March 31, 2022
Personnel expenses	599.349	240.767
Depreciation and amortization	78.804	54.724
Tax and duty expense	77.207	9.969
Money collection expenses	22.375	11.308
Legal and consultancy expenses	20.232	12.671
Provision for employee termination	16.389	2.729
Motor vehicle expenses	15.278	9.165
Electricity, water, gas and communication expenses	11.085	7.568
Office supplies	3.061	2.428
Other	73.969	47.185
	917.749	398.514

20. Expenses by nature

a) Depreciation and amortization expenses

	January 1- March 31, 2023	January 1- March 31, 2022
Marketing and selling expenses	861.557	501.276
General and administrative expenses	78.804	54.724
Cost of sales	7.773	443
	948.134	556.443

b) Personnel expenses

	January 1- March 31, 2023	January 1- March 31, 2022
Wages and salaries	3.891.202	1.674.771
Social security premiums employer contribution	504.357	189.933
Provision for employee termination (Note 15)	135.819	22.845
	4.531.378	1.887.549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

21. Other operating income and expense

a) Other operating income

	January 1- March 31, 2023	January 1- March 31, 2022
Gain on sale of scraps	37.502	26.602
Contract termination income (IFRS-16)	14.590	9.094
Promotion income	-	4.530
Other income from operations	40.112	29.375
	92.204	69.601

b) Other operating expense

	January 1- March 31, 2023	January 1- March 31, 2022
Donation and aid expenses	83.627	8.510
Provision expenses	16.832	3.940
Other operating expenses	17.600	2.638
	118.059	15.088

22. Financial income

	January 1- March 31, 2023	January 1- March 31, 2022
Participation account income	9.781	50.829
Foreign exchange gains	9.681	33.152
	19.462	83.981

23. Financial expenses

	January 1- March 31, 2023	January 1- March 31, 2022
Financial expenses arises from lease liabilities (Note 6)	378.928	231.682
Foreign exchange losses	58.779	43.141
Interest cost related to provision for employee termination (Note 15)	42.690	19.412
Other financial expenses	12.385	4.244
	492.782	298.479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

24. Income and expense from investing activities

a) Income from investing activities

	January 1- March 31, 2023	January 1- March 31, 2022
Incomes from financial investments (*)	66.788	43.347
	66.788	43.347

(*) The balance consists of income from diverse investment funds of the Group.

b) Expense from investing activities

As of March 31, 2023 there is a fixed asset sales loss of TRY 19.495 TL. (March 31, 2022: TRY 4.013).

25. Tax assets and liabilities

As of March 31, 2023, and December 31, 2022, provision for taxes of the Group is as follows:

	March 31, 2023	December 31, 2022
Current income tax liabilities	304.253	1.507.251
Unpaid tax liabilities	306.870	
Current tax assets (Prepaid taxes)	(7.415)	(1.178.120)
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements (*)	-	26.082
Corporate tax payable	603.708	355.213
Current period corporate and income tax provision	304.253	1.507.251
Adjustments to prior period tax expense (-)	47.634	(72.553)
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements (*)	-	26.082
Tax expense %2 related to revaluation fund recognized in the statutory financial statements (*)	-	26.807
Current income tax liabilities	351.887	1.487.587

(*) It is the tax expense arising from the revaluation fund applied in the statutory financial statements of the Company

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.

Corporate tax rate in Turkey is 20% (31 December 2022: %23). 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 20% 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.

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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.)

25. Tax assets and liabilities (Cont’d)

In Morocco, as of March 31, 2023 the corporate tax rate is 31% (December 31, 2022: 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 March 31, 2023 the corporate tax rate is 22.5% (December 31, 2022: 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 March 31, 2023, and December 31, 2022, 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	
	March 31, 2023	December 31, 2022	January 1-March 31, 2023	January 1-March 31, 2022
<i>Deferred tax liability</i>				
Right-of-use asset	2.376.439	1.869.186	507.253	100.318
The effect of the revaluation of land and buildings	3.336.374	3.327.666	8.708	-
The effect of the revaluation of financial asset	97.382	97.382	-	-
Other adjustments	171.024	121.008	50.016	11.493
<i>Deferred tax asset</i>				
Lease liabilities	(2.599.253)	(2.104.270)	(494.983)	(115.847)
Tangible and intangible assets	(3.495.211)	(3.559.298)	64.087	10.237
Provision for employee termination benefit	(234.445)	(199.069)	(35.376)	(3.653)
Other adjustments	(386.060)	(226.431)	(159.629)	(34.757)
Currency translation difference	-	-	911	2.674
Deferred tax	(733.750)	(673.826)	(59.013)	(29.535)

Deferred tax is presented in financial statements as follows:

	March 31, 2023	December 31, 2022
Deferred tax assets	743.010	683.050
Deferred tax liabilities	(9.260)	(9.224)
Net deferred tax asset	733.750	673.826

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25. Tax assets and liabilities (Cont’d)

Movement of net deferred tax liability for the periods ended March 31, 2023, and 2022 are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Balance at the beginning of the period - January 1	673.826	284.188
Deferred tax expense recognized in statement of profit or loss,	(39.038)	29.535
Deferred tax expense recognized in other comprehensive income	98.051	-
- Defined benefit plans revaluation fund loss	98.051	-
Foreign currency translation differences	911	2.674
Balance at the end of the period –March 31	733.750	316.397

Tax reconciliation

	January 1- March 31, 2023	January 1- March 31, 2022
Profit before tax	1.738.158	1.627.573
Corporate tax provision calculated at effective tax rate of 20% (March 31, 2022: 23%)	(347.632)	(374.342)
Deductions and exemptions	(3.996)	12.552
Fiscal year losses which is no deferred tax not created (*)	(7.574)	(6.208)
Effect of tax rate differences of the consolidated subsidiary	(7.751)	(3.465)
Effect of tax rate changes	-	(11.795)
Adjustments to prior period tax expense	(47.634)	-
Other	23.662	99.896
	(390.925)	(283.362)

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

Tax expense	January 1- March 31, 2023	January 1- March 31, 2022
Current period tax expense	(351.887)	(312.897)
Deferred tax income	(39.038)	29.535
Total tax expense	(390.925)	(283.362)

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 March 31, 2023 and 2022 is as follows. All shares of the Company are in same status.

Earnings per share	January 1- March 31, 2023	January 1- March 31, 2022
Average number of shares at the beginning of the period (Thousand) (*)	597.436	600.906
Net profit of the year	1.354.118	1.341.604
Earnings per share	2,27	2,23

(*) 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.

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27. Non – controlling interests

Details of non-controlling interests as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Share of non – controlling interests	%35	%35
Total assets	4.384.821	3.527.194
Total liabilities	(3.781.198)	(2.931.686)
Net assets	603.623	595.508
Non – controlling interests	211.268	208.428

Details of other comprehensive income non-controlling interests as of March 31, 2023 and 2022 are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Revenue	2.118.227	1.418.759
Gross profit	345.728	274.717
Operating profit	4.269	31.750
Net income for the period	(19.671)	7.449
Net profit for the period of non-controlling interests	(6.885)	2.607
Other comprehensive income from non-controlling interests	9.725	11.081
Total comprehensive income of non-controlling interests	2.840	13.688

28. Related party disclosures

a) Prepaid expenses to related parties

	March 31, 2023	December 31, 2022
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) ⁽¹⁾	-	15.193
	-	15.193

b) Payables related to goods and services received

Due to related parties balances as of March 31, 2023 and December 31, 2022 are as follows:

Payables related to goods and services received:

Related parties

	31 March 2023	31 December 2022
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ^{(1)(*)}	691.221	561.108
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ^{(1)(*)}	500.711	422.949
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) ^{(1)(*)}	420.960	471.117
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) ^{(1)(*)}	283.566	446.598
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti.(Sena) ^{(2)(*)}	267.371	248.487
Ahenk Helva Şekerleme İm. İth. İhr. San. ve Tic. A.Ş. (Ahenk) ⁽¹⁾	81.726	35.682
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) ⁽¹⁾	56.699	-
MTB Kağıt ve Temizlik Ürünleri San. Ve Tic. A.Ş. (MTB) ⁽¹⁾	16.219	14.796
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) ⁽¹⁾	6.585	271.945
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) ⁽¹⁾	2.866	5.824
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye) ⁽¹⁾	66	5.228
	2.327.990	2.483.734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

28. Related party disclosures (Cont’d)

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

- (1) Companies owned by shareholders of the Company.
(2) Other related party.

c) Related party transactions

- i) Purchases from related parties during the periods ended March 31, 2023 and 2022 are as follows:

Related parties

	January 1- March 31, 2023	January 1- March 31, 2022
Reka ⁽¹⁾	1.318.910	971.455
Başak ⁽¹⁾	1.305.902	765.214
Turkuvaz ⁽¹⁾	584.668	355.289
Hedef ⁽¹⁾	561.775	296.215
Aktül ⁽¹⁾	522.547	296.139
Sena ⁽³⁾	345.700	209.946
Ahenk ⁽¹⁾	89.094	-
Avansas ⁽¹⁾	1.726	225
Bahariye Mensucat ⁽¹⁾	64	-
Apak ⁽¹⁾	-	168.024
	4.730.386	3.062.507

Affiliates and Subsidiaries

	January 1- March 31, 2023	January 1- March 31, 2022
İdeal Standart ⁽²⁾	-	7.207
	-	7.207
Total Related Party Transaction	4.730.386	3.069.714

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

- ii) For the periods ended March 31, 2023 and 2022 salaries, bonuses and compensations provided to board of directors and key management comprising of 193 and 195 personnel, respectively, are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Short-term benefits to employees	137.191	49.453
Total benefits	137.191	49.453

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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		March 31, 2023	December 31, 2022
Financial assets	Fixed profit share bearing financial instruments	2.315.757	2.312.357
	Participation account	-	300.000
	Lease certificate & Investment fund	2.315.757	2.012.357
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

29. Financial instruments and financial risk management (Cont’d)

Credit risk table (Current period – March 31, 2023)

31 March 2023	Credit card receivables		Other receivables		Deposit in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	9.012.603	2.147	214.086	-	893.343	2.092.540	2.315.757
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	9.012.603	2.147	214.086	-	893.343	2.092.540	2.315.757
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)	-	-	-	11.379	-	-	-	-
- Impairment	-	-	-	(11.379)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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

29. Financial instruments and financial risk management (Cont’d)

Credit risk table (Previous 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
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	-	-	-	-	-	-	-	-
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	-	-	-	-	-	-	-

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

BİM Birleşik Mağazalar A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

29. Financial instruments and financial risk management (Cont’d)

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 March 31, 2023 and December 31, 2022, the Group’s foreign currency position is as follows:

	March 31, 2023				December 31, 2022			
	TRY Equivalent	Full US Dollars	Full EUR	Full GBP	TRY Equivalent	Full US Dollars	Full EUR	Full GBP
1. Trade receivables	46.286	2.398.790	16.399	-	42.920	2.261.535	31.743	-
2a. Monetary financial assets (including cash, banks accounts)	98.707	1.679.975	3.183.171	7.466	31.619	1.121.063	526.145	7.466
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	144.993	4.078.765	3.199.570	7.466	74.539	3.382.598	557.888	7.466
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	2	-	-	-	2
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	170	9.100	-	-
8. Current assets (5+6+7)	-	-	-	2	170	9.100	-	2
9. Total assets (4+8)	144.993	4.078.765	3.199.570	7.468	74.709	3.391.698	557.888	7.468
10. Trade payables	19	-	929	-	30	-	1.481	-
11. Financial liabilities	95.194	-	4.566.773	-	78.092	-	3.917.390	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	95.214	-	4.567.702	-	78.122	-	3.918.871	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	71.849	-	3.446.813	-	165.534	-	8.303.735	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	71.849	-	3.446.813	-	165.534	-	8.303.735	-
18. Total liabilities (13+17)	167.063	-	8.014.515	-	243.656	-	12.222.606	-
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)	(22.070)	4.078.765	(4.814.945)	7.468	(168.947)	3.391.698	(11.664.718)	7.468
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(22.070)	4.078.765	(4.814.945)	7.468	(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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29. Financial instruments and financial risk management (Cont’d)

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 March 31, 2023 and December 31, 2022.

March 31, 2023

Exchange rate sensitivity analysis table				
Current Period				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	7.812	(7.812)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	7.812	(7.812)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(10.037)	10.037	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(10.037)	10.037	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	18	(18)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	18	(18)	-	-
Total (3+6+9)	(2.207)	2.207	-	-

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29. Financial instruments and financial risk management (Cont’d)

December 31, 2022

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

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

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

29. Financial instruments and financial risk management (Cont’d)

As of March 31, 2023 and December 31, 2022, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

March 31, 2023

Contractual terms	Carrying value	Total cash outflow	Less than 3 months	3 -12 months	More than 1 year
Non derivative financial liabilities					
Trade payables	29.011.209	29.805.334	29.805.334	-	-
Due to related parties	2.327.990	2.408.850	2.408.850	-	-
Contractual lease liabilities	14.292.044	23.056.918	711.553	2.439.958	19.905.407

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

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 March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Total liabilities	49.700.243	39.275.030
Less: Cash and cash equivalents	(1.715.237)	(2.181.753)
Net debt	47.985.006	37.093.277
Total equity	26.118.711	25.200.975
Total equity + net debt	74.103.717	62.294.252
Net debt/ (Total equity + net debt) (%)	65	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

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 March 31, 2023 and December 31, 2022. See Note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

March 31, 2023	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	-	2.315.757		- 2.315.757
Total assets	-	4.408.297		- 4.408.297
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 funds	-	2.012.357		- 2.012.357
Total assets	-	4.104.897		- 4.104.897

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

30. Financial instruments (Fair value disclosures and disclosures in the frame of hedge accounting) (Cont’d)

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 March 31, 2023 and December 31, 2022, 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. Subsequent events

None.