

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

# **BİM BİRLEŐİK MAĐAZALAR A.Ő.**

**INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS AS OF AND FOR THE PERIOD  
ENDED SEPTEMBER 30, 2023**

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(Convenience translation of the consolidated financial statements originally issued in Turkish)  
**BİM Birleşik Mağazalar A.Ş.**

**CONSOLIDATED BALANCE SHEETS**  
**AT SEPTEMBER 30, 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	September 30, 2023	December 31, 2022
<b>Current assets</b>		<b>51.662.307</b>	28.095.102
<b>Cash and cash equivalents</b>	4	<b>3.260.750</b>	2.181.753
<b>Financial investments</b>	5	<b>7.074.503</b>	2.012.357
<b>Trade receivables</b>		<b>13.833.280</b>	7.074.346
- <i>Trade receivables from third parties</i>	7	<b>13.833.280</b>	7.074.346
<b>Other receivables</b>	8	<b>352.976</b>	109.889
- <i>Other receivables from related parties</i>		<b>1.402</b>	988
- <i>Other receivables from third parties</i>		<b>351.574</b>	108.901
<b>Inventory</b>	9	<b>24.024.364</b>	14.631.983
<b>Prepaid expenses</b>	14	<b>1.606.139</b>	976.660
<b>Other current assets</b>	16	<b>1.510.295</b>	1.108.114
<b>Non-current assets</b>		<b>47.765.393</b>	36.589.331
<b>Financial investments</b>	5	<b>2.092.540</b>	2.092.540
<b>Other receivables</b>		<b>65.501</b>	55.147
- <i>Other receivables from third parties</i>		<b>65.501</b>	55.147
<b>Property, plant and equipment</b>	10	<b>26.214.028</b>	22.540.650
<b>Intangible assets</b>		<b>105.258</b>	65.034
- <i>Other Intangible assets</i>	11	<b>91.837</b>	51.613
- <i>Goodwill</i>		<b>13.421</b>	13.421
<b>Right of use assets</b>	12	<b>17.561.298</b>	10.696.965
<b>Prepaid expenses</b>	14	<b>1.061.996</b>	455.945
<b>Deferred tax assets</b>	25	<b>664.772</b>	683.050
<b>Total assets</b>		<b>99.427.700</b>	64.684.433

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

**CONSOLIDATED BALANCE SHEETS**  
**AT SEPTEMBER 30, 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 September 30, 2023	Audited December 31, 2022
	<b>Notes</b>		
<b>Current liabilities</b>		<b>52.922.816</b>	28.809.987
<b>Short-term liabilities</b>	6	<b>3.905.865</b>	2.450.374
- Lease liabilities		3.905.865	2.450.374
<b>Trade payables</b>		<b>43.276.258</b>	24.745.248
- Trade payables due to related parties	28	2.901.055	2.483.734
- Trade payables due to third parties	7	40.375.203	22.261.514
<b>Other payables</b>		<b>1.640.294</b>	870
- Other payables due to related parties		1.639.440	-
- Other payables due to third parties		854	870
<b>Deferred income</b>	14	<b>319.280</b>	142.845
<b>Payables related to employee benefits</b>		<b>1.030.754</b>	434.747
<b>Short term provisions</b>		<b>512.197</b>	237.367
- Provision for employee benefits	13	217.588	111.846
- Other short-term provisions	13	294.609	125.521
<b>Current income tax liabilities</b>	25	<b>1.387.717</b>	355.213
<b>Other current liabilities</b>	16	<b>850.451</b>	443.323
<b>Non-current liabilities</b>		<b>16.461.801</b>	10.465.043
<b>Long - term liabilities</b>	6	<b>15.279.925</b>	9.460.474
- Lease liabilities		15.279.925	9.460.474
<b>Non - current provisions</b>		<b>1.172.110</b>	995.345
- Provision for employee benefits	15	1.172.110	995.345
<b>Deferred tax liabilities</b>	25	<b>9.766</b>	9.224
<b>Equity</b>		<b>30.043.083</b>	25.409.403
<b>Paid-in share capital</b>	17	<b>607.200</b>	607.200
<b>Treasury Shares</b>	17	<b>(747.689)</b>	(637.483)
<b>Other comprehensive income/(expense) not to be reclassified to profit or loss</b>		<b>13.238.796</b>	13.714.454
- Property, plant and equipment revaluation fund	10,17	12.459.118	12.566.677
- Actuarial loss on defined benefit plans		(1.070.579)	(702.480)
- Fair value changes in available-for-sale financial assets		1.850.257	1.850.257
<b>Other comprehensive income/(expense) to be reclassified to profit or loss</b>		<b>473.612</b>	377.190
- Foreign currency translation difference		473.612	377.190
<b>Restricted reserves</b>		<b>2.108.817</b>	1.698.046
<b>Retained earnings</b>		<b>6.075.076</b>	1.284.655
<b>Net income for the period</b>		<b>8.048.672</b>	8.156.913
<b>Equity holders of the parent</b>		<b>29.804.484</b>	25.200.975
<b>Non-controlling interests</b>		<b>238.599</b>	208.428
<b>Total liabilities</b>		<b>99.427.700</b>	64.684.433

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED SEPTEMBER 30, 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 - September 30 2023	Not Reviewed July 1 - September 30 2023	Not Reviewed January 1 - September 30 2022	Not Reviewed July 1 - September 30 2022
<b>PROFIT OR LOSS</b>					
Revenue	18	183.618.341	74.405.682	102.620.448	41.171.109
Cost of sales(-)	18	(148.133.330)	(58.834.985)	(84.124.131)	(33.895.979)
<b>GROSS PROFIT</b>		<b>35.485.011</b>	<b>15.570.697</b>	18.496.317	7.275.130
Marketing expenses (-)	19	(21.461.916)	(8.963.046)	(10.920.605)	(4.496.702)
General administrative expenses (-)	19	(3.170.224)	(1.184.274)	(1.379.235)	(542.906)
Other operating income	21	807.775	251.227	253.263	90.770
Other operating expense (-)	21	(337.823)	(184.000)	(77.266)	(23.693)
<b>OPERATING PROFIT</b>		<b>11.322.823</b>	<b>5.490.604</b>	6.372.474	2.302.599
Income from investing activities	24	413.772	262.426	303.353	111.684
Expense from investing activities	24	(31.027)	16.093	-	-
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>11.705.568</b>	<b>5.769.123</b>	6.675.827	2.414.283
Financial income	22	176.890	35.164	179.911	61.117
Financial expense (-)	23	(1.554.305)	(558.152)	(930.333)	(330.028)
<b>PROFIT BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>10.328.153</b>	<b>5.246.135</b>	5.925.405	2.145.372
- Current tax expense	25	(2.118.201)	(1.296.052)	(1.103.606)	(344.741)
- Deferred tax income	25	(166.944)	(93.150)	(16.533)	(23.017)
<b>PROFIT FROM CONTINUED OPERATIONS</b>		<b>8.043.008</b>	<b>3.856.933</b>	4.805.266	1.777.614
<b>NET INCOME FOR THE PERIOD</b>		<b>8.043.008</b>	<b>3.856.933</b>	4.805.266	1.777.614
<b>Profit for the period attributable to</b>					
Equity holders of the parent		8.048.672	3.849.375	4.793.018	1.775.321
Non-controlling interest	27	(5.664)	7.558	12.248	2.293
<b>Earnings per share</b>					
Earnings per share from continued operations (Full TRY)	26	13,48	6,45	8,02	2,97
<b>OTHER COMPREHENSIVE GAIN/LOSS</b>					
<b>Items not to be reclassified to profit/(loss)</b>					
Defined Benefit Pension Plan Revaluation (Loss),Net		(475.658)	26.826	-	-
Revaluation of Available for Sale Financial Assets		(368.099)	24.521	-	-
Gain/(losses), Net		-	-	-	-
Gain/(losses) on revaluation of Property, Plant and Equipment After Tax		(107.559)	2.305	-	-
<b>Items to be reclassified to profit /(loss):</b>		<b>189.447</b>	<b>8.103</b>	87.894	587
Currency translation difference		189.447	8.103	87.894	587
<b>Other Comprehensive Income</b>		<b>(286.211)</b>	<b>34.929</b>	87.894	587
<b>Total comprehensive income</b>		<b>7.756.797</b>	<b>3.891.862</b>	4.893.160	1.778.201
<b>Total comprehensive income attributable to</b>					
Non-controlling interest	27	87.361	17.055	41.237	3.465
Equity holders of the parent		7.669.436	3.874.807	4.851.923	1.774.736

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

**BİM Birleşik Mağazalar A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS ENDED SEPTEMBER 30, 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			179.124	-	-	-	-	2.753.358	(2.932.482)	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(72.306)	72.306	-	-	-	-	(72.306)	-	(72.306)	-	(72.306)
Dividend paid (Note 17)	-	-	-	-	-	-	-	(1.807.563)	-	(1.807.563)	(38.875)	(1.846.438)
Net income for the period	-	-	-	-	-	-	-	-	4.793.018	4.793.018	12.248	4.805.266
Other Comprehensive income	-	-	-	-	-	-	58.905	-	-	58.905	28.989	87.894
Total comprehensive income	-	-	-	-	-	-	58.905	-	4.793.018	4.851.923	41.237	4.893.160
Balance at September 30, 2022	607.200	(637.483)	1.693.997	779.061	1.958.767	(251.399)	363.890	1.270.618	4.793.018	10.577.669	205.819	10.783.488
<b>Balance at January 1, 2023</b>	<b>607.200</b>	<b>(637.483)</b>	<b>1.698.046</b>	<b>1.850.257</b>	<b>12.566.677</b>	<b>(702.480)</b>	<b>377.190</b>	<b>1.284.655</b>	<b>8.156.913</b>	<b>25.200.975</b>	<b>208.428</b>	<b>25.409.403</b>
Transfers	-	-	300.565	-	-	-	-	7.856.348	(8.156.913)	-	-	-
Increase/decrease due to acquisition of treasury shares	-	(110.206)	110.206	-	-	-	-	(110.206)	-	(110.206)	-	(110.206)
Increase /decrease due to other changes	-	-	-	-	-	-	-	59.879	-	59.879	-	59.879
Dividend paid (Note 17)	-	-	-	-	-	-	-	(3.015.600)	-	(3.015.600)	(57.190)	(3.072.790)
Net income for the period	-	-	-	-	-	-	-	-	8.048.672	8.048.672	(5.664)	8.043.008
Other comprehensive income	-	-	-	-	(107.559)	(368.099)	96.422	-	-	(379.236)	93.025	(286.211)
Total comprehensive income	-	-	-	-	(107.559)	(368.099)	96.422	-	8.048.672	7.669.436	87.361	7.756.797
<b>Balance at September 30, 2023</b>	<b>607.200</b>	<b>(747.689)</b>	<b>2.108.817</b>	<b>1.850.257</b>	<b>12.459.118</b>	<b>(1.070.579)</b>	<b>473.612</b>	<b>6.075.076</b>	<b>8.048.672</b>	<b>29.804.484</b>	<b>238.599</b>	<b>30.043.083</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIODS ENDED SEPTEMBER 30, 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.)

		<b>Not Reviewed</b>	Not Reviewed
		<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
	Notes		
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>15.532.487</b>	5.972.781
<b>Profit for the period</b>		<b>8.043.008</b>	4.805.266
<b>Adjustments to reconcile profit for the period</b>		<b>8.085.659</b>	4.257.715
Depreciation and amortization	10,11,12	<b>3.249.334</b>	1.821.963
Provisions for impairments		<b>400.614</b>	7.414
- Provisions for impairments of inventories	9	341.489	7.410
- Allowance for doubtful receivables	8	(352)	4
- Adjustments Regarding Impairment (Cancellation) of Tangible Fixed Assets	10	59.477	
Adjustments related to provisions		<b>635.080</b>	209.030
- Adjustments related to provision for employment termination benefits	13,15	465.992	165.825
- Adjustments related to the legal provisions	13	141.479	26.978
- Adjustments related to other provisions	13	27.609	16.227
Adjustments related to financial income and expense		<b>2.028.565</b>	1.379.385
- Adjustments related to financial expenses	23	1.329.403	776.155
- Adjustments related to deferred financial expense from future purchases.	29	699.162	603.230
Other adjustments related cash flows arising from investing and financing activities	24	<b>(412.515)</b>	(293.552)
Adjustments for tax expense	25	<b>2.285.145</b>	1.120.139
Gain/(loss) on sale of property and equipment	24	<b>29.770</b>	(9.801)
Adjustments related to unrealized currency translation differences		<b>(216.914)</b>	(39.479)
Adjustments related to gain/(loss)		<b>86.580</b>	62.616
<b>Changes in net working capital</b>		<b>1.227.809</b>	(914.838)
Increases/decreases in inventories		<b>(9.733.870)</b>	(7.560.684)
Increases/decreases in trade receivables		<b>(6.758.934)</b>	(3.778.396)
Increases/decreases in other assets		<b>(253.089)</b>	(64.848)
Increases/decreases in trade payables		<b>17.831.848</b>	11.285.045
Increases/decreases in other payables		<b>(16)</b>	389
Increases/decreases other net working capital		<b>141.870</b>	(796.344)
<b>Net cash generated from operating activities</b>		<b>17.356.476</b>	8.148.143
Income taxes paid	25	<b>(1.150.072)</b>	(1.348.955)
Employee benefits paid	15	<b>(673.917)</b>	(107.810)
Other cash inflow/outflow	13	<b>-</b>	(718.597)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(10.426.891)</b>	(3.773.817)
Proceeds from sale of tangible and intangible assets		<b>123.936</b>	27.772
Cash outflows from purchases of tangible and intangible assets	10,11	<b>(5.301.059)</b>	(2.965.774)
- Purchases of tangible assets		(5.274.578)	(2.956.216)
- Purchases of intangible assets		(26.481)	(9.558)
Cash inflow from Participation (profit) share and cash inflows from other financial instruments		<b>-</b>	(548.051)
Cash outflow from Participation (profit) share and cash inflows from other financial instruments		<b>(4.649.631)</b>	-
Cash advances given and liabilities		<b>(600.137)</b>	(287.764)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3.985.089)</b>	(2.546.892)
Cash inflows (outflows) from financial liabilities	6	<b>-</b>	104.185
Cash outflows from payments of rent agreements	6	<b>(2.623.693)</b>	(1.643.133)
Dividend paid	17	<b>(1.251.190)</b>	(935.638)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments	17	<b>(110.206)</b>	(72.306)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>1.120.507</b>	(347.928)
<b>D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(35.124)</b>	(33.432)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>1.085.383</b>	(381.360)
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>2.175.367</b>	1.496.863
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)</b>	4	<b>3.260.750</b>	1.115.503

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

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

## **BİM Birleşik Mağazalar A.Ş.**

### **Notes To The Interim Consolidated Financial Statements**

#### **As At and For The Period Ended September 30, 2023**

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

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#### **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. 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 September 30, 2023.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of September 30, 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 September 30, 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 September 30, 2023.

Es Global Gıda Sanayi ve Ticaret A.Ş, which is a 100% subsidiary to produce especially some of biscuits and confectionery products sold in the stores of the Company was established on 27 September 2021. Es Global Gıda Sanayi ve Ticaret A.Ş. financial statements are consolidated by using the full consolidation method as of September 30, 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, which is a 100% subsidiary, was realized as of 16 October 2021. The financial results of Bircan Fide Tohum Tarım Nakliyecilik Sanayi ve Ticaret Anonim Şirketi are consolidated in accordance with the full consolidation method in the financial statements dated September 30, 2023.

Ideal Standard Mümessillik San. ve Tic. Inc. ("Ideal Standart") took over all the shares of its subsidiary on 30 January 2012. Since the financial results of the company do not have a significant effect on the consolidated financial results of the Group, they were not included in the scope of consolidation until 1 January 2022, as a result of the decision taken by the Group management, and were classified as financial investments in the consolidated financial statements. Ideal Standard's financial results are consolidated in the interim financial statements dated of September 30, 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 November 7, 2023. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issues.

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

**BİM Birleşik Mağazalar A.Ş.**

**Notes To The Interim Consolidated Financial Statements**

**As At and For The Period Ended September 30, 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 September 30, 2023 and 2022, the year-end number of employees in accordance with their categories is shown below:

	<b>September 30, 2023</b>	September 30, 2022
Office personnel	4.418	3.880
Warehouse personnel	7.575	6.921
Store personnel	72.326	69.016
<b>Total</b>	<b>84.319</b>	79.817

As of September 30, 2023, the Group operates in 12.046 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.

According to TAS 29 Financial Reporting Standard in Hyperinflationary Economies, enterprises whose functional currency is the currency of a hyperinflationary economy report their financial statements according to the purchasing power of money at the end of the reporting period. TAS 29 identifies features that may indicate an economy is a hyperinflationary economy, and it is recommended that businesses start implementing the Standard at the same time. In the statement made by the Public Oversight Accounting and Standards Authority (POA) on January 20, 2022, it was stated that businesses do not need to make any adjustments to their 2021 financial statements within the scope of TAS 29. On the other hand, no explanation has been made on whether or not to make adjustments to the financial statements within the scope of TAS 29 in the financial statements for the interim accounting period ending on September 30, 2023. In this context, since there is no consensus on the implementation of inflation accounting throughout the country and the POA is expected to postpone the application of TAS 29, no inflation adjustment was made according to TAS 29 while preparing the consolidated financial statements as of September 30, 2023, in order to ensure comparability.

Consolidated financial statements have been presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by POA on October 4, 2022, and "Financial Statement Examples and User Guide".

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## **2. Basis of preparation of financial statements (Cont'd)**

### *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 of September 30, 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, 2023 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 TAS 8 – Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". 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.

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, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. 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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## **2. Basis of preparation of financial statements**

### **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 TAS 12 - International Tax Reform – Pillar Two Model Rules**

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

The amendments are not expected to 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 Company / 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 IFRS 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.

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## **2. Basis of preparation of financial statements**

### **2.2 The new standards, amendments and interpretations (Cont'd)**

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

POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. 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 IFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

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

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

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

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

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## **2. Basis of preparation of financial statements**

### **2.2 The new standards, amendments and interpretations (Cont'd)**

#### **Amendments to TFRS 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 recognise 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.

#### **Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

#### **iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following amendments to IAS 12 and IAS 7 and IFRS 7 have been published by the IASB but have not yet been adapted/published to TFRS by the KGK. Therefore, they do not form part of TFRS. The Group will make the necessary changes in its consolidated financial statements and footnotes after these changes become effective in TFRS.

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## **2. Basis of preparation of financial statements**

### **2.2 The new standards, amendments and interpretations (Cont'd)**

#### **Amendments to IAS 21 - Lack of exchangeability**

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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 September 30, 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.

### **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 = 0,3743 MAD and 1 TRY = 0,3736 exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 0,4556 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 = 1,1266 EGP and 1 TRY = 1,1281 EGP exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,3798 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 September 30, 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.

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## **2. Basis of preparation of financial statements**

### **2.5 Basis of consolidation (Cont'd)**

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

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

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

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

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

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

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

#### ***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 the subsidiaries are presented in the consolidated financial statements from the date the control power is established to the date it terminates.

#### ***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.

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## 2. Basis of preparation of financial statements

### 2.5 Basis of consolidation (Cont'd)

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

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

#### iv) *Eliminations:*

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

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

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

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

The Group has classified donations and aid expenses of 38.430 TL, which it presented under General Administrative Expenses, into Other Expenses from Main Operations.

As of 30 September 2022, the effect of the classification is as follows:

	Previously reported	Effect of reclassification	Reclassified
Other Expenses from Main Operations (-)	(38.836)	(38.430)	(77.266)
General and Administrative Expenses (-)	(1.417.665)	38.430	(1.379.235)

The Group has grossed TL 62.243 of mobile operator online TL loading income balance presented in the Other Operating Income account and reclassified TL 389.021 to revenue and TL 326.778 to cost of sales. In addition, mobile operator sales of 91.591 TL were netted with the cost of sales.

As of 30 September 2022, the effect of the classification is as follows:

	Previously reported	Effect of reclassification	Reclassified
Revenues	102.323.018	297.430	102.620.448
Cost of Sales	(83.888.944)	(235.187)	(84.124.131)
Other Income from Main Operations	315.506	(62.243)	253.263

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## **2. Basis of preparation of financial statements**

### **2.6 Comparatives and restatement of prior periods' financial statements (Cont'd)**

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

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

### **2.7 Changes in accounting policies**

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

### **2.8 Summary of significant accounting policies**

#### **Revenue recognition**

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

#### **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.

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## **2. Basis of preparation of financial statements**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### Financial income

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

#### Dividend income

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

#### Currency protected deposit accounts

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

#### **Cash and cash equivalents**

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

#### **Trade receivables**

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 16 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.

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## **2. Basis of preparation of financial statements**

### **2.8 Summary of significant accounting policies (Cont'd)**

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

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

##### ***Group - lessee***

The Group's leases are mainly consisting of retail stores and vehicles. At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

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

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

##### ***Right of use asset***

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

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received
- c) any initial direct costs incurred by the Group
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset,

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

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

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

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

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## **2. Basis of preparation of financial statements**

### **2.8 Summary of significant accounting policies (Cont'd)**

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

#### *Lease Liability*

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

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

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

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

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

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

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## **2. Basis of preparation of financial statements**

### **2.8 Summary of significant accounting policies (Cont'd)**

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

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

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

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

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

When a 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.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

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

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

#### **Goodwill**

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

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

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

#### **Impairment of non-financial assets**

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

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

#### **Financial assets**

##### **Classification**

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

##### *Financial assets measured at amortized cost*

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

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (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 from investing income/expense".

### **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.

The Group may irrevocably choose the method of reflecting subsequent changes in fair value to other comprehensive income for investments in equity financial assets at initial recognition. If the preference is made, dividends from related investments are recognized in the consolidated income statement.

### **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.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### **Recognition and derecognition of financial assets and liabilities (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.

As a result of the cancellation, the carrying value of the related financial asset cannot exceed the discounted value that would have occurred at the date of the cancellation of the impairment if the financial asset had not been impaired.

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

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

#### **Trade payables**

Trade payables which generally have an average of 63 days term as of September 30, 2023 (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.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### **Borrowing costs**

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

#### **Foreign currency transactions**

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

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

	<b>US Dollars/TRY (full)</b>	<b>EUR /TRY (full)</b>	<b>GBP/TRY (full)</b>
September 30, 2023	27,3767	29,0305	33,4816
December 31, 2022	18,6983	19,9349	22,4892

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#### **Earnings per share**

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

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

#### **Events after balance sheet date**

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

#### **Provisions, contingent assets and contingent liabilities**

##### *i) Provisions*

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

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### *ii) Contingent assets and liabilities*

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

#### **Related parties**

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

#### **Income taxes**

##### **Current Income Taxes and Deferred Tax**

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

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

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

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

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

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

### **Statement of Cash Flows**

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

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

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

### **Employee Benefits**

#### **a) Defined benefit plans:**

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

#### **Employee Benefits (Cont'd)**

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

#### **b) Unused vacation**

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

## **3. Segment reporting**

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

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

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**4. Cash and cash equivalents**

	September 30, 2023	December 31, 2022
Cash on hand	828.368	583.373
Banks		
- Demand deposits	1.679.635	795.760
- Profit share deposits	-	300.000
Cash in transit	752.747	502.620
<b>Cash and cash equivalents</b>	<b>3.260.750</b>	<b>2.181.753</b>
Less: Accrual for profit share	-	(6.386)
<b>Cash and cash equivalents for cash flow</b>	<b>3.260.750</b>	<b>2.175.367</b>

As of September 30, 2023 and December 31, 2022 there is no restricted cash. As of 30 September 2023, there is no participation account. (December 31, 2022: 21,00% for TRY) 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 September 30, 2023 and December 31, 2022 Group's short-term financial investments, consisting out of lease certificates and real estate investment funds which are less than one-year maturity are detailed in the table below with their amortized cost value.

	September 30, 2023	December 31, 2022
Real Estate Investment Funds	7.074.503	2.012.357
	<b>7.074.503</b>	<b>2.012.357</b>

**b) Long-term financial assets**

Financial investments amounting to TRY 2.092.540 as of September 30, 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 subsidiaries and associates financial investment of the Group are as below:

Name of subsidiary	Share (%)	September 30, 2023	Share (%)	December 31, 2022
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	2.092.540	11,5	2.092.540
		<b>2.092.540</b>		<b>2.092.540</b>

(\*) As of 31 December 2022, the fair value of the related financial asset has been calculated by the valuation company using the discounted cash flow analysis method using 22.5% discount rate and 7.9% final growth rate.

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**6. Financial liabilities**

**a) Bank Loans**

As of September 30, 2023, the Group has no short-term interest-free financial debts from banks.

**b) Lease Liabilities**

<b>Short-term portion of long-term liabilities</b>	<b>September 30, 2023</b>	December 31, 2022
Lease liabilities	<b>3.905.865</b>	2.450.374
	<b>3.905.865</b>	2.450.374
<b>Long-term lease liabilities</b>	<b>September 30, 2023</b>	December 31, 2022
Lease liabilities	<b>15.279.925</b>	9.460.474
	<b>15.279.925</b>	9.460.474
<b>Total borrowings</b>	<b>19.185.790</b>	11.910.848

**b) Lease Liabilities (Cont'd)**

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

	<b>September 30, 2023</b>	December 31, 2022
Shorter than 3 months	<b>973.713</b>	690.239
3 - 12 month	<b>2.932.152</b>	1.760.135
More than 12 months	<b>15.279.925</b>	9.460.474
	<b>19.185.790</b>	11.910.848

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

As of September 30, 2023 and 2022, the movement table of the Group's liabilities arising from leasing transactions is as follows.

	<b>September 30, 2023</b>	September 30, 2022
<b>Opening - January 1</b>	<b>11.910.847</b>	8.040.869
Cash outflows from payments of lease liabilities	<b>(2.623.693)</b>	(1.643.133)
Additions (Note 12)	<b>8.430.270</b>	3.442.634
Changes in financial expenses accrual (Note 23)	<b>1.329.403</b>	776.155
Exchange rate differences	<b>81.820</b>	49.580
Change in accruals for termination of lease	<b>36.342</b>	25.281
Foreign currency translation differences	<b>20.801</b>	(149.307)
<b>Closing - September 30</b>	<b>19.185.790</b>	10.542.079

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**7. Trade receivables and payables**

**a) Trade receivables from third parties**

	<b>September 30, 2023</b>	December 31, 2022
Credit card receivables	<b>13.809.678</b>	7.056.083
Trade receivables from third parties	<b>23.285</b>	17.893
Other trade receivables	<b>317</b>	370
	<b>13.833.280</b>	7.074.346

As of September 30, 2023 the average term of credit card receivables is 16 days (December 31, 2022: 13 days).

	<b>September 30, 2023</b>	December 31, 2022
Trade payables	<b>41.022.600</b>	22.813.209
Rediscount expense (-)	<b>(647.397)</b>	(551.695)
	<b>40.375.203</b>	22.261.514

As of September 30, 2023 the average term of trade payables is 63 days (December 31, 2022: 56 days). As of September 30, 2023 letters of guarantee, cheques and notes are amounting to TRY 2.520.503 and mortgages are amounting to TRY 47.909 (December 31, 2022: letters of guarantee, cheques and notes amounting to TRY 1.038.022 and mortgages amounting to TRY 32.722).

**8. Other receivables**

**a) Other receivables from related parties**

	<b>September 30, 2023</b>	December 31, 2022
Receivables from related parties	<b>1.402</b>	988
	<b>1.402</b>	988

**b) Other receivables from third parties**

	<b>September 30, 2023</b>	December 31, 2022
Other receivables	<b>351.574</b>	108.901
Doubtful receivables	<b>11.738</b>	11.386
Less: Allowance for doubtful receivables	<b>(11.738)</b>	(11.386)
	<b>351.574</b>	108.901

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

	<b>September 30, 2023</b>	September 30, 2022
Balance at the beginning of the period – January 1	<b>11.386</b>	11.508
Allowance for doubtful receivables	<b>609</b>	(1.149)
Collection in current year	<b>(257)</b>	1.145
<b>Balance at the end of the period –September 30</b>	<b>11.738</b>	11.504

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**9. Inventories**

	September 30, 2023	December 31, 2022
Trade goods, net	24.224.802	14.547.031
Other	164.935	108.836
Allowance for impairment on inventory (-)	(365.373)	(23.884)
	<b>24.024.364</b>	<b>14.631.983</b>

Cost of inventories amounting to TRY 152.292.717 (September 30, 2022: TRY 86.674.481) was recognized under cost of sales.

As of 30 September 2023, an inventory impairment provision amounting to TL 365.373 (31 December 2022: TL 23.884) has been reserved for commercial goods.

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

	September 30, 2023	September 30, 2022
Balance at the beginning of the period - January 1	23.884	14.711
Allowance cancellations	(23.884)	(14.711)
Allowance for impairment	365.373	22.121
<b>Balance at the end of the period - September 30</b>	<b>365.373</b>	<b>22.121</b>

**10. Property, plant and equipment**

The movements of property and equipment and the related accumulated depreciation for the periods ended September 30, 2023 and 2022 are as follows:

	January 1, 2023	Additions	Disposals	Transfers	Provision for impairment	Currency translation differences	September 30, 2023
<b>Cost or revalued amount</b>							
Land	6.021.234	314.670	-	-	-	23.322	6.359.226
Land improvements	73.535	11.323	(2.566)	-	-	-	82.292
Buildings	9.208.408	268.166	(9.147)	321	(60.362)	6.084	9.413.470
Machinery and equipment	4.540.037	1.387.357	(49.522)	43.379	-	341.373	6.262.624
Vehicles	999.949	437.458	(14.652)	(9.890)	-	71.628	1.484.493
Furniture and fixtures	1.864.461	736.510	(29.410)	(18.633)	-	98.281	2.651.209
Leasehold improvements	3.950.013	1.243.967	(70.265)	12.799	-	446.638	5.583.152
Construction in progress	256.366	875.127	(67.977)	(27.976)	-	(28.666)	1.006.874
	<b>26.914.003</b>	<b>5.274.578</b>	<b>(243.539)</b>	<b>-</b>	<b>(60.362)</b>	<b>958.660</b>	<b>32.843.340</b>
<b>Less: Accumulated depreciation</b>							
Land improvements	(31.305)	(4.476)	398	-	-	-	(35.383)
Buildings	-	(476.407)	425	-	885	(2.415)	(477.512)
Machinery and equipment	(1.667.913)	(414.154)	26.538	-	-	(262.983)	(2.318.512)
Vehicles	(421.878)	(155.281)	8.681	-	-	(48.280)	(616.758)
Furniture and fixtures	(794.005)	(282.842)	16.996	-	-	(66.248)	(1.126.099)
Leasehold improvements	(1.458.252)	(313.860)	21.826	-	-	(304.762)	(2.055.048)
	<b>(4.373.353)</b>	<b>(1.647.020)</b>	<b>74.864</b>	<b>-</b>	<b>885</b>	<b>(684.688)</b>	<b>(6.629.312)</b>
<b>Net book value</b>	<b>22.540.650</b>						<b>26.214.028</b>

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**10. Property, plant and equipment (Cont'd)**

	January 1, 2022	Additions	Disposals	Transfers	Currency translation differences	September 30, 2022
Cost or revalued amount						
Land	1.463.735	8.455	-	-	7.962	1.480.152
Land improvements	41.012	8.472	-	233	-	49.717
Buildings	2.356.663	59.975	(67)	159.967	2.737	2.579.275
Machinery and equipment	2.882.275	976.457	(28.734)	65.393	94.077	3.989.468
Vehicles	531.058	296.843	(4.924)	17.969	17.920	858.866
Furniture and fixtures	1.099.541	516.112	(15.346)	6.387	23.694	1.630.388
Leasehold improvements	2.562.317	739.028	(13.181)	56.099	130.670	3.474.933
Construction in progress	252.161	350.874	-	(306.048)	1	296.988
	11.188.762	2.956.216	(62.252)	0	277.061	14.359.787
Less : Accumulated depreciation						
Land improvements	(26.208)	(3.544)	0	-	-	(29.752)
Buildings	(135.047)	(117.817)	2	-	329	(252.533)
Machinery and equipment	(1.213.354)	(239.793)	19.390	-	(75.660)	(1.509.417)
Vehicles	(296.255)	(79.784)	3.508	-	(11.806)	(384.337)
Furniture and fixtures	(562.737)	(159.885)	14.016	-	(16.592)	(725.198)
Leasehold improvements	(1.084.859)	(200.776)	8.184	-	(83.341)	(1.360.792)
	(3.318.460)	(801.599)	45.100	-	(187.070)	(4.262.029)
<b>Net book value</b>	<b>7.870.302</b>					<b>10.097.758</b>

As September 30, 2023, depreciation expense amounting to TRY 1.459.732 (January 1- September 30, 2022: TRY 758.621) were recognized in marketing expenses and TRY 132.611 (January 1- September 30, 2022: TRY 40.249) in general and administrative expenses and TRY 54.677 (January 1 – September 30, 2022:TRY 2.729) were recognized in cost of goods sold for the period January 1- September 30, 2023. The land and buildings were revalued and reflected to financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

If the Group does not adopt the revaluation model in accordance with TAS 16, the net book values of the items of property and equipment as of September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
Land	<b>678.258</b>	363.588
Buildings	<b>2.084.366</b>	1.755.838
	<b>2.762.624</b>	2.119.426

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## **10. Property, plant and equipment (Cont'd)**

### **Fair values of land and buildings**

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at September 30, 2023. The revaluation surplus, as of December 31, 2022 net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

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

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

### **Market comparable method**

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

### **Discounted cash flow method**

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

### **Cost approach**

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

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

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

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## 10. Property, plant and equipment (Cont'd)

### 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 recognised 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 September 30, 2023 and December 31, 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 J September 30, 2023 and 2022 are as follows:

	January 1, 2023	Additions	Disposals	Currency translation differences	September 30, 2023
<b>Cost</b>					
Right	126.662	26.481	(100)	34.317	187.360
	126.662	26.481	(100)	34.317	187.360
<b>Accumulated amortization</b>					
Right	(75.049)	(15.074)	69	(5.469)	(95.523)
	(75.049)	(15.074)	69	(5.469)	(95.523)
<b>Net book value</b>	<b>51.613</b>				<b>91.837</b>
	January 1, 2022	Additions	Disposals	Currency translation differences	September 30, 2022
<b>Cost</b>					
Right	110.486	9.558	(1.016)	1.695	120.723
Other intangible assets	307	-	(8)	-	299
	110.793	9.558	(1.024)	1.695	121.022
<b>Accumulated amortization</b>					
Right	(57.243)	(11.418)	198	(1.570)	(70.033)
Other intangible assets	(326)	(3)	5	-	(324)
	(57.569)	(11.421)	203	(1.570)	(70.357)
<b>Net book value</b>	<b>53.224</b>				<b>50.665</b>

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**11. Intangible assets (Cont'd)**

As of September 30, 2023 amortization expense amounting to TRY 13.791 (January 1- September 30, 2022: TRY 10.829) has been charged in marketing expenses and TRY 1.253 (January 1- September 30, 2022: TRY 575) in general and administrative expenses and TRY 30 (January 1- September 30, 2022: 17.) 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 September 30, 2023 and 2022 as follows:

	January 1, 2023	Additions	Disposals	Currency translation differences	September 30, 2023
Building	14.611.329	8.347.987	(652.775)	1.244.867	23.551.408
Vehicles	339.561	82.283	(27.135)	33.425	428.134
	<b>14.950.890</b>	<b>8.430.270</b>	<b>(679.910)</b>	<b>1.278.292</b>	<b>23.979.542</b>
<b>Less: Accumulated amortization</b>					
Building	(4.030.019)	(1.515.585)	87.393	(653.452)	(6.111.663)
Vehicles	(223.906)	(71.655)	12.386	(23.406)	(306.581)
	<b>(4.253.925)</b>	<b>(1.587.240)</b>	<b>99.779</b>	<b>(676.858)</b>	<b>(6.418.244)</b>
<b>Net book value</b>	<b>10.696.965</b>				<b>17.561.298</b>

	January 1, 2022	Additions	Disposals	Currency translation differences	September 30, 2022
Building	9.575.434	3.370.740	(372.089)	355.846	12.929.931
Vehicles	266.930	71.894	(8.727)	9.162	339.259
	<b>9.842.364</b>	<b>3.442.634</b>	<b>(380.816)</b>	<b>365.008</b>	<b>13.269.190</b>
<b>Less: Accumulated amortization</b>					
Building	(2.607.641)	(950.226)	57.477	(158.323)	(3.658.713)
Vehicles	(148.314)	(58.717)	4.997	(6.503)	(208.537)
	<b>(2.755.955)</b>	<b>(1.008.943)</b>	<b>62.474</b>	<b>(164.826)</b>	<b>(3.867.250)</b>
<b>Net book value</b>	<b>7.086.409</b>				<b>9.401.940</b>

For the period ended September 30, 2023, TRY giderlerinin 1.455.054 (September 30, 2022, TRY 958.110) of amortization expenses is recognized under selling and marketing expenses and TRY 132.186 (September 30, 2022 TRY 50.833) is recognized under general administrative expenses.

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**13. Provisions, contingent assets and liabilities**

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

Unused vacation amounting to TRY 217.588 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended September 30, 2023 (December 31, 2022: TRY 111.846).

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

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Balance at the beginning of the period – January 1	<b>111.846</b>	60.717
Used in the period	<b>(111.846)</b>	(60.717)
Provision of unused vacation	<b>217.588</b>	99.950
<b>Balance at the end of the period - September 30</b>	<b>217.588</b>	99.950

**b) Other short-term provisions**

	<b>September 30, 2023</b>	December 31, 2022
Legal provisions (*)	<b>228.517</b>	87.038
Other	<b>66.092</b>	38.483
<b>Total</b>	<b>294.609</b>	125.521

(\*) As of September 30, 2023 and December 31, 2022, the total amount of outstanding lawsuits filed against the Group, TRY 447.980 and TRY 197.124 (in historical terms), respectively. The Group recognized provisions amounting to TRY 228.517 and TRY 87.038 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows:

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Balance at the beginning of the period - January 1	<b>87.038</b>	53.130
Provisions required	<b>141.479</b>	26.978
<b>Balance at the end of the period – September 30</b>	<b>228.517</b>	80.108

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

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

As of September 30, 2023 and December 31, 2022, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	<b>September 30, 2023</b>				
	<b>Total TRY equivalent</b>	<b>TRY</b>	<b>US Dollars</b>	<b>EUR</b>	<b>Moroccan Dirham</b>
A. Total amount of guarantees, pledges and mortgages given in the name of	<b>156.238</b>	<b>149.370</b>	<b>250.870</b>	-	-
<i>Guarantee</i>	<i>156.238</i>	<i>149.370</i>	<i>250.870</i>	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
<b>Total</b>	<b>156.238</b>	<b>149.370</b>	<b>250.870</b>	-	-

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**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	-	-	-	-	-
<b>Total</b>	<b>76.101</b>	<b>71.459</b>	<b>250.870</b>	<b>-</b>	<b>-</b>

**Insurance coverage on assets**

As of September 30, 2023, and December 31, 2022, insurance coverage on assets of the Group is TRY 39.417.155 and TRY 27.707.641 respectively.

**14. Prepaid Expenses and Deferred Income**

**a) Short term prepaid expenses**

	September 30, 2023	December 31, 2022
Order advances given to third parties for inventories	<b>1.470.504</b>	808.182
Order advances given to related parties (Note 28)	-	15.193
Prepaid service expenses	<b>59.909</b>	135.335
Other	<b>75.726</b>	17.950
	<b>1.606.139</b>	976.660

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**14. Prepaid Expenses and Deferred Income (Cont'd)**

**b) Long term prepaid expenses**

	<b>September 30, 2023</b>	December 31, 2022
Advances given for property, plant and equipment	<b>1.043.424</b>	443.287
Other	<b>18.572</b>	12.658
	<b>1.061.996</b>	455.945

**c) Deferred Income**

	<b>September 30, 2023</b>	December 31, 2022
Gift cards income	<b>318.312</b>	142.829
Other	<b>968</b>	16
	<b>319.280</b>	142.845

**15. Employee termination benefits**

	<b>September 30, 2023</b>	December 31, 2022
Provision for employee termination benefits	<b>1.172.110</b>	995.345
	<b>1.172.110</b>	995.345

The amount payable consists of one month's salary limited to a maximum of full TRY 23.489,8for each period of service as of September 30, 2023 (December 31, 2022: full TRY 15.371,40). The retirement pay provision ceiling is revised semiannually, and full TRY 23.489,83 which is effective from September 30, 2022, 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 "Actuarial gain/loss from defined benefit plans".

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of September 30, 2023, and 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. The real discount rate obtained according to the assumptions is calculated by using 4.05% per annum. The estimated ratio of severance pay amounts that will not be paid to the Group as a result of voluntary dismissals have also been taken into account.

The following tables summarize the components of net benefit expense recognized in the comprehensive statement of income and amounts recognized in the balance sheet:

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**15. Employee termination benefits (Cont'd)**

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Current service cost (Note 20)	<b>261.345</b>	68.385
Interest cost of employee termination benefit (Note 23)	<b>98.905</b>	58.207
<b>Total</b>	<b>360.250</b>	126.592

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

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Balance at the beginning of the period -January 1	<b>995.345</b>	388.923
Service cost of severance pay	<b>98.905</b>	68.385
Interest cost of employee termination benefit	<b>261.345</b>	58.207
Payments made in the current period	<b>(673.917)</b>	(107.810)
Actuarial loss/(gain) during the period	<b>490.432</b>	-
<b>Balance at the end of the period - September 30</b>	<b>1.172.110</b>	407.705

**16. Other assets and liabilities**

**a) Other current assets**

	<b>September 30, 2023</b>	December 31, 2022
VAT receivable	<b>1.497.827</b>	1.106.742
Other	<b>12.468</b>	1.372
	<b>1.510.295</b>	1.108.114

**b) Other current liabilities**

	<b>September 30, 2023</b>	December 31, 2022
Taxes and funds payables	<b>850.202</b>	439.398
Other	<b>249</b>	3.925
	<b>850.451</b>	443.323

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#### **17. Equity**

##### **a) Share capital and capital reserves**

As of September 30, 2023, and December 31, 2022, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows.

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Historical cost</b>	<b>(%)</b>	<b>Historical cost</b>	<b>(%)</b>
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	<b>92.000</b>	<b>15,15</b>	92.000	15,15
Naspak Gıda Sanayi ve Ticaret A.Ş.	<b>70.000</b>	<b>11,53</b>	68.600	11,30
Other	<b>15.012</b>	<b>2,47</b>	15.012	2,47
Publicly traded	<b>430.188</b>	<b>70,85</b>	431.588	71,08
	<b>607.200</b>	<b>100,00</b>	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 September 30, 2023 the Group has revaluation fund amounting TRY 12.459.118 (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

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#### **17. Equity (Cont'd)**

##### **b) Restricted reserves and retained earnings (Cont'd)**

paid in cash. Dividend distribution policy of the Company is in line with the CMB Law numbered 6362 dated December 31, 2012.

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

As of September 30, 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:

	<b>September 30, 2023</b>	December 31, 2022
Legal reserves	<b>2.108.817</b>	1.698.046
Extraordinary reserves	<b>4.338.545</b>	857.514
Net profit for the period	<b>6.994.926</b>	5.100.486
	<b>13.442.288</b>	7.656.046

As of September 30, 2023, net profit for the Company's statutory books is TRY 6.994.926 (December 31, 2022: TRY 5.100.486) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 8.043.008 (December 31, 2022: TRY 8.158.851). Equity holders of the parent company of profit is TRY 8.048.672 (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 September 30, 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 16 May 2023, it was decided to distribute 3.036.000.000 (full TL) cash dividends from the profits of 2022 to the shareholders and to make the payment in 2 installments on 14 June 2023 and 20 December 2023. Accordingly, the first installment from the profit of 2022, a gross dividend of 1.214.400 TL (2021: 910.800 TL), has been completed as of the report date. The gross dividend amount paid per share is 2 full TL and a total of 20.400 TL of the dividend amount consists of the Group's dividend payment corresponding to its own shares. The second installment, a gross dividend of TL 1,821,600, has been accounted for in other payables to the related parties and will be distributed to the partners as of 20 December 2023. The gross dividend payable per share is 3 full TL. In addition, Bim Stores S.A., one of the Group companies, distributed a dividend of 57,189,757 full TL to its non-group shareholders on 13 June 2023 from its 2022 profit.

##### **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 September 30, 2023, the relevant amount in the "Non-controlling interests" account in the consolidated statement of financial position is TRY 238.599. 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 September 30, 2023, the amount of profit attributable to minority interests in the consolidated statement of comprehensive loss is 5.664.

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**18. Sales and cost of sales**

**a) Net Sales**

The Group's net sales for the periods ended September 30, 2023, and 2022 are as follows:

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Sales	184.566.471	74.806.801	103.124.004	41.366.272
Sales returns (-)	(948.130)	(401.119)	(503.556)	(195.163)
	<b>183.618.341</b>	<b>74.405.682</b>	102.620.448	41.171.109

**b) Cost of sales**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Beginning inventory	14.547.031	18.986.722	6.666.107	12.969.679
Purchases	157.756.394	64.047.531	91.631.135	35.101.110
Depreciation and amortization expenses	54.707	25.534	2.745	1.046
Ending inventory (-)	(24.224.802)	(24.224.802)	(14.175.856)	(14.175.856)
	<b>148.133.330</b>	<b>58.834.985</b>	84.124.131	33.895.979

**19. Operational expenses**

**a) Marketing expenses**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Personnel expenses	13.479.862	5.760.367	6.178.681	2.570.770
Depreciation and amortization expense	2.928.577	1.105.894	1.727.562	653.122
Electricity, water and communication expenses	1.807.026	724.087	1.297.871	603.034
Maintenance and repair expenses	503.591	221.570	258.495	102.709
Advertising expenses	469.395	190.788	208.140	79.684
Truck fuel expense	437.354	216.787	351.770	147.184
Severance expenses	232.506	57.844	61.561	20.950
Packaging expenses	201.558	73.116	159.293	60.304
shipping expense	196.294	96.663	86.839	35.387
Stationery expenses	169.015	67.931	102.848	41.686
Rent expenses	124.543	57.906	50.845	20.979
Tax and duty expenses	114.506	39.937	54.071	15.892
Information technology expenses	101.564	44.174	61.101	23.850
Expenses written off fixture expenses	79.006	30.674	44.062	15.914
Cleaning expenses	53.402	21.634	37.181	13.181
Insurance expense	13.357	9.422	23.683	9.281
Other	550.360	244.252	216.602	82.775
	<b>21.461.916</b>	<b>8.963.046</b>	10.920.605	4.496.702

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**19. Operational expenses (Cont'd)**

**b) General and administrative expenses**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Personnel expenses	2.030.520	722.863	823.319	319.666
Tax and duty expense	301.141	109.703	206.483	124.721
Depreciation and amortization	266.050	116.784	91.656	12.126
Legal and consultancy expenses	104.779	56.443	41.269	15.942
Vehicle expenses	90.833	37.840	38.695	15.083
Money collection expenses	75.085	30.498	38.792	15.598
Severance expense	28.840	4.919	6.823	1.819
Electricity, water, gas and communication expenses	23.836	6.603	15.579	4.117
Office supplies expenses	9.809	3.853	7.914	2.669
Other	239.331	94.768	108.705	31.165
	<b>3.170.224</b>	<b>1.184.274</b>	1.379.235	542.906

**20. Expenses by nature**

**a) Depreciation and amortization expenses**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Marketing and selling expenses	2.928.577	1.105.894	1.727.562	653.122
General and administrative expenses	266.050	116.784	91.656	12.126
Cost of sales	54.707	25.534	2.745	1.046
	<b>3.249.334</b>	<b>1.248.212</b>	1.821.963	666.294

**b) Personnel expenses**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Wages and salaries	13.715.770	5.730.426	6.285.603	2.593.387
Social security premiums employer contribution	1.794.612	752.804	716.397	297.049
Provision for employee termination (Note 15)	261.345	62.763	68.385	22.770
	<b>15.771.727</b>	<b>6.545.993</b>	7.070.385	2.913.206

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**21. Other operating income and expense**

**a) Other operating income**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Gain on sale of scraps	96.543	27.362	102.616	39.704
Contract termination income (IFRS-16)	36.342	10.725	25.281	10.898
Commission and promotion income	-	-	15.252	5.390
Other income from operations(*)	674.890	213.140	110.114	34.778
	<b>807.775</b>	<b>251.227</b>	253.263	90.770

(\*) Most of the balance is due to the refund amount of the Competition Board Penalty within the scope of tax peace (359.298 TL) and the related amount is exempt from corporate tax.

**b) Other operating expense**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Donation and aid expenses	130.189	31.388	38.430	8.345
Provision expenses	142.088	116.039	29.129	11.658
Other operating expenses	65.546	36.573	9.707	3.690
	<b>337.823</b>	<b>184.000</b>	77.266	23.693

**22. Financial income**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Participation account income	130.980	16.306	100.356	25.215
Foreign exchange gains	45.910	18.858	79.555	35.902
	<b>176.890</b>	<b>35.164</b>	179.911	61.117

**23. Financial expenses**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Financial expenses arises from lease liabilities	1.329.403	513.359	776.155	288.292
Foreign exchange losses	78.363	(2.905)	84.067	18.353
Interest cost related to provision for employee termination (Note 15)	98.905	28.108	58.207	19.398
Other financial expenses	47.634	19.590	11.904	3.985
	<b>1.554.305</b>	<b>558.152</b>	930.333	330.028

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

**a) Income from investing activities**

	January 1- September 30, 2023	July 1- September 30, 2023	January 1- September 30, 2022	July 1- September 30, 2022
Incomes from financial investments (*)	412.515	261.169	98.497	38.082
Currency from protected deposits	-	-	195.055	67.591
Dividend income	1.257	1.257	9.801	6.011
	<b>413.772</b>	<b>262.426</b>	303.353	111.684

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

**b) Expense from investing activities**

As of 30 September 2023, there is TL 31.027 on the sale of fixed assets. (September 30, 2022: None).

**25. Tax assets and liabilities**

As of September 30, 2023, and December 31, 2022, provision for taxes of the Group is as follows :

	September 30, 2023	December 31, 2022
Current income tax liabilities	2.182.576	1.507.251
Current tax assets (Prepaid taxes)	(794.859)	(1.178.120)
Tax expense related to revaluation value expenditure fund recognized in the statutory financial statements (*)	-	26.082
<b>Corporate tax payable</b>	<b>1.387.717</b>	355.213
Current period corporate and income tax provision	2.182.576	1.507.251
Adjustments to prior period tax expense (-)	(64.375)	(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
<b>Current income tax liabilities</b>	<b>2.118.201</b>	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.

Amendments were made to the Corporate Tax Law No. 5520 with a Law published in the Official Gazette dated 15 July 2023. According to this, the corporate tax rate has been increased from 20% to 25%, starting from the declarations that will be submitted as of 1 October 2023. In addition, starting from 15 July 2023; 50% tax exception stipulated for immovable assets' sales gains in the Law No. 5520 has been abolished with the amendment. However, the 50% tax exemption ratio will be applied as 25% for the sales of immovable assets of the entities acquired before 15 July 2023. (31 December 2022: 23%).

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**25. Tax assets and liabilities (Cont'd)**

Companies calculate corporate tax at the rate of 25% on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of corporate tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

In Morocco, as of September 30, 2023 the corporate tax rate is 31% (December 31, 2022: 31%) where the consolidated subsidiary of the Company, BIM Maroc 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 September 30, 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 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 September 30, 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	
	September 30, 2023	December 31, 2022	January 1- September 30, 2023	January 1- September 30, 2022
<i>Deferred tax liability</i>				
Right-of-use asset	3.922.897	1.869.186	2.053.711	415.866
The effect of the revaluation of land and buildings	3.336.374	3.327.666	8.708	(3.848)
The effect of the revaluation of financial asset	97.382	97.382	-	-
Other adjustments	168.165	121.008	47.157	106.381
<i>Deferred tax asset</i>				
Lease liabilities	(4.276.410)	(2.104.270)	(2.172.140)	(447.067)
Tangible and intangible assets, except the effect of revaluation effect	(3.068.301)	(3.559.298)	490.997	94.431
Provision for employee termination benefit	(292.982)	(199.069)	(93.913)	(3.764)
Other adjustments	(542.131)	(226.431)	(315.700)	(153.736)
Currency translation difference	-	-	25.516	8.270
<b>Deferred tax</b>	<b>(655.006)</b>	<b>(673.826)</b>	<b>44.336</b>	<b>16.533</b>

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**25. Tax assets and liabilities (Cont'd)**

Deferred tax is presented in financial statements as follows:

	September 30, 2023	December 31, 2022
Deferred tax assets	664.772	683.050
Deferred tax liabilities	(9.766)	(9.224)
<b>Net deferred tax asset</b>	<b>655.006</b>	<b>673.826</b>

Movement of net deferred tax liability for the periods ended September 30, 2023, and 2022 are as follows:

	January 1- September 30, 2023	January 1- September 30, 2022
Balance at the beginning of the period - January 1	673.826	(284.188)
Deferred tax expense recognized in statement of profit or loss, net	(166.944)	16.533
Deferred tax expense recognized in other comprehensive income	122.608	-
-Defined benefit plans revaluation fund loss	122.608	-
Foreign currency translation differences	25.516	(8.270)
<b>Balance at the end of the period – September 30</b>	<b>655.006</b>	<b>(275.925)</b>

**Tax reconciliation**

	January 1- September 30, 2023	January 1- September 30, 2022
Profit before tax	10.328.153	5.925.405
Corporate tax provision calculated at effective tax rate of 25% (July 30, 2022: %23)	(2.582.038)	(1.362.843)
Fiscal year losses which is no deferred tax not created	-	121.573
Expenses and deductions that are not legally accepted	161.608	54.495
Effect of tax rate differences of the consolidated subsidiary (*)	(28.110)	(24.156)
Effect of sales of the consolidated subsidiary	(22.190)	(10.374)
Effect of tax rate changes	159.324	13.841
Adjustments to prior period tax expense	64.375	99.361
Other	(38.114)	(12.036)
	<b>(2.285.145)</b>	<b>(1.120.139)</b>

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

	January 1- September 30, 2023	January 1- September 30, 2022
<b>Tax expense</b>		
Current period tax expense	(2.118.201)	(1.103.606)
Deferred tax income	(166.944)	(16.533)
<b>Total tax expense</b>	<b>(2.285.145)</b>	<b>(1.120.139)</b>

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**26. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. Earnings per share for the period ended as of September 30, 2023, and 2022 is as follows. All shares of the Company are in same status.

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
<b>Earnings per share</b>		
Average number of shares at the beginning of the period (Thousand)	<b>597.144</b>	598.001
Net profit of the year	<b>8.048.672</b>	4.793.018
	<b>13,48</b>	8,02

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

**27. Non – controlling interests**

Details of non-controlling interests as of 30 September 2023 and 31 December 2022 are as follows:

	<b>September 30, 2023</b>	December 31, 2022
Share of non – controlling interests	<b>%35</b>	%35
Total assets	<b>6.323.993</b>	3.527.194
Total liabilities	<b>(5.642.282)</b>	(2.931.686)
Net assets	<b>681.711</b>	595.508
<b>Non – controlling interests</b>	<b>238.599</b>	208.428

Details of total revenue/expense of non-controlling interests as of 30 September 2023 and 2022 are as follows:

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Revenue	<b>8.064.628</b>	5.017.280
Gross profit	<b>1.346.860</b>	927.836
Operating profit	<b>84.943</b>	118.280
Net income for the period	<b>(16.182)</b>	34.993
<b>Net profit for the period of non-controlling interests</b>	<b>(5.664)</b>	12.248
<b>Other comprehensive income from non-controlling interests</b>	<b>93.025</b>	28.989
<b>Total comprehensive income of non-controlling interests</b>	<b>87.361</b>	41.237

**28. Related party disclosures**

**a) Prepaid expenses to related parties**

As of 30 September 2023 and 31 December 2022, the balances of prepaid expenses to related parties are as follows:

	<b>September 30, 2023</b>	December 31, 2022
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) <sup>(1)</sup>	-	15.193
	-	15.193

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**28. Related party disclosures (Cont'd)**

**b) Payables related to goods and services received**

Due to related parties balances as of September 30, 2023 and December 31, 2022 are as follows:

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

**Related parties**

	<b>September 30, 2023</b>	December 31, 2022
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) <sup>(1) (*)</sup>	<b>1.042.580</b>	561.108
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) <sup>(1) (*)</sup>	<b>452.994</b>	446.598
Aktül Kağıt Üretim Pazarlama Anonim Şirketi	<b>452.067</b>	471.117
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) <sup>(1) (*)</sup>	<b>420.111</b>	422.949
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti.(Sena) <sup>(2) (*)</sup>	<b>317.776</b>	248.487
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) <sup>(1)</sup>	<b>93.899</b>	-
Ahenk Helva Şekerleme İm. İth. İhr. San. ve Tic. A.Ş. (Ahenk) <sup>(1)</sup>	<b>55.362</b>	35.682
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) <sup>(1)</sup>	<b>37.695</b>	271.945
MTB Kağıt ve Temizlik Ürünleri San. Ve Tic. A.Ş. (MTB) <sup>(1)</sup>	<b>23.541</b>	14.796
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) <sup>(1)</sup>	<b>5.030</b>	5.824
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye) <sup>(1)</sup>	-	5.228
	<b>2.901.055</b>	2.483.734

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

<sup>(1)</sup> Companies owned by shareholders of the Company.

<sup>(2)</sup> Other related party.

**c) Related party transactions**

i) Purchases from related parties during the periods ended September 30, 2023 and 2022 are as follows:

**Related parties**

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Başak <sup>(1)</sup>	<b>4.379.086</b>	2.546.972
Reka <sup>(1)</sup>	<b>3.211.320</b>	3.310.372
Hedef <sup>(1)</sup>	<b>2.047.767</b>	1.245.059
Turkuvaz <sup>(1)</sup>	<b>1.674.711</b>	1.276.018
Aktül <sup>(1)</sup>	<b>1.506.934</b>	1.201.021
Apak <sup>(1)</sup>	<b>1.087.064</b>	623.744
Sena <sup>(3)</sup>	<b>1.056.478</b>	652.303
Ahenk <sup>(1)</sup>	<b>196.160</b>	63.249
Avansas <sup>(1)</sup>	<b>30.865</b>	20.306
Bahariye Mensucat <sup>(1)</sup>	<b>64</b>	133
MTB <sup>(1)</sup>	-	52.163
Evidea <sup>(1)</sup>	-	66
	<b>15.190.449</b>	10.991.406

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**28. Related party disclosures (Cont'd)**

**Affiliates and Subsidiaries**

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
İdeal Standart <sup>(2)</sup>	-	23.927
	-	23.927
<b>Total Related Party Transaction</b>	<b>15.190.449</b>	11.015.333

(1) Companies owned by shareholders of the Company.

(2) Subsidiaries of the Group that consolidated as of the date of 30 September 2023

(3) Other related party.

ii) For the periods ended September 30, 2023, and 2022 salaries, bonuses and compensations provided to board of directors and key management comprising of 209 and 189 personnel, respectively, are as follows:

	<b>January 1- September 30, 2023</b>	January 1- September 30, 2022
Short-term benefits to Executives	<b>402.499</b>	168.048
<b>Total benefits</b>	<b>402.499</b>	168.048

**29. Financial instruments and financial risk management**

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term interest free bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

**Price risk**

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

**Profit share rate risk**

The Group does not have material profit share rate sensitive asset. The Group's income and cash flows from operations are independent from profit share rate risk.

The Group's profit share rate risk mainly comprises of outstanding short-term borrowings in the prior period. The Group's forthcoming loans in order to continue its operating activities are affected from forthcoming profit share ratios.

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

**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		September 30, 2023	December 31, 2022
Financial assets	Fixed profit share bearing financial instruments	<b>7.074.503</b>	2.312.357
	Participation account	-	300.000
	Lease certificate & Investment fund & Currency protected deposit	<b>7.074.503</b>	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.

**Credit risk table (Current period - September 30, 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)	-	<b>13.833.280</b>	<b>1.402</b>	<b>417.075</b>	-	<b>1.679.635</b>	<b>2.092.540</b>	<b>7.074.503</b>
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	<b>13.833.280</b>	<b>1.402</b>	<b>417.075</b>		<b>1.679.635</b>	<b>2.092.540</b>	<b>7.074.503</b>
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)	-	-	-	<b>11.738</b>	-	-	-	-
- Impairment	-	-	-	<b>(11.738)</b>	-	-	-	-
- 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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**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	-	-	-	-	-	-	-	-

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**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 September 30, 2023, and December 31, 2022, the Group's foreign currency position is as follows:

	September 30, 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	82.858	2.330.945	656.001	-	42.920	2.261.535	31.743	-
2a. Monetary financial assets (including cash, banks accounts)	119.177	3.464.271	829.711	7.466	31.619	1.121.063	526.145	7.466
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	202.035	5.795.216	1.485.712	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
<b>9. Total assets (4+8)</b>	<b>202.035</b>	<b>5.795.216</b>	<b>1.485.712</b>	<b>7.468</b>	<b>74.709</b>	<b>3.391.698</b>	<b>557.888</b>	<b>7.468</b>
10. Trade payables	15	-	500	-	30	-	1.481	-
11. Financial liabilities	110.162	-	3.794.692	-	78.092	-	3.917.390	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	110.177	-	3.795.192	-	78.122	-	3.918.871	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	78.355	-	2.699.064	-	165.534	-	8.303.735	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	78.355	-	2.699.064	-	165.534	-	8.303.735	-
<b>18. Total liabilities (13+17)</b>	<b>188.532</b>	<b>-</b>	<b>6.494.256</b>	<b>-</b>	<b>243.656</b>	<b>-</b>	<b>12.222.606</b>	<b>-</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	13.503	5.795.216	(5.008.544)	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)	13.503	5.795.216	(5.008.544)	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 September 30, 2023, and December 31, 2022.

**September 30, 2023**

Exchange rate sensitivity analysis				
Current Period				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	15.865	(15.865)	-	-
2- Protected part from US Dollars risk (-)	-	-	-	-
3- US Dollars net effect (1+2)	15.865	(15.865)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(14.540)	14.540	-	-
5- Protected part from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(14.540)	14.540	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	25	(25)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	25	(25)	-	-
<b>Total (3+6+9)</b>	<b>1.350</b>	<b>(1.350)</b>	<b>-</b>	<b>-</b>

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

**December 31, 2022**

	Exchange rate sensitivity analysis			
	Prior Period			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	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)	-	-
<b>Total (3+6+9)</b>	<b>(16.894)</b>	<b>16.894</b>	<b>-</b>	<b>-</b>

**Liquidity risk**

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

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

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

As of September 30, 2023, and December 31, 2022, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

#### September 30, 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	40.375.203	41.022.600	41.022.600	-	-
Due to related parties	2.901.055	2.952.820	2.952.820	-	-
Contractual lease liabilities	19.185.790	32.792.649	1.004.213	3.155.097	28.633.339

#### 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 September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
Total liabilities	69.384.617	39.275.030
Less: Cash and cash equivalents	(3.260.750)	(2.181.753)
Net debt	66.123.867	37.093.277
Total equity	29.804.484	25.200.975
<b>Total equity + net debt</b>	<b>95.928.351</b>	<b>62.294.252</b>
<b>Net debt/(Total equity + net debt) (%)</b>	<b>69</b>	<b>60</b>

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

**BİM Birleşik Mağazalar A.Ş.**

## **Notes To The Interim Consolidated Financial Statements As At and For The Period Ended September 30, 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 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 September 30, 2023 and December 31, 2022. See note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

<b>September 30, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial Assets	-	<b>2.092.540</b>	-	<b>2.092.540</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Lease certificates, investment funds	-	<b>7.074.503</b>	-	<b>7.074.503</b>
<b>Total assets</b>	-	<b>9.167.043</b>	-	<b>9.167.043</b>
<b>December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial Assets	-	2.092.540	-	2.092.540
<b>Financial assets measured at fair value through other comprehensive income</b>				
Lease certificates, investment funds	-	2.012.357	-	2.012.357
<b>Total assets</b>	-	<b>4.104.897</b>	-	<b>4.104.897</b>

There were no transfers between levels during in year.

#### **(a) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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**BİM Birleşik Mağazalar A.Ş.**

**Notes To The Interim Consolidated Financial Statements As At and For The Period Ended September 30, 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 September 30, 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 uncollectibilities are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and 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. Fees for Services Received from Independent Audit Firm**

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

	<b>September 30, 2023</b>	December 31, 2022
Legal and voluntary independent audit services (annual)	<b>1.600</b>	500
	<b>1.600</b>	500

**32. Subsequent events**

None.