CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021

(ORIGINALLY ISSUED IN TURKISH)

18 February 2022

This report contains 7 pages of the independent auditors' report and 75 pages of financial statements and notes.

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition and accounting of revenues from suppliers

Refer to Note 2.6.2 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition and accounting of revenues from suppliers.

The key audit matter	**How the matter was addressed in our audit**
The Company's revenue is mainly comprise of retail sales and income from sublease. There exist inherent control risk related to the accuracy of retail sales revenue recognized in the financial due to the processing of large volumes of data in invoice process. The Company's income generated from its suppliers are based on the trade agreements with suppliers and the contents of these agreements consist of commitments to purchase amounts, promotions and marketing activities, and various types of discounts. These commitments can vary depending on the turnover and for the sum of purchases made during that period or for certain products within those purchases as of periods. Therefore, the Company's retail sales revenues and revenues from its suppliers has been the focus area in audit.	We have performed the following audit procedures to be responsive to retail sales revenue: - Assessing the compliance of the Company's accounting policy with respect to accounting for revenue in accordance with TFRS 15 and the adequacy of disclosures related to the Company's revenue; - Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of the below controls; •key internal controls over the general IT environment in which the business systems operate, including access to program controls, program change controls, program development controls and computer operation controls; and •internal IT controls over the completeness and accuracy of pricing and billing process and the end-to-end reconciliation controls from pricing and billing process to the accounting system. - Reconciliation of retail sales revenues recognized throughout the year with cash and credit card collections verified from relevant bank documents; - Substantive testing on a sample of non-systematic transactions which are outside of the normal retail process; - Testing, on a sample basis, sales returns accepted subsequent to the year end in order to assess whether the sales returns are properly

	accounted for in the appropriate financial period. - Evaluation of high-risk journal entries that the Company has accounted for during the year. We have performed the following audit procedures to be responsive to revenue from suppliers: - Testing the fulfillment of contract conditions, turnover premium rates and relevant conditions for significant turnover premiums income to ensure that turnover premiums income received from suppliers are accounted for in accordance with the terms of the relevant contracts in the correct period and in the correct amount; - Controlling the subsequent period realizations (invoices) of turnover premiums income recognized as accruals - Verification of current accounts related to the suppliers, which a significant portion of turnover premiums income are generated, through external confirmations; - Analyzing the current contracts with suppliers and evaluating the suitability and appropriateness of accounting policies and the adequacy and relevance of relevant disclosures in terms of elements to be generated in the current period.

Recoverability of deferred tax assets

Refer to Note 2.6.17, 2.7.3 and Note 25 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for recoverability of deferred tax assets.

The key audit matter	**How the matter was addressed in our audit**
As of and for the year ended 31 December 2021, the Company has recognized deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of the deferred tax asset depends on the Company's ability to generate taxable profits that it can use in the future deductible temporary differences and prior year financial losses (before expiration). Therefore, accounting and recoverability of deferred tax assets requires significant management judgment. This issue has been identified as one of the key audit matters, as estimating the amounts and timings for the realization of future taxable profits and temporary differences involves natural uncertainty.	We have performed the following audit procedures to be responsive to this area: - Evaluating and questioning the assumptions and judgments, which are used to determine future taxable earnings estimates by analyzing the assumptions made by the management; - Reconciliation of the estimates and assumptions used with the amounts in future business plans approved by the Board of Directors; - Considering the historical accuracy of forecasts of future taxable profits made by the management by comparing the actual taxable profits for the current year with management's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions; - Considering the impact of changes in legislation where applicable; - Reconciling unused previous year tax losses and its expiry dates with tax statements; and - Assessing whether the disclosures in the financial statements for the application of the judgments used in the estimation of deferred tax assets that are reflected or not reflected in the Company's financial statements are appropriately reflecting the deferred tax position in accordance with TFRS provisions.

Impairment of goodwill

Refer to Note 2.6.5, 2.7.1 and Note 12 to the financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for impairment of goodwill.

The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2021, the Company's goodwill amount is TL 482,479,139 (31 December 2020: TL 482,479,139) and there is no impairment on the goodwill amount. According to TAS 36 Impairment of Assets, the intangible assets with an indefinite useful life has to be tested for impairment annually. In performing impairment assessments, management has used significant estimates and assumptions. The management compared the carrying value of each of the separately identifiable cash generating units to which goodwill had been allocated with their respective recoverable amounts to determine if any impairment loss should be recognized. The recoverable amount of cash generating units, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales volumes per square meter and basket prices, operating costs, estimates related with new store openings and store closings, change in working capital, terminal value growth rates and the weighted-average cost of capital ("WACC"). Since the carrying value of goodwill is significant for the financial statements and the determination of the estimates and assumptions used in the estimation of the recoverable amount of goodwill requires significant judgment, this issue has been identified as one of the key audit matters.	We have performed the following audit procedures to be responsive to this area: - Involving our own corporate finance specialist to assist in evaluating the appropriateness of discount rates and long term growth rate applied, which included comparing the WACC with retail sector averages; - Controlling of the design and mathematical accuracy of the calculation model of discounted cash flows, - Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and basket prices, operating costs, estimates related with new store opening and store closing, change in working capital, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; . Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the cash generating units and - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 18 February 2022.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2021 and 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

ORIGINALLY ISSUED IN TURKISH

Ruşen Fikret Selamet SMMM
Partner
18 February 2022
İstanbul, Türkiye

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CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

	Notes	31 December 2021	31 December 2020
ASSETS			
Current Assets		**2,562,518,422**	**2,080,994,040**
Cash and Cash Equivalents	3	873,978,953	913,853,836
Trade Receivables			
Due From Related Parties	5, 27	3,861,976	10,755,881
Other Trade Receivables	5	136,468,763	66,558,627
Other Receivables			
Other Receivables from Third Parties	6	12,955,191	4,047,979
Inventories	7	1,472,347,412	1,051,614,876
Prepaid Expenses			
Prepaid Expenses to Related Parties	8	12,834,534	2,037,871
Other Prepaid Expenses	8	50,071,593	32,124,970
Non-Current Assets		**2,355,390,916**	**2,504,994,535**
Other Receivables			
Other Receivables from Third Parties	6	74,814,001	57,059,111
Property, Plant and Equipment	10	639,905,595	903,186,998
Right of Use Assets	9	850,929,914	798,062,124
Intangible Assets			
Goodwill	12	482,479,139	482,479,139
Other Intangible Assets	11	56,125,455	52,125,086
Prepaid Expenses	8	5,796,414	9,028,561
Deferred Tax Assets	25	245,340,398	203,053,516
TOTAL ASSETS		**4,917,909,338**	**4,585,988,575**

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

	Notes	31 December 2021	31 December 2020
LIABILITIES			
Current Liabilities		**4,307,584,089**	**3,696,653,484**
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	4, 27	119,181,667	456,880,461
Other Short Term Financial Liabilities	4	1,070,674,280	659,438,956
Short Term Portion of Long Term Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	4	156,759,646	153,992,486
Trade Payables			
Due to Related Parties	5, 27	64,633,147	44,705,723
Other Trade Payables	5	2,636,898,576	2,144,350,268
Employee Benefit Liabilities	15	80,226,860	80,508,594
Other Payables			
Due to Related Parties	6, 27	27,700,063	22,948,907
Other Short Term Payables	6	33,091,296	37,790,255
Short Term Provisions			
Provisions for Employment Benefits	13	6,284,911	8,006,439
Other Short Term Provisions	13	64,089,488	56,990,991
Deferred Income	16	45,127,366	29,111,191
Other Current Liabilities		2,916,789	1,929,213
Non-Current Liabilities		**1,005,218,973**	**872,257,288**
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	4	878,958,963	775,161,235
Long Term Provisions			
Provisions for Employment Termination Benefits	13, 25	126,260,010	97,096,053
EQUITY		**(394,893,724)**	**17,077,803**
Shareholders' Equity		**(394,893,724)**	**17,077,803**
Share Capital	17	127,773,766	127,773,766
Inflation Adjustment to Share Capital	17	678,006,480	678,006,480
Share Issue Premium		411,664,950	411,664,950
Other Comprehansive Income/ Expense			
-Property, Plant and Equipment Revaluation Increases	17	97,694,296	226,256,882
-Losses on Remeasurement of Defined Benefit Obligations	17	(39,248,662)	(24,290,037)
Restricted Reserves	17	12,318,358	12,318,358
Retained Loss	17	(1,252,610,010)	(1,110,479,871)
Net Loss for the Period		(430,492,902)	(304,172,725)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,917,909,338**	**4,585,988,575**

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

	Notes	2021	2020
PROFIT OR LOSS			
Revenue	18	9,367,507,540	7,914,987,337
Cost of Sales (-)	18	(6,788,419,803)	(5,802,396,518)
GROSS PROFIT		**2,579,087,737**	**2,112,590,819**
Marketing Expenses (-)	19	(1,914,695,472)	(1,644,848,730)
General Administrative Expenses (-)	19	(207,015,387)	(164,946,461)
Other Income From Main Operations	21	120,796,684	59,036,451
Other Expenses From Main Operations (-)	21	(534,681,583)	(266,626,247)
OPERATING PROFIT/(LOSS)		**43,491,979**	**95,205,832**
Income / (Expense) From Investment Activities	22	(24,422,492)	5,460,078
Impairment Profit / (Loss) and Reversals of Impairment Losses in Accordance with TFRS 9		(590,084)	(606,295)
OPERATING PROFIT /(LOSS) BEFORE FINANCE COSTS		**18,479,403**	**100,059,615**
Finance Income	23	3,313,233	22,162,758
Finance Costs (-)	24	(468,770,507)	(394,344,071)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(446,977,871)**	**(272,121,698)**
Tax Income / (Expense) from Continuing Operations		**16,484,969**	**(32,051,027)**
- Taxes on Income	25	-	-
- Deferred Tax Income / (Expense)	25	16,484,969	(32,051,027)
NET LOSS FOR THE YEAR		**(430,492,902)**	**(304,172,725)**
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax		**18,521,375**	**222,685,757**
- Remeasurements of Defined Benefit Asset / (Liability)	13	(18,698,284)	(9,670,886)
- Remeasurements of Defined Benefit Asset / (Liability), Tax Effect	25	3,739,659	1,934,176
-Property, Plant and Equipment Revaluation Increases	10	37,200,000	268,002,889
-Property, Plant and Equipment Revaluation Increases, Tax Effect	25	(3,720,000)	(37,580,422)
TOTAL COMPREHENSIVE LOSS		**(411,971,527)**	**(81,486,968)**
Loss per share (1 TRY per share)			
Basic loss per share			
Loss per share from continued operations		(3.3692)	(0.4755)
Loss per share from discontinued operations		-	-
Total basic earnings per share	26	**(3.3692)**	**(0.4755)**
Diluted loss per share			
Diluted loss per share from continued operations		(3.3692)	(0.4755)
Diluted loss per share from discontinued operations		-	-
Total diluted loss per share		**(3.3692)**	**(0.4755)**

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

(Note 17)	Share Capital	Inflation Adjustment to Share Capital	Share Issue Premium	Property,Plant and Equipment Revaluation Increases	Actuarial Gain / (Loss)	Restricted Reserves	Retained Loss	Net Loss for the Period	Total
Balance at 1 January 2020	**700,000,000**	**91,845,783**	**34,691,309**	**-**	**(16,553,327)**	**12,318,358**	**(781,159,617)**	**(343,080,788)**	**(301,938,282)**
Transfers	-	-	-	(13,760,534)	-	-	(329,320,254)	343,080,788	-
Capital increase	23,529,412	-	376,973,641	-	-	-	-	-	400,503,053
Capital decrease	(595,755,646)	586,160,697	-	9,594,949	-	-	-	-	-
Total comprehensive loss	-	-	-	230,422,467	(7,736,710)	-	-	(304,172,725)	(81,486,968)
Balances at 31 December 2020	**127,773,766**	**678,006,480**	**411,664,950**	**226,256,882**	**(24,290,037)**	**12,318,358**	**(1,110,479,871)**	**(304,172,725)**	**17,077,803**
Balance at 1 January 2021	**127,773,766**	**678,006,480**	**411,664,950**	**226,256,882**	**(24,290,037)**	**12,318,358**	**(1,110,479,871)**	**(304,172,725)**	**17,077,803**
Transfers	-	-	-	-	-	-	(304,172,725)	304,172,725	-
Sale of real estate	-	-	-	(64,918,684)	-	-	64,918,684	-	
Control loss of subsidiary	-	-	-	(97,123,902)	-	-	97,123,902	-	-
Total comprehensive loss	-	-	-	33,480,000	(14,958,625)	-	-	(430,492,902)	(411,971,527)
Balances at 31 December 2021	**127,773,766**	**678,006,480**	**411,664,950**	**97,694,296**	**(39,248,662)**	**12,318,358**	**(1,252,610,010)**	**(430,492,902)**	**(394,893,724)**

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**1 January-31 December 2021**	**1 January-31 December 2020**
Net loss for the period		**(430,492,902)**	**(304,172,725)**
Adjustments to reconcile net loss for the period		**918,482,029**	**788,183,802**
- Depreciation of property, plant and equipment	10	127,374,505	128,130,059
- Amortization of intangible assets	11	26,351,675	25,643,276
- Amortization of right of use asset	9	230,857,921	214,335,434
- Adjustments to proceeds from sale of subsidiary	22	(367,824)	--
- (Gain) / loss on sale of tangible and intangible assets	22	24,790,316	(5,460,078)
- Net change in risk, lawsuit, personnel, SSI and other provisions	13	9,098,497	(3,447,634)
- Adjustments to interest income	23	(3,313,233)	(6,896,449)
- Adjustments to interest expense	24	468,770,507	376,957,604
- Impairment provision	21	427,846	(757,003)
- Change in unused vacation provision	13	(1,721,528)	(2,895,940)
- Provision for employment termination benefit	13	48,512,348	23,452,580
- Allowance for doubtful receivables	5	2,514,488	2,230,092
- Change in provision for inventory impairment	18	2,128,956	2,720,676
- Unrealized foreign exchange gain / (loss)		(457,476)	2,120,158
- Tax expense / (income)	25	(16,484,969)	32,051,027
Changes in working capital:		**(35,311,584)**	**315,844,863**
- Increase in trade receivables, including collection from doubtful receivables		(72,424,624)	(22,523,284)
- Decrease/(increase) in inventories		(422,861,492)	(266,413,297)
- Decrease in due from related parties		6,893,905	7,180,128
- Increase in other receivables and current assets		(41,140,850)	(9,694,474)
- Increase / (decrease) in prepaid expenses		(25,511,139)	6,881,162
- Increase / (decrease) in other short term payables		(4,698,959)	19,200,858
- Increase in trade payables		492,763,377	506,476,198
- Increase in due to related parties		24,678,580	6,014,140
- (Decrease) / increase in employee benefit liabilities		(281,734)	57,927,029
- Increase in other short-term liabilities		7,271,352	10,796,403
Cash used in operating activities		**452,677,543**	**799,855,940**
- Employee termination benefits paid	13	(38,046,675)	(11,916,139)
Net cash used in operating activities		**414,630,868**	**787,939,801**

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

	Notes	1 January- 31 December 2021	1 January- 31 December 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment	10	(184,760,651)	(152,352,279)
- Acquisition of intangible assets	11	(31,922,450)	(30,675,251)
- Proceeds from sale of subsidiary		212,000,000	--
- Proceeds from sale of investment properties, tangible assets and intangible assets		118,801,138	32,993,655
Net cash used in investing activities		**114,118,037**	**(150,033,875)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	1,092,300,000	842,500,000
- Repayment of borrowings		(1,062,300,000)	(938,163,386)
- Repayment of finance lease payables	4	(409,882,343)	(389,806,554)
- Interest paid		(180,752,099)	(149,000,844)
- Interest received	23	3,313,233	6,896,449
- Capital Increase	17	--	400,503,053
- Other cash outflows		(11,760,055)	(13,413,900)
Net cash used in financing activities		**(569,081,264)**	**(240,485,182)**
(Decrease) / increase in cash and cash equivalents		**(40,332,359)**	**397,420,744**
Cash and cash equivalents at the beginning of the year		**913,853,836**	**506,901,093**
- The impact of change in foreign currency exchange rate over cash and cash equivalents		457,476	9,531,999
Cash and cash equivalents at the end of the year	**3**	**873,978,953**	**913,853,836**

Accompanying notes are an integral part of these financial statements.

1. ORGANISATION AND NATURE OF OPERATIONS

CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi (“The Company”) was established in 1991 to operate in the hypermarket and supermarket sectors in Turkey. The registered address of the Company is Cevizli Mahallesi, Tugay Yolu Caddesi No:67 A, B Blok Maltepe / İstanbul. As at 31 December 2021, number of personnel of the Company is 10,174 (31 December 2020: 11,032).

As of 31 December 2021, the Company has 28 hypermarkets, 72 frachises and 654 supermarkets (31 December 2020: 30 hypermarkets, 24 franchise, 645 supermarkets).

Adana Gayrimenkul Geliştirme ve İşletme A.Ş. (“Adana Gayrimenkul”), which is 100% owned by the Company, was established at 15 October 2014 and has been started to consolidate by using full consolidation method as of 31 December 2014. The main business of the Subsidiary is contruction of nonresidential buildings. There is no operation of Adana Gayrimenkul except real estate ownership so far.

The other subsidiary, Adanabir Gayrimenkul Geliştirme ve İşletme A.Ş. (“Adana Gayrimenkul”), which is 100% owned by the Company, was established at 27 March 2015 and merged with Adana Gayrimenkul which is the another subsidiary of the Company, with its existing assets and liabilities by acquisition and this transaction has been registered by the Registry of Commerce of İstanbul on 19 October 2015.

Letter of intent has been signed on 12 August 2021 between the Company and Mahmut Bakır, Yalçın Bakır, Murat Bakır, Ramazan Bakır, Ahmet Doğrul, Murat Doğrul, Mustafa Doğrul (“Buyers”) for the sale of 113.264.693,28 shares, each with a nominal value of TRY 1, reprensenting 100% of capital of Adana Gayrimenkul for a cash price of TRY 212.000.000. Share transfer agreement was signed between the Company and the Buyers on 3 September 2021 and the transactiın had been completed. Aforementioned share transfer was published on Official Gazette dated 15 September 2021 and numbered 10409. As a result, Adana Gayrimenkul has been excluded from the scope of consolidation as of 30 September 2021. financial statements. While the income statement for the interim accounting period ending on 30 September 2021 has being prepared, transactions related to Adana Gayrimenkul for the accounting period ending on 15 September 2021 are included in the income statement.

On 15 May 2015, the Company has signed Share Purchase Agreement with Kiler Holding Anonim Şirketi, Nahit Kiler, Ümit Kiler, Vahit Kiler, Hikmet Kiler, Sevgül Kiler and Denge Reklam San. ve Tic. Ltd. Şti. (“Vendors”), in order to acquire 85% of the shares of Kiler Alışveriş, of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TRY 429,574,000 (Note 13). The share purchase demand has been approved by Turkish Competition Authority on 30 June 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 and has paid by cash the agreement amount of TRY 429,574,000 to the vendors on the same day.

As a result of mandatory tender offer between 17 September - 5 October 2015, ownership rate of the Company has increased to 97.27% by paying additional TRY 62,290,926 and has been started to consolidate by using full consolidation method as of 30 September 2015. The Company has decided legal merge with Kiler Alışveriş by acquisition method, with the Board decision at 20 October 2015. The legal merge has been approved by Capital Market Board (“CMB”) on 27 November 2015, with decision numbered 32/1493. The legal merge has been realized by the decision of Extraordinary General Assembly held on 29 December 2015 and registered on 31 December 2015. The Company has intended to grow inorganically in the market with that business combination.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation

(a) Statement of compliance with Turkish Financial Reporting Standards (“TFRS”)

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The financial statements are presented in accordance with the TFRS Taxonomy based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

Approval of financial statements:

The financial statements are approved by the Company’s Board of Directors on 18 February 2022. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these financial statements.

(b) Basis of measurement

Financial statements have been prepared on the basis of historical costs, except for land and buildings, that are measured at fair value. The financial statements have been prepared by reflecting the necessary adjustments and classifications in order to make the correct presentation in accordance with TFRS to the legal records prepared on the historical cost basis.

(c) Presentation and functional currency

These financial statements are presented in Turkish Lira (“TRY”), which is the functional currency of the Company. All financial information presented in TRY is in full TRY unless otherwise stated.

2.2 Financial Reporting in Hyperinflationary Economies

In accordance with the announcement made by the POA on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (“CPI”) is 74.41%, it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies (“TAS 29”). For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

2.3 Changes in accounting policies, comparative information and restatement of prior periods’ financial statements

To allow for the determination of the financial situation and performance trends, the Company’s financial statements have been presented comparatively with the previous period. The Company presented its balance sheet as of 31 December 2021 comparatively with the consolidated balance sheet as of 31 December 2020 including its subsidiary; its statements of comprehensive income, its statements of cash flow and its statements of change in shareholders’ equity as of 31 December 2021 comparatively with the 31 December 2020 consolidated financial statements including its subsidiary. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period. The effects of subsidiary sale in the current period are explained in the notes to related financial statement item.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Significant Accounting Policies

Except fort he changes explained below, the accounting policies have been applied consistently by the Company in all periods presented in the financial statements. Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

Before 30 September 2020, the Company used the cost model explained in accordance with TAS 16 Tangible Assets standard, as the post-recognition measurement method for the land and buildings included in the tangible assets recorded with cost value during the initial recognition.

As of 30 September 2020, the Company preferred to switch from the cost model to revaluation model for the measurement method for land and buildings. The company did not apply this change in its accounting policy retrospectively in accordance with the provisions of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors standard, and during the first application of revaluation method, it applied the provisions of the TAS 16 Tangible Assets standard.

The accounting policy change that the company has made is as follows:

Tangible Assets

Revaluation Method

Land and buildings held in use for production or the delivery of goods or services or for administrative purposes are statred at their revalued amount. The revalued amount is determined by deducting accumulated depreciation and accumulated impairment losses in subsequent periods from the fair value determined at the revaluation date. Revaluations are made at regular intervals in a way that does not differ materially from the book value of the fair value to be determined on the balance sheet date.

The increase resulting from the revaluation of land and buildings is recorded in the revaluation fund in equity. In case there is a decrease in the value of the tangible asset previously recognized in income statement, the increase in value resulting from revaluation is first recorded in the income statement in proportion to the mentioned impairment. The decrease in the book value resulting from the revaluation of land and buildings is recognized in the income statement, if it exceeds the amount in the revaluation fund for the previous revaluation of the said assets.

Depreciation of revalued buildings is included in the income statement. When the revalued property is sold or withdrawn from service, the remaining balance in the revaluation fund is transferred directly to retained earnings. Transfers from the revaluation fund to retained earnings cannot be made unless the asset is derecognised.

The land and buildings owned by the Company are stated at their fair values at the valuation date (Note 10).

2.5 Changes in estimates and error

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. The assumptions and significant accounting estimates used in the preparation of the 31 December 2021 financial statements have not changed compared to those used in the previous year.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies

The accounting policies described below have been consistently applied in all periods presented in the Company' financial statements.

2.6.1. Consolidation principles applied

Subsidiary is the company over which the Group has control. The Group's control is exercised through its exposure to, rights to, and ability to direct variable returns in this company. The subsidiary is consolidated using the full consolidation method from the date on which control is transferred to the Group and is excluded from the scope of consolidation as of the date on which control ceases. All profits, losses and balances on related party transactions are eliminated, including unrealized gains and losses. When necessary, the amounts reported by the subsidiary have been adjusted to comply with the Group's accounting policies. Share transfer agreement was signed with the Buyers on 03 September 2021 regarding the sale of 113,264,693.28 shares, each with a nominal value of TRY 1, representing 100% of the capital of Adana Gayrimenkul, a subsidiary of the Company, for a cash price of TRY 212,000,000 and the process has been completed.

2.6.2. Revenue

General model for accounting of revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract is considered within the scope of TFRS 15 only if it is legally enforceable, collectable, rights and payment terms for goods and services are identifiable, the contract has commercial substance, the contract is approved by the parties, and the parties undertake to fulfill their obligations.

The Company treats the contracts as a single contract when there is only one obligation under the contracts, when contracts are negotiated as a single trade package, or when a contract is dependent on the goods or services (or part of the goods or services) by another contract.

Step 2: Identify the performance obligations in the contract

The Company defines the "performance obligation" as an account unit for the recognition of revenue. The Company evaluates the goods or services committed in a contract with the customer and determines each commitment made to the customer as a performance obligation to transfer one of the following:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity determines whether the goods or services (or bundle of goods or services) is a single performance obligation.

Step 3: Determination of transaction price

The Company evaluates how much it expects to obtain after fulfilling its contractual obligation to determine the transaction price. In making the assessment, it considers whether the contract contains elements related to variable amounts and an important financing component.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.2. Revenue (continued)

Significant financing component

If the contract contains a significant financing component, to estimate the transaction price in a contract, the Company adjusts the promised amount to reflect the time value of money. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. The Company does not have sales transactions which includes significant financing component.

Variable consideration

The Company assesses whether the contract includes discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer. If there are no directly observable stand-alone selling prices available, the total price in the contract is distributed on the basis of expected cost plus profit margin.

Step 5: Recognition of revenue

An entity recognizes revenue over time when one of the following criterias are met:

- The customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs
- The entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The company uses a method that reliably measures the obligation performed. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the cost to be incurred by the Company exceeding the expected economic benefits to be incurred to fulfill the contractual obligations, the Company provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

If the Company commits to providing an additional good or service, it accepts the change of contract as a separate contract. In case of termination of the existing contract and creation of a new contract, relevant changes are recognized if the goods or services offered are different. If the modification to the contract does not create separate goods or services, the entity shall account for it by combining the additional goods or services with the original contract as if they were part of the original contract.

The details of important accounting policies regarding the various goods and services of the Company and revenue accounting methods are given below.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.2. Revenue (continued)

i) Retail sales revenues

The Company’s retail sales revenues are recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Since the Company generally carries out retail sales with cash or credit cards and customers obtain control of the goods as sales are realized, revenue is recognized at the time of sale.

ii) Revenues from rental income

The Company's revenues from trade centers consists of rental income arising from rent contracts with tenants. Such rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease. The Company sold its trade center in June 2018, from which it obtained a significant portion of its rental income.

iii) Customer royalty programme

The Company operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases.

The reward points are considered as a separable part of the initial sale and the fair value of the reward points and other parts of the sale are allocated, and the portion of the reward points is accounted for as deferred income.. Revenue from the reward points is recognised when the points are redeemed. In line with predetermined rates, the revenue from reward points is recognized periodically.

iv) Franchise revenue

Franchise revenues consist of the revenues obtained from the sales of the products by the Company to its dealers to sell at their branches.

2.6.3. Inventories and cost of sales

Inventories are stated at the lower of cost or net realizable value. The cost of inventories includes all acquisition costs and other costs incurred in bringing the inventories to the Company's stores and warehouses. Inventories are valued using the moving weighted average cost method. Borrowing costs are not included in cost of inventory. Expenses are recognized when the costs for the shipment of inventories from warehouses to stores are incurred. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The Company calculates the impairment of inventory based on the past experience of statistical results of slow-moving non food inventory.

The turnover premiums arising from the contracts of the Company with its suppliers and the discounts received from vendors are recognized on an accrual basis during the period in which the vendors benefit from the services and are recognized in cost of goods sold.

2.6.4 Plant, property and equipment

(i) Accounting and measurement

Property, plant and equipment are measured by deducting accumulated depreciation and all types of impairment from cost values, including borrowing costs, excluding land and buildings. The costs of property, plant and equipment purchased before January 1, 2005 were adjusted for the effects of inflation as of December 31, 2004.

Land and buildings are measured at their fair values by deducting any accumulated depreciation and any impairment provisions. Increases resulting from valuation are stated in revaluation reserve item under equity. Decreases arising from the valuation made over the registered values of these lands and buildings are also reflected as an expense in the amount exceeding the revaluation reserve amount, if any, arising from the previous valuation.
When the parts comprising tangible assets have different useful lives, they are accounted for as separate parts (significant parts) of the tangible asset.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.4 Plant, property and equipment (continued)

Gains or losses arising from the disposal of a tangible asset are recognized in profit or loss. When the lands and buildings measured over their fair value are disposed of, the accumulated amount in the revaluation reserve is transferred to retained earnings or losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Legal fees are also included to cost. For qualifying assets, borrowing costs may be capitalized. Such properties are classified to the appropriate categories of property, plant and equipment when they are completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when assets are ready for their intended use.

(ii) Subsequent costs

Subsequent expenditures can only be capitalized in cases where it is possible to transfer the economic benefits that will occur as a result of these expenses to the Company. All other expenses are recognized in expense items in the statement of profit or loss as they occur.

(iii) Depreciation

Cost amounts of tangible assets, excluding land, building and contruction-in-progress, are depreciated using the straight-line method over their expected useful lives. The expected useful life, residual value and depreciation method are reviewed annually for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

Leased assets are depreciated over their expected useful lives, like owned property, plant and equipment. If it is uncertain whether ownership will be acquired at the end of the lease term, it is depreciated over the shorter of its expected useful life and the lease term.

Based on the average useful lives of property, plant and equipment, the depreciation rates are determined as stated below:

Buildings	40 years
Land improvements	6-10 years
Machinery and equipment	4-18 years
Other tangible assets	5-10 years

When a plant, property and equipment is disposed of or when no future economic benefits are expected from its use or sale, it is derecognised. The gain or loss arising from the disposal of plant, property and equipment is determined as the difference between the sales revenue and the book value of the asset and is included in the profit or loss statement. If the registered value of an asset is more than its estimated recoverable value, the registered value of the asset is reduced to its recoverable value.

2.6.5 Intangible Assets

Intangible assets acquired

Intangible assets include software and other rights. Intangible assets are amortized on a straight-line basis over the related assets’ estimated useful lives and the amortization costs are reflected in the income statement. The estimated useful life and amortization method are reviewed annually and the effect of any changes in estimates being accounted for on a prospective basis. The estimated useful lives of these assets are 3 to 5 years.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.5 Intangible Assets (continued)

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Mentioned costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives. The estimated useful lives of computer softwares are 3 to 5 years.

Nuisance value

Nuisance value consists of price of the stores purchased by the Company that exceed the fair value of the assets. Nuisance value is recognized under intangible assets and amortized during the contract period.

Goodwill

Goodwill arising from the acquisition of a subsidiary is the portion of the consideration paid in excess of the fair value of net identifiable assets, liabilities and contingent liabilities in the acquiree and the non-controlling interest in the acquiree.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. Each unit or group of units to which the goodwill is allocated is the smallest asset group of the entity in which the goodwill is monitored for managerial purposes.

Goodwill impairment is reviewed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.6.6 Financial Leases Transactions

At inception of a contract, the Company assesses whether a 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, the Company uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

a. As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.6 Financial Leases Transactions (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and 12 months and shorter leases, including mechines and IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.6 Financial Leases Transactions (continued)

b. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies TFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from TFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

2.6.7 Financial Instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

ii) Classification and subsequent measurement (continued)

2.6.7 Financial Instruments (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the purpose of the business model; manage daily liquidity needs, maintain a certain interest rate, or align the maturity of financial assets with the maturity of the debts that fund these assets;
- how the performance of the portfolio is evaluated and reported to the Company’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (continued)

2.6.7 Financial Instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (continued)

2.6.7 Financial Instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses (continued)

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.Financial liabilities at fair value through profit or loss are record with their fair value and evaluate with fair value as of balance sheet date. Change in the fair value is recognized in income statement. Recognized income or loss includes the paid interest for the financial liabilities. As of the balance sheet date, the Company does not have any financial liabilities at fair value through profit or loss.Gains or losses arising from the derecognition of such liabilities are recognized in profit or loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. As at 31 December 2020 and 31 December 2019 the Company does not have derivative financial instrument.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (continued)

2.6.8 Borrowing Costs

Borrowing costs directly or indirectly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.6.9 Impairment of Assets

Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Debt instruments determined to have low credit risk at the reporting date; and
- Other debt instruments and bank balances for which the credit risk (ie, the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

In other words, they are credit losses measured over the present value of all cash deficits. (for example, the difference between the cash inflows to the business based on the contract and the cash flows the business expects to collect)

Cash deficit is the difference between the cash flows that must be made to the business according to the contract and the cash flows that the business expects to receive. Since the amount and timing of the payments are taken into consideration in the expected credit losses, a credit loss occurs even if the company expects to receive the entire payment late than the term specified in the contract.

ECLs are discounted at the effective interest rate of the financial asset.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (continued)

2.6.9 Impairment of Assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss.

Write-off

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery.

For individual customers, if the financial asset is over 180 days past due to the Company 's historical experience with regard to the recovery of similar assets, there is a disengagement policy based on the gross book value of the financial asset. For corporate customers, the Company makes an assessment of the timing and the amount to be deducted, based on whether there is a reasonable recovery expectation individually. The Company does not expect a significant recovery regarding the amount deducted from the record.

However, the recorded financial assets may still be subject to implementation activities in order to comply with the Company 's procedures regarding the recovery of overdue amounts.

Non-financial assets

In each reporting period, the Company reviews the book values of its non-financial assets (excluding investment properties, stocks and deferred tax assets) to determine if there are any signs of impairment. If such an indicator exists, the recoverable amount of the asset is estimated. Goodwill is tested for impairment annually (Note 12).

The Company examines the book value of its tangible and intangible assets to determine whether there are impairments in each reporting period and subordinates its stores to impairment tests for certain periods during the year and records the portion of cash generating unit exceeding the recoverable value of the recognited value as impairment expense. (Note 11 and Note 12).

The recoverable amount of an asset or CGU’s is the higher of its value in use and its fair value is sold at lower costs. The value of use is based on the time value of money and the estimated future cash flows that are reduced to their present value using the pre-tax discount rate that reflects the current market assessments of the asset or risks specific to CGU.

If an asset or CGU's recoverable amount is lower than its book value, the carrying value of that asset or CGU is reduced to its recoverable amount. Impairment losses are recognized in profit or loss. First, it will reduce the book value of any goodwill distributed to CGU, and then it is distributed by reducing the book value of other assets in CGU.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (continued)

2.6.9 Impairment of Assets (continued)

Non-financial assets (continued)

Impairment loss related to goodwill is not canceled. Impairment loss for other assets is reversed only if the impairment is not determined, after the impairment or amortization is deducted, the book value of the asset does not exceed the book value specified.

2.6.10 Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with TAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group’s accounting policies.

The acquirer accounts for the changes in the value of the contingent price that do not have a measurement period adjustment as follows:

(a) Contingent consideration that is classified as equity is not measured again and the subsequent payment made is accounted within the equity.

(b) Other contingent consideration;

(i) In the context of TFRS 9, the contingent consideration is measured at its fair value at each reporting date and changes in its fair value are included in the financial statements in profit or loss in accordance with TFRS 9.

(ii) In the absence of TFRS 9, the contingent consideration is measured at its fair value at each reporting date and changes in its fair value are included in the financial statements in profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.10 Business Combinations (continued)

The acquirer recognizes the goodwill as of the date of merger as the fair value of the equity share in the acquired business previously held at the merger date of the acquisition and the net assets of the acquired business in the determined net assets. The transferred amount may include assets or liabilities of the acquirer, whose book values differ from their fair values at the date of merger (for example, non-monetary assets or a business of the acquirer). If this is the case, the acquirer re-measures the fair values of the transferred assets or liabilities as of the merger date and accounts for the resulting gains or losses in profit or loss. However, sometimes the transferred assets or liabilities remain in the merged business after the business combination (for example, if assets or liabilities were transferred to the acquired business instead of the former owners) and the acquirer continues to have control of the assets or liabilities in question.

In internal transactions, balances and unrealized gains arising from transactions with group businesses are eliminated. Unrealized losses are also eliminated. When necessary, the amounts reported by the affiliates are adjusted to comply with the group's accounting policies.

2.6.11 Foreign Currency Transactions

In the statutory accounts of the Company, transactions in foreign currencies (currencies other than Turkish Lira) are translated into Turkish Lira at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

2.6.12 Earnings/Loss Per Share

Earnings/loss per share is the portion of the net profit or loss that accounts for the common share, which divided by the weighted average unit of common share.In Turkey, companies, can increase their capitals by the “bonus share” method that they distributed from the prior year profits. This type of “bonus share” distribution, is considered as issued share in the earnings per share calculations. Accordingly, weighted average share amount used in this calculations are computed by considering the prior effects of the distributed shares as well.

2.6.13 Events After Reporting Sheet Date

Events after the reporting date cover the events which arise between the reporting date and the balance sheet date that have positive or negative effects over the Company. Should any evidence come about events that were prior to the reporting date or should new events come about they will be explained in the relevant footnote.

The Company restates its financial statements if such subsequent events arise which require to adjust financial statements.

2.6.14 Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation.The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.15 Restructuring Provisions

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

2.6.16 Related Parties

A party is related to an entity if:

(a) Directly, or indirectly through one or more intermediaries, the party:

(i) Controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(ii) Has an interest in the entity that gives it significant influence over the entity; or

(iii) Has joint control over the entity;

(b) The party is an associate of the entity;

(c) The party is a joint venture in which the entity is a venture;

(d) The party is a member of the key management personnel of the entity or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or;

(g) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

2.6.17 Current period tax expense and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively (Note 25).

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.17 Current and Deferred Income Tax (continued)

The Company calculates deferred tax liability for all taxable temporary differences related to its subsidiaries, if the offset time of taxable temporary differences could be controlled and the offset of taxable temporary differences is probable in a foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.6.18 Employee Benefits/ Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard 19 (revised) “Employee Benefits” (“TAS 19”).

The retirement benefit obligation recognised in the balance sheet represents the net present value of the total due to retirement of all employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Company has made changes in its assumptions made for the utilization rate related to the probability of entitlement used in calculating the provision for severance pay after 01 January 2018. As a result of the aforementioned amendment, different rates have been determined for the probability of seniority entitlement, separately for the employees of the headquarters and store employees, and for different age ranges. Accordingly, the following actuarial assumptions are used to calculate the total long-term allowance:

	2021	**2020**
Discount rate per annum (%)	4.24	4.70
Probability of retirement (%)	76.05	77.88

The principal assumption is that 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. As the maximum liability is revised semi-annually, the maximum amount of TRY 10,848.59 (1 January 2021: TRY 7,638.96) which is effective from 1 January 2022, has been taken into consideration in calculating the Company’s provision for employment termination benefits.

2.6.19 Statement of Cash Flow

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from fast-moving consuming goods sales and rent income from trade centers of the Company.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

2.6.20 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.21 Deferred revenue

Both due to sales contracts and other reasons, such as advances received from customers or other persons, all or part of the provision are liabilities regarding the income collected in the current period or accrued as receivables, but belonging to future periods.

2.6.22 Prepaid expenses

Amounts generally made to suppliers and to be transferred to expense and cost accounts in a later period (or periods) are shown in prepaid expenses.

2.6.23 Foreign currency transaction

Foreign currency transactions are converted into the functional currencies at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted into the valid currency using the exchange rates at the end of the reporting period. Foreign currency, non-monetary assets and liabilities measured with their fair values are converted into the functional currency at the exchange rate on the date the fair value is determined in foreign currency. Foreign currency exchange differences arising on recycling are generally recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated at the exchange rate on the date of the transaction.

2.6.24 Other income and expenses from main operations

Other operating income consists of concessions for rent payments, income from rental agreement termination, foreign exchange gains arising from monetary financial assets and liabilities other than debt instruments, provisions no longer required and other income related to main operations.

Other operating expenses consist of interest expenses from purchases via credit, foreign exchange expenses arising from monetary financial assets and liabilities other than debt instruments, provision expenses and other expenses related to main operations.

2.6.25 Income and expenses from investment activities

Income and expenses from investment activities consist of profits or losses from sales of tangible and intangible assets and subsidiaries.

2.6.26 Finance income and finance costs

Financing income consists of interest income on bank deposits, which form part of the cycle used for financing, and foreign exchange income on financial assets and liabilities (other than trade receivables and payables).

Financial expenses include interest expenses on bank loans and lease liabilities, credit card commission expenses and foreign exchange expenses on financial assets and liabilities (other than trade receivables and payables).

2.7 Significant Accounting Estimates and Assumptions

The preparation of financial statements requires the Company management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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 earnings 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 as follows:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant Accounting Estimates and Assumptions (Continued)

2.7.1 Impairment Test of Goodwill

As mentioned in Note 2.6.5 and Note 2.6.9, goodwill is reviewed for the impairment by the management. The recoverable amount of such cash-generating units is calculated by using carrying amount. The calculation of carrying amount includes discounted cash flow projections in TRY. The related projections are based on the long term plans including years between 2022-2026, which are approved by the management. In long-term growth plans, growth rate of 7% was taken into consideration (31 December 2020: 7%). The discount rate as of 31 December 2021, used for the calculation of carrying amount is 24% (31 December 2020: 16.8%). That discount rate is after tax discount rate and includes specific risks of the Company (Note 12).

2.7.2 Provisions

As mentioned in Note 2.6.14, provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In that scope, as of 31 December 2021 the Company evaluated the current risks and booked related provisions (Note 13).

2.7.3 Deferred Tax Asset

The Company recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year’s losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. Based on the data obtained, if the Company’s taxable profit, which will be obtained in the future, is not enough to fulfill the deferred tax assets, a provision is provided either for the whole or for a certain part of the deferred tax asset. As of 31 December 2020 and 2019, after the necessary evaluations, the deferred tax assets are fully accounted because of expectation of taxable profit in the future.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Company estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years.

2.7.4 Evaluation of financial position

The Company has recognized TRY 430,492,902 loss as of and for the year ended 31 December 2021 and together with current year loss the Company’s accumulated losses has reached to TRY 1,683,102,912 . As of 31 December 2021, the Company has equity deficit amounting TRY 394,893,724.

The Ministry of Commerce published in the Official Gazette dated 26 December 2020 and numbered 31346, "Communiqué on the amendment of the communiqué on the procedures and principles regarding the implementation of the 376th article of the Turkish Commercial Code numbered 6102" and important changes have been made in the communiqué in force.

Pursuant to this change; Until 1/1/2023, within the scope of article 376 of the Turkish Commercial Code No. 6102, calculations regarding loss of capital or insolvency (i) all foreign exchange losses arising from unfulfilled foreign currency liabilities and accrued for 2020 and 2021, (ii) expenses arising from leases, (iii) depreciations and (iv) half of the total personnel expenses may not be taken into account. In the determination of these amounts, calculations should be made in such a way that there will be no duplication, and there should be no adjustment of the calculations to be made in the prepared financial statements, and this situation should be presented in the notes for informational purposes.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Significant Accounting Estimates and Assumptions (Continued)

2.7.4 Evaluation of financial position (continued)

With the aforementioned change in legislation, as a result of the calculations made regarding the capital loss and insolvency status within the scope of article 376 of the Turkish Commercial Code (TCC), it has been determined that the shareholders' equity of the Company is (+) TRY 1,209,785,049 above the minimum limits set out in Article 376 of the TCC and the Principle Decision of the Capital Markets Board (CMB) dated April 10, 2014, and no. 11/352.

The company has set its strategic goals to grow and increase its market share. Firstly, it is aimed to increase sales with high performance formats, especially in regions that are profitable. Effective category and format management, use of CRM, promotion and marketing tools and improvements in HR processes are the main tools to be used to achieve the goal. In addition to growing in existing locations, growth in alternative channels is targeted with minimum investment. Franchise, e-commerce, corporate – wholesale and export channels and growth are the methods to be used to increase the scale of the company with low consistent investments.

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2021

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

Covid-19 Related Rent Concessions Beyond 30 June 2021 (the 2021 Amendment)

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on 5 June 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments have to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2021 (continued)

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1. The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

(a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
(b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
(c) Clarifying how lending conditions affect classification; and
(d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2021 (continued)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2021 (continued)

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

Amendments are effective on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	32,295,209	34,245,915
Cash in transit (*)	40,872,192	28,146,176
Credit card receivables	637,328,664	536,708,437
Banks		
Time deposit	40,329,256	264,499,147
Demand deposit	123,153,632	50,254,161
	873,978,953	913,853,836

(*) Cash in transit consists of bank balances that has not been reflected into deposit due to value-date difference.

Related party balances in cash and cash equivalents are stated in Note 27.

As at 31 December, time deposits are as follows:

Currency	Interest rate	Maturity	31 December 2021
TL	26.25%	3 January 2022	40,300,000
		Interest Accrual	29,256
			40,329,256

Currency	Interest rate	Maturity	31 December 2020
EUR	0.15%	4 January 2021	32,878,835
TRY	19.00%	4 January 2021	231,500,000
		Interest Accrual	120,312
			264,499,147

The Company does not have any blocked deposits as at 31 December 2021 and 2020.

The Company's exposure to currency and interest rate risks and relevant sensitivities for cash and cash equivalents are disclosed in Note 28.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

4. FINANCIAL LIABILITIES

Short Term Financial Liabilities	31 December 2021	31 December 2020
Short Term Financial Liabilities from Related Parties		
Bank loans with fixed interest rates (*)	119,181,667	456,880,461
Other Short Term Financial Liabilities		
Bank loans with fixed interest rates (*)	762,177,277	659,438,956
Bank loans with variable interest rates (*)	308,497,003	-
	1,189,855,947	1,116,319,417

Short Term Portion of Long Term Financial Liabilities	31 December 2021	31 December 2020
Lease payables	156,759,646	153,992,486
	156,759,646	153,992,486

Long Term Financial Liabilities		
Lease payables	878,958,963	775,161,235
	878,958,963	775,161,235

(*) As at 31 December 2021 and 2020 the details of short term bank loans are as follows:

Currency	Interest Rate (i)	31 December 2021
TRY (Fixed interest rate)	18.95%	824,000,000
TRY (Variable interest rate)	18.09%	296,000,000
	Interest accrual	69,855,947
		1,189,855,947

Currency	Interest Rate	31 December 2020
TRY (Fixed interest rate)	9.68%	1,090,000,000
	Interest accrual	26,319,417
		1,116,319,417

(i) The interest rate was calculated by the weighted average method.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

4. FINANCIAL LIABILITIES (Continued)

The Company's financial borrowing due to related parties are stated in Note 27.

Finance lease payables consist of the followings:

Finance lease payables	Present value of minimum lease payments	
	31 December 2021	31 December 2020
Within one year	367,371,081	338,043,764
Less : Future finance charges	(210,611,435)	(184,051,278)
Present value of finance lease obligations	156,759,646	153,992,486
Two years and after	1,524,242,186	1,414,240,197
Less : Future finance charges	(645,283,223)	(639,078,962)
Present value of finance lease obligations	878,958,963	775,161,235

The Company's lease obligations represent the present value of the future payables of the stores, vehicles, buildings, machinery and equipment that are leased from third parties through their useful lives.

The repayment schedule of long-term borrowings as of 31 December 2021 and 2020 in TRY equivalent is as stated below:

	31 December 2021	31 December 2020
2022	-	117,955,903
2023	108,476,847	115,137,317
2024	87,733,338	96,046,837
2025	85,219,376	73,045,515
2026 and after	597,529,402	372,975,663
	878,958,963	775,161,235

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

4. FINANCIAL LIABILITIES (Continued)

The reconciliation of the Company’s obligations arising from its operating lease liability is as follows:

	31 December 2021	31 December 2020
1 January lease liabilities	929,153,721	888,519,110
Current period additions	283,725,408	216,976,412
Current period lease payments	(409,882,343)	(389,806,554)
Current period interest expenses	232,721,823	208,796,847
Effects of change in foreign exchange rates	-	4,667,906
31 December lease liabilities	1,035,718,609	929,153,721

The reconciliation of the Company’s obligations arising from its borrowings is as follows:

	31 December 2021	31 December 2020
1 January borrowings	1,116,319,417	1,197,493,670
Current period additions	1,092,300,000	842,500,000
Interest and capital repayments	(1,243,052,099)	(1,086,423,817)
Current period interest expenses (including accruals)	224,288,629	155,765,313
Effects of change in foreign exchange rates	-	6,984,251
31 December borrowings	1,189,855,947	1,116,319,417

As of 31 December 2021 and 2020, there are no guarantees given related to the financial borrowings.

The Company’s exposure to foreign exchange risk and liquidity risk related to borrowings is disclosed in Note 28.

As of 31 December 2021 and 31 December 2020, there are no obligation to fulfill due to loan and lease agreements.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

5. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	31 December 2021	31 December 2020
Other trade receivables	154,863,665	83,465,195
Rent receivables	13,023,937	13,685,536
Provision for doubtful trade receivables	(31,418,839)	(30,592,104)
	136,468,763	66,558,627
Due from related parties (Note 27)	3,861,976	10,755,881
	140,330,739	77,314,508

The movement of the allowance for doubtful receivables for the years ended 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Opening balance	30,592,104	29,985,809
Collections	(1,623,402)	(1,623,797)
Cancelled provisions due to sale of subsidiary	(64,351)	-
Charge for the period	2,514,488	2,230,092
Closing balance	31,418,839	30,592,104

Trade receivables due dates vary depending on the sector and company and the average due dates are lower than three months. The Company evaluates the credibility of the receivable and the transactions between the creation time of the receivable and reporting date when considering the collectability of its receivables. As the Company is working with a large number of clients, credit risk of the Company has been scattered and there is no concentrated credit risk.

Details of the Company's exposure to credit risk, currency risk and impairment for trade receivables are disclosed in Note 28.

The guarantees received for the Company’s trade receivables are as follows:

	31 December 2021	31 December 2020
Letters of guarantee received for trade receivables	84,046,773	22,662,395
	84,046,773	22,662,395

Short Term Trade Payables	31 December 2021	31 December 2020
Trade payables	2,636,898,576	2,144,350,268
Due to related parties (Note 27)	64,633,147	44,705,723
	2,701,531,723	2,189,055,991

Average payment terms of commoditiy purchase is variying depending on sector and suppliers. Payment terms in grocery sector is less than a month, in other sectors payment term is less than three months.

The Company’s exposure to liquidity and foreign currency risk for trade payables are disclosed in Note 28.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

6. OTHER RECEIVABLES AND PAYABLES

Other Short Term Receivables	31 December 2021	31 December 2020
VAT receivables	6,567,410	-
Receivables from personnel	1,694,760	1,714,768
Other receivables	4,693,021	2,333,211
	12,955,191	4,047,979

Other Long Term Receivables	31 December 2021	31 December 2020
Deposits given	74,814,001	42,548,317
VAT receivables	-	14,510,794
	74,814,001	57,059,111

The Company’s exposure to liquidity and foreign currency risk for other receivables are disclosed in Note 28.

Other Short Term Payables	31 December 2021	31 December 2020
Taxes payables	30,210,765	36,998,921
Advances and deposits received	2,880,531	791,334
	33,091,296	37,790,255
Due to related parties (Not 27)	27,700,063	22,948,907
	60,791,359	60,739,162

The Company’s exposure to liquidity and foreign currency risk for other payables are disclosed in Note 28.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

7. INVENTORIES

	31 December 2021	31 December 2020
Trade goods	1,485,682,413	1,062,820,921
Impairment of inventories	(13,335,001)	(11,206,045)
	1,472,347,412	1,051,614,876

The movements of allowance for impairment on inventory for the periods ended 31 December 2021 and 2020 are below:

	31 December 2021	31 December 2020
Opening balance	11,206,045	8,485,369
Charge of the period	3,502,299	3,075,571
Current year reversal	(1,373,343)	(354,895)
Closing balance	13,335,001	11,206,045

Allowance for impairment on inventory for the years ended 31 December 2021 and 2020 is recognized in cost of sales (Note 18). As of 31 December 2021, cost of inventory recognized in income statement is TRY 6,788,419,803 (31 December 2020: TRY 5,802,396,518) (Note 18).

8. PREPAID EXPENSES

Short Term Prepaid Expenses	31 December 2021	31 December 2020
Prepaid expenses	25,297,000	22,029,518
Advances given	24,602,480	9,393,358
Prepaid taxes and dues	172,113	702,094
	50,071,593	32,124,970
Prepaid expenses to related parties	12,834,534	2,037,871
Prepaid expenses	62,906,127	34,162,841

Long Term Prepaid Expenses	31 December 2021	31 December 2020
Prepaid expenses	4,013,928	7,246,075
Advances given for tangible assets	1,782,486	1,782,486
	5,796,414	9,028,561

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

9. RIGHT OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
Opening balance at 1 January 2021	1,193,256,716	12,445,125	1,205,701,841
Additions	343,211,726	-	343,211,726
Disposal	(107,035,523)	-	(107,035,523)
Closing balance, 31 December 2021	1,429,432,919	12,445,125	1,441,878,044
Accumulated depreciation			
Opening balance at 1 January 2021	(399,342,967)	(8,296,750)	(407,639,717)
Charge for the period	(226,709,546)	(4,148,375)	(230,857,921)
Disposal	47,549,508	-	47,549,508
Closing balance, 31 December 2021	(578,503,005)	(12,445,125)	(590,948,130)
Net book value, 31 December 2021	**850,929,914**	**-**	**850,929,914**

	Buildings	Vehicles	Total
Cost			
Opening balance at 1 January 2020	978,522,591	12,445,125	990,967,716
Additions	247,244,163	-	247,244,163
Disposal	(32,510,038)	-	(32,510,038)
Closing balance, 31 December 2020	1,193,256,716	12,445,125	1,205,701,841
Accumulated depreciation			
Opening balance at 1 January 2020	(192,138,348)	(4,148,375)	(196,286,723)
Charge for the period	(210,187,059)	(4,148,375)	(214,335,434)
Disposal	2,982,440	-	2,982,440
Closing balance, 31 December 2020	(399,342,967)	(8,296,750)	(407,639,717)
Net book value, 31 December 2020	**793,913,749**	**4,148,375**	**798,062,124**

As of 31 December 2021, depreciation expenses arising from right-of-use assets amounting TRY 221,773,476 is included in marketing expenses (31 December 2020: TRY 203,597,294) and TRY 9,084,445 is included in general administrative expenses (31 December 2020: TRY 10,738,140).

The Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

As of 31 December 2021, prepaid rent expenses amounting to TRY 5,585,035 have been recognized in the right of use assets of the Company (31 December 2020: TRY 6,842,398).

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost						
Opening balance at 1 January 2021	81,500,000	373,305,512	1,097,861,991	147,458,760	4,295,494	1,704,421,757
Additions	-	-	173,856,290	352,910	10,551,451	184,760,651
Transfers (Note 11)	-	-	4,260,480	6,384	(4,280,494)	(13,630)
Revaluation fund	37,200,000	-	-	-	-	37,200,000
Impairments	-	-	(948,924)	(150)	-	(949,074)
Disposals related to subsidiary sale (*)	-	(249,580,812)	(4,342,002)	(14,156)	-	(253,936,970)
Disposals (*)	-	(123,724,700)	(106,144,186)	(2,913,896)	(162,150)	(232,944,932)
Closing balance, 31 December 2021	118,700,000	-	1,164,543,649	144,889,852	10,404,301	1,438,537,802
Accumulated depreciation						
Opening balance at 1 January 2021	-	(32,739,245)	(699,828,278)	(68,667,236)	-	(801,234,759)
Depreciation charge of the period	-	(8,609,993)	(111,093,594)	(7,670,918)	-	(127,374,505)
Impairments	-	-	523,981	98	-	524,079
Disposals related to subsidiary sale (*)	-	29,803,456	4,342,002	14,156	-	34,159,614
Disposals (*)	-	11,545,782	81,423,086	2,324,496	-	95,293,364
Closing balance, 31 December 2021	-	-	(724,632,803)	(73,999,404)	-	(798,632,207)
Net book value, 31 December 2020	**118,700,000**	**-**	**439,910,846**	**70,890,448**	**10,404,301**	**639,905,595**

As of 31 December 2021, depreciation expenses arising from property, plant and equipment amounting TRY 120,501,503 is included in marketing expenses (31 December 2020: TRY 121,517,341) and TRY 6,873,002 is included in general administrative expenses (31 December 2020: TRY 6,612,718).

As of 31 December 2021, total insurance amount over property, plant and equipment is TRY 1,776,937,050 (31 December 2020: TRY 1,206,700,193). As of 31 December 2021 and 31 December 2020 there is no mortgage on property, plant and equipment.

The land and buildings owned by the Company has been stated at their fair value as of the valuation date. As of 31 December 2021 and 2020, the fair value of land and buildings owned by the Company is determined by TSKB Gayrimenkul Değerleme A.Ş. (“TSKB”) which is an independent valuation company. TSKB is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation. It has sufficient experience and quality in measuring the fair value of real estate in relevant regions. The fair values of the land and buildings were determined by market and income approach method according to the nature of the real estate. The value increase of the related real estates has been recognized in property, plant and equipment revaluation increases account under equity. As of 31 December 2021, the fair value hierarchy for the Company’s land and buildings measured by revaluation method is level 2. As of 31 December 2021, the amount subject to revaluation increases of property, plant and equipment under shareholders' equity is TRY 96,544,828, including the deferred tax effect. As of 31 December 2021, if the cost model was used for land, which is the tangible asset group that the Company has switched from the cost model to the revaluation model, the book value that would be recognized in this framework would be TRY 22,155,170.
(*) The Company sold its subsidiary on 3 September 2021 and one real estate in İstanbul on 15 December 2021. It also includes the disposals of the stores that were closed during the period.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost						
Opening balance at 1 January 2020	123,181,461	86,412,661	967,566,541	144,911,757	807,984	1,322,880,404
Additions	-	2,853,643	141,751,329	3,477,932	4,269,375	152,352,279
Transfers (Note 11) (*)	(101,026,291)	101,026,291	670,335	-	(713,302)	(42,967)
Revaluation fund	59,344,830	208,658,059	-	-	-	268,002,889
Impairments	-	-	1,407,860	44,566	-	1,452,426
Disposals (**)	-	(25,645,142)	(13,534,074)	(975,495)	(68,563)	(40,223,274)
Closing balance, 31 December 2020	81,500,000	373,305,512	1,097,861,991	147,458,760	4,295,494	1,704,421,757
Accumulated depreciation						
Opening balance at 1 January 2020	-	(29,881,542)	(594,109,602)	(61,110,635)	-	(685,101,779)
Depreciation charge of the period	-	(4,772,492)	(115,093,284)	(8,264,283)	-	(128,130,059)
Impairments	-	-	(668,092)	(27,499)	-	(695,591)
Disposals (**)	-	1,914,789	10,042,700	735,181	-	12,692,670
Closing balance, 31 December 2020	-	(32,739,245)	(699,828,278)	(68,667,236)	-	(801,234,759)
Net book value, 31 December 2020	**81,500,000**	**340,566,267**	**398,033,713**	**78,791,524**	**4,295,494**	**903,186,998**

(*) It includes the classification made according to the building usage certificate and information in the title deed. In addition, the classification to intangible assets is also included.

(**) The Company one real estate in İstanbul on 29 December 2020. It also includes the disposals of the stores that were closed during the period.

As of 31 December 2020, the Company has classified the tangible assets obtained through financial leasing with a net book value of TRY 4,473,953 under Machinery and Equipment.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

11. INTANGIBLE ASSETS

Intangible Assets

Cost	**Total**
Opening balance, 1 January 2021	214,668,510
Additions	31,922,450
Transfers (Note 10)	13,630
Impairments	(11,863)
Disposals	(6,230,629)
Closing balance, 31 December 2021	240,362,098
Accumulated amortization	
Opening balance, 1 January 2021	(162,543,424)
Charge for the period	(26,351,675)
Impairments	9,014
Disposals	4,649,442
Closing balance, 31 December 2021	(184,236,643)
Net book value, 31 December 2021	**56,125,455**

Cost	**Total**
Opening balance, 1 January 2020	184,041,520
Additions	30,675,251
Transfers (Note 10)	42,967
Impairments	554
Disposals	(91,782)
Closing balance, 31 December 2020	214,668,510
Accumulated amortization	
Opening balance, 1 January 2020	(136,988,573)
Charge for the period	(25,643,276)
Impairments	(384)
Disposals	88,809
Closing balance, 31 December 2020	(162,543,424)
Net book value, 31 December 2020	**52,125,086**

As of 31 December 2021, amortization expenses arising from intangible assets amounting TRY 9,915,393 is included in marketing expenses (31 December 2020: TRY 9,264,269) and TRY 16,436,282 is included in general administrative expenses (31 December 2020: TRY 16,379,007).

The intangible assets are mainly composed of excess cash paid for asset acquisitions and software programs.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

12. GOODWILL AND BUSINESS COMBINATIONS

Goodwill amount is consisted of following investments:

Investments:	31 December 2021	31 December 2020
Kiler Alışveriş	254,018,530	254,018,530
Gima	180,159,453	180,159,453
Alpark	48,301,156	48,301,156
	482,479,139	482,479,139

As of 31 December 2021, the Company has not recognize any impairment as a result of the impairment analysis on goodwill amounts (31 December 2020: None). If the after tax discount rate and long term growth rate applied to cash flow forecasts would be 1% higher than the Management’s estimates, there would be no impairment again.

The Company performed the impairment analysis using the income approach method (discounted cash flow method).

The significant assumptions used in the calculation of the recoverable amounts are discount rates and final growth rates (note 2.7.1).

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

13. SHORT AND LONG TERM PROVISIONS

Short term provisions as of 31 December 2021 and 2020 are as follows:

Short Term Provisions	31 December 2021	31 December 2020
Provision for risks and litigations	48,478,138	39,948,279
Provision for personnel and social security	15,611,350	17,042,712
	64,089,488	56,990,991

The movement of short term provisions for the years ending on 31 December 2021 and 2020 is as follows:

	Provision for risks and litigations	Provision for personnel and social security	Total
Opening balance, 1 January 2021	39,948,279	17,042,712	56,990,991
Charge of the period	22,148,164	661,777	22,809,941
Current year reversal	(11,618,305)	(2,093,139)	(13,711,444)
Reversal due to subsidiary sale	(2,000,000)	-	(2,000,000)
Closing balance, 31 December 2021	48,478,138	15,611,350	64,089,488

	Provision for other risks, litigations and onerous contracts	Provision for personnel and social security	Total
Opening balance, 1 January 2020	42,091,500	18,347,125	60,438,625
Charge of the period	8,595,718	2,864,635	11,460,353
Current year reversal	(10,738,939)	(4,169,048)	(14,907,987)
Closing balance, 31 December 2020	39,948,279	17,042,712	56,990,991

Contingent Assets and Liabilities

There are lawsuits which are filed against the Company and continuing as at balance sheet date. Primary lawsuits consist of the cases with Social Security Institution, receivable, rent and labor cases. At each balance sheet date, the management of the Company evaluates the probable results of those cases and accordingly provisions are provided.

Pursuant to the Competition Authority's decision dated 7 May 2020 and numbered 20-23/298-M, during the Covid-19 epidemic, it was aimed to examine the pricing behavior of chain markets dealing with retail food and cleaning products and manufacturers and wholesalers, which are their suppliers. As a result of the investigation, in accordance with the Competition Board's decision dated 28 October 2021 and numbered 21-53/747-360; it has been decided to impose an administrative fine of TRY 142,469,772 TL, at the rate of 1.8% of the annual gross income of the Company, which was gathered by the end of the 2020, and the reasoned decision on the subject was notified on 14 January 2022.

The relevant amount was paid within on 11 February 2022 as TRY 106,852,329, with a 25% discount on advance payment, without prejudice to all objections and lawsuits.

On the other hand, a lawsuit will be filed in Ankara Administrative Courts for the annulment of the decision within 60 days. Company management has not made any provision in the accompanying financial statements regarding the above lawsuit, in line with the opinion of its independent legal advisors.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

13. SHORT AND LONG TERM PROVISIONS (Continued)

Provisions for employment benefits as of 31 December 2021 and 2020 are as follows:

Short Term Employment Benefits	31 December 2021	31 December 2020
Unused vacation provision	6,284,911	8,006,439
	6,284,911	8,006,439

Long Term Employment Benefits	31 December 2021	31 December 2020
Employment termination benefit provision	126,260,010	97,096,053
	126,260,010	97,096,053

Movement for employment termination benefit provision for 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Opening balance, 1 January	97,096,053	75,888,726
Service cost	44,451,871	19,934,670
Interest cost	4,060,477	3,517,910
Actuarial (gain) / loss	18,698,284	9,670,886
Paid compensation during the year	(38,046,675)	(11,916,139)
Closing balance, 31 December	126,260,010	97,096,053

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

14. COMMITMENTS

Collateral, pledge, mortgage position

Collaterals, pledges and mortgages (“CPM”) position of the Company as at 31 December 2021 and 2020 are as follows:

GPM given by the Group

	31 December 2021	31 December 2020
A. GPM given on behalf of its own legal entity	254,675,208	138,463,807
B. GPM given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
	254,675,208	138,463,807

31 December 2021	Total TRY	TRY	USD (TRY Equivalents)	EUR (TRY Equivalents)
Letter of guarantees	254,675,208	244,095,677	3,173,338	7,406,193
	254,675,208	244,095,677	3,173,338	7,406,193

31 December 2020	Total TRY	TRY	USD (TRY Equivalents)	EUR (TRY Equivalents)
Letter of guarantees	138,463,807	131,128,496	2,517,653	4,817,658
	138,463,807	131,128,496	2,517,653	4,817,658

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

15. EMPLOYMENT BENEFITS

Employee Benefit Liabilities	31 December 2021	31 December 2020
Personnel salary and premium payables	51,222,018	56,207,803
Payables to personnel and Social Security Premiums payable	29,004,842	24,300,791
	80,226,860	80,508,594

16. DEFERRED INCOME

Company’s deferred income as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deferred Income		
Unearned income	43,017,582	24,570,073
Liabilities for shopping cheques	2,109,784	4,541,118
	45,127,366	29,111,191

17. SHAREHOLDERS’ EQUITY

a) Capital

Shareholder structure as of 31 December 2021 and 2020 is stated below:

Shareholders	(%)	31 December 2021	(%)	31 December 2020
Hacı Ömer Sabancı Holding A.Ş.	57.12	72,988,465	57.12	72,988,465
Carrefour Nederland BV	37.54	47,971,655	37.54	47,971,655
Shares publicly held and other	5.34	6,813,646	5.34	6,813,646
Nominal share capital	100.00	127,773,766	100.00	127,773,766

The share capital of the Company as of 31 December 2021 is TRY 127,773,766 (31 December 2020: TRY 127,773,766) divided into 12,777,376,572 shares (31 December 2020: 12,777,376,572 shares) each worth 1 Kurus. The registered capital ceiling of the company is TRY 635,000,000 and the registered capital ceiling permission is valid between 2020/2024 (5 years).

At the Extraordinary General Assembly Meeting held on 19 November 2020, it was decided to reduce issued capital of TRY 700,000,000 to TRY 104,244,354 by reducing TRY 595,755,646, and to simultaneously increase the share capital by TRY 23,529,412 in cash based on the nominal value of 1 Kuruş to increase the issued share capital to TRY 127,773,766. The results of the Extraordinary General Assembly Meeting were registered on 23 December 2020 with the document numbered 180917 of the T.R. Istanbul Trade Registry Directorate.

The issued capital, which was previously TRY 700,000,000, has been decreased to TRY 104,244,354 by TRY 595,755,646 in total as a result of offsetting from the fully paid-in capital by crediting TRY 586,160,697 to the inflation adjustment to share capital account and TRY 9,594,949 to property, plant and equipment revaluation increases account, and simultaneously with the capital increase amounting to TRY 23,529,412, the issued capital was increased to TRY 127,773,766 in cash.

There has not been any cash outflow from the Company due to the capital decrease. As a result of the capital increase a cash inflow of TRY 400,503,053 was obtained. Transaction cost of TRY 1,018,456 was incurred for this transaction.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

17. SHAREHOLDERS’ EQUITY (continued)

a) Capital (continued)

The inflation adjustment on share capital as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Inflation adjustment to share capital	678,006,480	678,006,480
	678,006,480	678,006,480

During the capital decrease transactions made in 2020, TRY 586,160,697 included in the paid-in capital, has been transferred to the inflation adjustment to share capital account. As of 31 December 2021 and 31 December 2020, capital adjustment differences amounting to TRY 678,006,480 consist of capital adjustment differences resulting from the restatement of the Company 's paid-in capital and and not deducted from retained losses or added to the capital.

b) Retained Losses

	31 December 2021	31 December 2020
Retained losses	(1,110,479,871)	(781,159,617)
Transfers	(304,172,725)	(329,320,254)
Sale of real estate	64,918,684	-
Loss of subsidiary control	97,123,902	-
	(1,252,610,010)	(1,110,479,871)

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below:

In accordance with the CMB’s decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations for the year of 2013, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the CMB’s Communiqué Serial:II, No: 19.1 “Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations”, terms of articles of assocition and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

The inflation adjustment differences from the valuation studies for TAS purposes for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

With respect to the Corporate Tax Law (“CTL”) 5/1-e article, the Company has to keep restricted reserves amounting to TRY 214,344,169 which is related to property sales in 2015-2018 and TRY 37,034,036 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

c) Resticted Reserves

	31 December 2021	31 December 2020
Legal reserves	12,318,358	12,318,358
	12,318,358	12,318,358

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

17. SHAREHOLDERS’ EQUITY (continued)

c) Resticted Reserves (continued)

CMB’s Communiqué II-14 and other related CMB’s announcements, “Paid-in capital”, “Restricted reserves” and “Premium in excess of par” should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- “Capital restatement differences” account, following the “Paid-in capital” line item in the financial statements, if such differences are arising from “Paid-in Capital” and not added to capital;

- “Retained earnings/Accumulated loss”, if such differences are arising from “Restricted reserves” and “Premium in excess of par” and has not been subject to profit distribution or capital increase.

Other equity items are presented with their values evaluated within the framework of Turkish Financial Reporting Standards.

Capital restatement differences can only be included in capital.

d) Other Comprehansive Income / Expense not to be Reclassified to Profit or Loss

Property, Plant and Equipment Revaluation Increases

This account consists of property, plant and equipment revaluation reserves which has not associated with profit or loss but recognized in other comprehensive income.

The movements of the property, plant and equipment revaluation reserves for period ending on 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Opening balance	226,256,882	-
Fair value increase (after tax effect)	33,480,000	230,422,467
Sale of real estate (*)	(64,918,684)	(13,760,534)
Loss of subsidiary control (*)	(97,123,902)	-
Capital decrease (**)	-	9,594,949
Closing balance	97,694,296	226,256,882

(*) The Company management reclassifed the amount included in property, plant and equipment revaluation reserves to retained loss due to sale of the real estate located in İstanbul, which was recognized at fair value on 29 December 2020, disposal of its subsidiary whose real estate was recognized at fair value on 3 September 2021 and its real estate located in Istanbul, which was recognized at fair value on 15 December 2021.

(**) The Company, transferred the amount of TRY 9,594,949 included in its share capital during the capital reduction transactions in 2020 to property, plant and equipment revaluation increases account.

Remeasurement of Defined Benefit Obligations

	31 December 2021	31 December 2020
Actuarial losses	(39,248,662)	(24,290,037)
	(39,248,662)	(24,290,037)

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

18. REVENUE AND COST OF SALES

NET SALES	31 December 2021	31 December 2020
Revenue from retail operations	9,455,296,332	7,983,605,149
Loyalty program discounts	(32,140,362)	(27,390,204)
Sales returns	(57,550,766)	(47,556,186)
Sales discount	(21,618,184)	(11,964,750)
Rent income	23,520,520	18,293,328
	9,367,507,540	7,914,987,337

COST OF SALES	31 December 2021	31 December 2020
Opening balance of inventories	(1,051,614,876)	(787,922,256)
Purchases	(7,207,023,383)	(6,063,368,462)
Change in inventory impairment, net (Note 7)	(2,128,956)	(2,720,676)
Closing balance of inventories	1,472,347,412	1,051,614,876
	(6,788,419,803)	(5,802,396,518)

19. SELLING AND MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the years ended 31 December 2021 and 2020 are as follows:

OPERATING EXPENSES	31 December 2021	31 December 2020
Marketing expenses	(1,914,695,472)	(1,644,848,730)
General administrative expenses	(207,015,387)	(164,946,461)
	(2,121,710,859)	(1,809,795,191)

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

20. EXPENSES BY NATURE

	31 December 2021	31 December 2020
Personnel expenses (*)	(1,037,176,735)	(860,350,488)
Depreciation and amortization expenses (Note: 9, 10, 11) (**)	(384,584,101)	(368,108,769)
Overhead expenses	(162,126,858)	(152,091,098)
Rent expenses	(135,299,764)	(108,167,545)
Repair and maintenance expenses	(101,443,181)	(82,704,927)
Outsourced expenses	(58,544,062)	(58,753,753)
Advertising expenses	(57,778,818)	(38,973,275)
Consultancy expenses	(18,760,866)	(15,213,071)
Insurance expenses	(10,944,990)	(8,626,416)
Travel expenses	(10,463,655)	(7,958,727)
Stationery consumption expenses	(10,238,384)	(8,816,244)
Taxation and other expenses	(9,472,363)	(8,425,727)
Decoration material expenses	(8,394,525)	(8,180,907)
Communication expenses	(998,877)	(951,955)
Independent audit expenses	(401,000)	(335,000)
Other	(115,082,680)	(82,137,289)
	(2,121,710,859)	(1,809,795,191)

(*) As of 31 December 2021, the personnel expense included in the marketing expenses is TRY 936,578,494 (2020: TRY 784,842,489), and the amount within the general administrative expenses is TRY 100,598,241 (2020: TRY 75,507,999).

(**) As of 31 December 2021, the depreciation and amortization expenses included in the marketing expenses is TRY 352,190,373 (2020: TRY 334,378,903) and the amount within the general administrative expenses is TRY 32,393,728 (2020: TRY 33,729,866).

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

21. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

Other operating income/expenses from main operations for the years ended 31 December 2021 and 2020 are as follows:

Other Operating Income	31 December 2021	31 December 2020
Foreign exchange gain from operational activities	85,328,155	28,061,332
Concessions for rent payments	12,239,913	10,677,514
Income from rental agreement termination (*)	9,834,966	2,891,593
Provisions no longer required (**)	2,175,000	560,996
Rediscount interest income	1,817,656	10,280,373
Impairments no longer required	-	757,003
Other income	9,400,994	5,807,640
	120,796,684	59,036,451

(*) It is the income related to the collection of prepaid rental fees that are expensed for closed stores.

(**) Provision no longer required consists of releases of provisions provided for matters in dispute and risks in previous periods.

Other Operating Expenses (-)	31 December 2021	31 December 2020
Interest expenses from purchases via credit	(354,038,082)	(184,859,238)
Foreign exchange losses from operational activities	(63,691,961)	(25,518,567)
Provision expenses (*)	(17,224,593)	(2,360,505)
Interest expenses from operational activities	(1,021,915)	(1,186,873)
Impairment provision	(427,844)	-
Other expenses and losses	(98,277,188)	(52,701,064)
	(534,681,583)	(266,626,247)

(*) Provision expenses are mainly consisting of risk and legal provisions.

22. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	31 December 2021	31 December 2020
Gain on sale of subsidiary (*)	367,824	-
Loss on sale of real estate (**)	(24,790,316)	5,460,078
	(24,422,492)	5,460,078

(*) The Company management sold its subsidiary, Adana Gayrimenkul, on 3 September 2021 with a price of TRY 212,000,000.

(**) The Company management sold its real estate located in İstanbul with a price of TRY 30,000,000 on 29 December 2020 and its real estate located in İstanbul with a price of TRY 100,000,000 on 15 December 2021.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

23. FINANCE INCOME

Finance income for the years ended 31 December 2021 and 2020 are as follows:

Finance income	31 December 2021	31 December 2020
Interest income	3,313,233	6,896,449
Foreing exchange income	-	15,266,309
	3,313,233	22,162,758

24. FINANCE COSTS

Finance costs for the years ended 31 December 2021 and 2020 are as follows:

Finance costs	31 December 2021	31 December 2020
Interest expenses of lease liabilities	(232,721,823)	(208,056,434)
Interest expenses	(224,288,629)	(156,505,726)
Credit card commision costs	(11,760,055)	(12,395,444)
Foreing exchange losses	-	(17,386,467)
	(468,770,507)	(394,344,071)

25. TAX ASSETS AND LIABILITIES

Tax Income / (Expense) of the Period	31 December 2021	31 December 2020
Corporate tax expense of the current period	-	-
Deferred tax income / (expense)	16,484,969	(32,051,027)
Tax income / (expense) from continuing operations	16,484,969	(32,051,027)

Corporate tax:

The Company is subject to taxation in accordance with the tax regulation and the tax legislation effective in Turkey. Required provisions are made in the accompanying financial statements for the estimated tax charge based on the Company’s results for the current period. Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements. Therefore, provision for taxes in previous periods, as reflected in the financial statements, has been calculated on a separate-entity basis.

Corporate tax is applied to the total income, after adjusting for certain disallowable expenses and exempt income.

In Turkey, the corporate tax rate was applied as 20% after 1 January 2021 (2020: 22%). However, according to the Article 11 of the Law numbered 7316 “Law on Collection Procedure of Public Claims and Law on Amending Certain Laws” which was published on the Official Gazette numbered 31462 on 22 April 2021 and according to the provisional clause 13 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2021 and 2022 is amended to 25% and 23%, respectively. This amendment is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021.

Within the scope of the this amendment, deferred tax assets and liabilities for the portions of temporary differences that will have tax effects in 2021, 2022 and the following periods are calculated with the rates of 25%, 23% and 20%, respectively.

25. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (continued):

In Turkey, temporary corporate tax is calculated and filed quarterly. Losses can be carried forward for a maximum period of five years to offset against future taxable income. However, losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, inspect tax returns and the related accounting records and may revise assessments within five years.

Exemption from corporate tax:

Dividend earnings of corporations from participation in another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In additon, 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2021. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding tax surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003.

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investment expenditures from the taxable income, within the scope of the investment incentive certificate and that are directly related to production facilities. The investments without investment incentive certificates do not qualify for tax allowance.

As of 31 December 2021 and 2020, the Company has no income tax liabilities.

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TAS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TAS and tax legislation.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

25. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax calculation for the periods ending 31 December 2021 and 2020 is as follows:

The basis for deferred tax timing differences:	31 December 2021	31 December 2020
Reserve for contingencies	75,917,608	80,072,018
Provision for impairment in fixed assets	427,846	-
Inventory valuation differences	108,386,972	88,913,034
Other current assets	(27,909,469)	(14,608,011)
Provision for employment termination benefit	126,260,010	97,096,053
Tangible and intangible assets	(153,174,963)	(314,757,760)
Right of use assets	(856,514,949)	(804,904,522)
Other short term liabilities	81,702,517	50,888,580
Finance lease payables	1,035,718,609	929,153,721
Prior year losses	715,470,942	830,635,334
Other	755,557	-
	1,107,040,680	942,488,447

Deferred tax assets / (liabilities) :	31 December 2021	31 December 2020
Reserve for contingencies	17,475,075	16,014,404
Provision for impairment in fixed assets	85,569	-
Inventory valuation differences	24,929,004	17,782,607
Other current assets	(6,915,973)	(2,921,602)
Provision for employment termination benefit	25,252,002	19,419,211
Tangible and intangible assets	(18,088,345)	(48,395,808)
Right of use assets	(171,302,990)	(160,980,904)
Other short term liabilities	18,791,579	10,177,715
Finance lease payables	211,846,511	185,830,826
Prior year losses	143,094,188	166,127,067
Other	173,778	-
	245,340,398	203,053,516

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

25. TAX ASSETS AND LIABILITIES (Continued)

Carry forward tax losses

The expiration dates of such carry forward tax losses are as follows:

	31 December 2021	31 December 2020
2022	-	333,516,534
2023	-	-
2024	345,259,689	342,196,223
2025	154,997,294	154,922,577
2026	215,213,959	-
	715,470,942	830,635,334

The Company has not calculated deferred tax assets over the financial loss amounting to TRY 327,973,184, the expiration date of which is 2022, assuming that it will not be used in the future.

The movements of deferred tax asset as of 31 December 2021 and 2020 are as follows:

Movement of deferred tax asset:	31 December 2021	31 December 2020
Openning balance at 1 January	203,053,516	270,750,789
Current year income / (loss)	16,484,969	(32,051,027)
Deferred tax effect of subsidiary sale	25,782,254	-
Tax income / (loss) attributable to equity	19,659	(35,646,246)
Closing balance at 31 December	245,340,398	203,053,516

Tax reconciliation	31 December 2021	31 December 2020
Income before tax / (loss)	(446,977,871)	(272,121,698)
Effective tax rate	25%	22%
Calculated tax	111,744,468	59,866,774
Disallowable expenses	(14,472,352)	(9,352,750)
Exemptions and discounts	24,031,624	2,182,241
Permenant differences not subject to deferred tax calculation	(8,400,182)	(4,352,873)
Deferred tax asset calculated over previous year tax losses canceled in the current period	(65,594,637)	(66,150,696)
Effect of change in tax rate	11,867,165	(7,185,081)
Other	(42,691,117)	(7,058,642)
	16,484,969	(32,051,027)

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

25. TAX ASSETS AND LIABILITIES (Continued)

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered a non-deductible expense for corporate tax.

26. LOSS PER SHARE

Weighted average number of shares and basic earnings per share for the years ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Opening, number of shares (Note 17)	12,777,376,572	70,000,000,000
Share disposal due to share capital decrease	-	(59,575,564,604)
Share addition due to share capital increase	-	2,352,941,176
Closing, number of shares (total) (Note 17)	12,777,376,572	12,777,376,572
Weighted average number of shares	12,777,376,572	63,968,850,091
Net loss for the period (TRY)	(430,492,902)	(304,172,725)
Loss per share (Kr)	(0.0337)	(0.0048)
Loss per share (TRY)	(3.3692)	(0.4755)

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Cash and cash equivalents (Note 3)	31 December 2021	31 December 2020
Akbank T.A.Ş.	228,098,683	382,040,612
	228,098,683	382,040,612

Trade receivables from related parties (Note 5)	31 December 2021	31 December 2020
Agesa Emeklilik ve Hayat A.Ş.	2,776,999	800,477
Akbank T.A.Ş.	407,651	290,149
Carrefour Polska	366,551	502,941
Socomo SA	163,069	163,069
Ak Finansal Kiralama A.Ş.	36,918	36,918
Teknosa İç ve Dış Ticaret A.Ş.	15,636	174,327
Akçansa Çimento Sanayi ve Ticaret A.Ş.	2,850	46,569
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	2,126	9,648
Carrefour Global Sourcing Asia	375	52,936
Carrefour World Trade	-	8,179,132
Hacı Ömer Sabancı Holding A.Ş.	-	71,431
Diğer	89,801	428,284
	3,861,976	10,755,881

Financial Liabilities (Note 4)	31 December 2021	31 December 2020
Akbank T.A.Ş.	119,181,667	456,880,461
	119,181,667	456,880,461

Other short term payables to related parties (Note 6)	31 December 2021	31 December 2020
Hacı Ömer Sabancı Holding A.Ş.	20,849,332	17,333,959
Carrefour Partenariat International	6,850,731	5,614,948
	27,700,063	22,948,907

Trade payables to related parties (Note 5)	31 December 2021	31 December 2020
Sabancı Dijital Teknoloji Hizmetler A.Ş.	26,346,149	5,912,736
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	16,957,975	14,028,560
Teknosa İç ve Dış Ticaret A.Ş.	15,269,156	14,420,213
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	5,733,351	9,759,805
Carrefour Hypermarches SAS	189,885	189,885
Aksigorta A.Ş.	90,913	215,069
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	-	106,350
Agesa Emeklilik ve Hayat A.Ş.	-	199
Other	45,718	72,906
	64,633,147	44,705,723

The Company has not given any collateral for borrowings to related parties. As of 31 December 2021, the weighted average interest of the loans received from Akbank T.A.Ş. is 20.18% (2020: 8.86%).

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Purchases from related parties (goods)	31 December 2021	31 December 2020
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	297,626,223	270,686,974
Teknosa İç ve Dış Ticaret A.Ş.	40,909,624	36,216,316
	338,535,847	306,903,290

Purchases from related parties (services)		
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	119,904,800	116,718,512
Sabancı Dijital Teknoloji Hizmetler A.Ş.	32,581,750	16,419,095
Aksigorta A.Ş.	10,953,484	8,230,539
Teknosa İç ve Dış Ticaret A.Ş.	160,606	600,573
Other	264,335	107,102
	163,864,975	142,075,821

Rent income from related parties		
Teknosa İç ve Dış Ticaret A.Ş.	2,334,221	2,034,148
Akbank T.A.Ş.	1,250,816	1,112,414
	3,585,037	3,146,562

Other income from related parties		
Carrefour World Trade	57,034,488	40,161,493
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş.	6,878,348	6,783,874
Akçansa Çimento Sanayi ve Ticaret A.Ş.	3,840,621	1,621,195
Akbank T.A.Ş.	3,377,142	2,246,098
Agesa Emeklilik ve Hayat A.Ş.	3,251,635	348,917
Teknosa İç ve Dış Ticaret A.Ş.	2,627,318	3,435,875
Carrefour Polska	2,618,646	-
Aksigorta A.Ş.	1,676,096	232,410
Carrefour Global Sourcing Asia	858,001	632,114
Temsa Ulaşım Araçları Sanayi Ve Ticaret A.Ş	510,846	964,350
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	394,302	-
Sabancı Dijital Teknoloji Hizmetler A.Ş.	383,658	20,025
Hacı Ömer Sabancı Holding A.Ş.	378,590	350,024
Çimsa Çimento Sanayi ve Ticaret A.Ş.	331,227	155,790
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	318,082	276,783
Ak Yatırım Menkul Değerler A.Ş.	292,908	239,154
Carrefour Romania	-	202,762
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	283,431	82,613
Other	751,067	99,540
	85,806,406	57,853,017

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Other expenses to related parties	31 December 2021	31 December 2020
Hacı Ömer Sabancı Holding A.Ş.	32,183,411	27,183,011
Carrefour Partenariat International	23,493,546	24,174,833
Aksigorta A.Ş.	-	1,464,219
Agesa Emeklilik ve Hayat A.Ş.	-	702,436
Ak Yatırım Menkul Değerler A.Ş.	-	188,208
Sabancı Dijital Teknoloji Hizmetler A.Ş.	156,574	90,000
Other	508,141	294,788
	56,341,672	54,097,495

Interest income from related parties	31 December 2021	31 December 2020
Akbank T.A.Ş.	2,663,466	6,570,061

Interest expense and credit card commission to related parties		
Akbank T.A.Ş.	59,733,294	76,522,407
Burgan Bank A.Ş. (*)	5,245,897	5,353,685
Ak Finansal Kiralama	-	740,413
	64,979,191	82,616,505

(*) Burgan Bank A.Ş. is a related party until 14 September 2021 and is not considered as a related party after this date.

The total amount of benefits for the key management personnel in the current period is as follows:

	31 December 2021	31 December 2020
Salaries and other short term benefits	11,677,340	9,735,329
Other long term benefits	631,887	590,404
	12,309,227	10,325,733

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents disclosed in Note 3 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 17.

The Board of Directors of the Company examines the capital structure and indebtedness four times a year. During the examinations the Board, together with cost of capital, evaluates all the risks associated with capital owning-class. Based on the recommendations of the Board, the Company tries to balance the capital structure by acquiring new debt or paying back the current debt.

The Company controls its capital with the liability / share capital ratio. Net liability is divided by share capital in this ratio. Cash and cash equivalents are deducted from total loans (including financial debt and liabilities and finance lease payables as presented in the balance sheet) to calculate the net liability.

Net liability / share capital ratio as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Total bank borrowings	1,189,855,947	1,116,319,417
Total lease liabilities	1,035,718,609	929,153,721
Less: Cash and cash equivalents	(873,978,953)	(913,853,836)
Net liabilities	1,351,595,603	1,131,619,302
Total share capital	127,773,766	127,773,766
Net liabilities / share capital ratio	1057.80%	885.64%

The Company’s overall strategy is not changed significantly in the current period.

Financial Risk Factors

The Company’s corporate treasury department, besides providing services for operations, also coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The Company has used derivative financial instruments in the previous years in order to reduce the effects of these risks and to hedge against them, and has not used such instruments in the current period. Derivative financial instruments that were used are determined through Company policies approved by the Board of Directors, and if derivative use will be required again, appropriate products will be submitted to the approval of the Board of Directors. The policies include both interest rate risks and foreign exchange risks. The Company does not enter into or trade financial instruments for speculative purpose and this kind of trading is forbidden by the Company’s main shareholders.

The treasury department presents the risk factors and the related risk reducing policies in the monthly reports prepared for the main shareholders and to the Board of Directors in case of their demand.

Credit risk management

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Since the Company is in retail sector, there is not any credit risk arising from sales to customers.

The risk raised from the advances and deposits given in order to make investments by the Company, is under control by taking letter of guarantees from various banks. Based on the Company policy, the Company does not pay any advance or deposits without taking a letter of guarantee from counterparty.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk Factors (Continued)

Maximum exposure to credit risk by types of financial instruments	**Receivables**				
	Trade Receivables		**Other Receivables**		
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits and Credit Card Receivables**
Maximum net credit risk as of balance sheet date (i)	3,861,976	136,468,763	-	87,769,192	841,683,744
	-	-	-	-	-
- The part of maximum risk under guarantee with collateral etc. (ii)	-	83,665,863	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3,861,976	5,639,227	-	87,769,192	841,683,744
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	-	130,829,536	-	-	-
- The part under guarantee with collateral etc.	-	80,913,729	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	31,418,839	-	-	-
- Impairment (-)	-	(31,418,839)	-	-	-
- The part of net value under guarantee with collateral etc.	-	1,485,931	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(i) Guarantees received and factors increasing loan reliability are not considered in determining this amount.
(ii) Guarantees consist of letters of guarantee, notes receivable, cheques and mortgage obtained from customers.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial Risk Factors (Continued)

Maximum exposure to credit risk by types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
31 December 2020	Related Party	Third Party	Related Party	Third Party	Bank Deposits and Credit Card Receivables
Maximum net credit risk as of balance sheet date (i)	10,755,881	66,558,627	-	61,107,090	879,607,921
- The part of maximum risk under guarantee with collateral etc. (ii)	-	22,051,162	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	10,755,881	9,304,268	-	61,107,090	879,607,921
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	-	57,254,359	-	-	-
- The part under guarantee with collateral etc.	-	17,792,218	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	30,592,104	-	-	-
- Impairment (-)	-	(30,592,104)	-	-	-
- The part of net value under guarantee with collateral etc.	-	2,072,553	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(i) Guarantees received and factors increasing loan reliability are not considered in determining this amount.
(ii) Guarantees consist of letters of guarantee, notes receivable and cheques obtained from customers.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk Management (Continued)

	Receivables	
31 December 2021	**Trade receivables**	**Other receivables**
Past due 1-30 days	65,223,086	-
Past due 1-3 months	40,763,895	-
Past due 3-12 months	13,306,453	-
Past due 1-5 years	11,536,102	-
Past due more than 5 years	-	-
Total past due receivables	130,829,536	-

	Receivables	
31 December 2020	**Trade Receivables**	**Other Receivables**
Past due 1-30 days	24,384,352	-
Past due 1-3 months	13,193,627	-
Past due 3-12 months	8,241,456	-
Past due 1-5 years	11,434,924	-
Past due more than 5 years	-	-
Total past due receivables	57,254,359	-

The Company believes that they will collect the passed due receivables for which a provision was not booked.

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking and borrowing facilities by continuously monitoring estimated and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following table presentss the maturity distribution of the Company's non-derivative financial liabilities and has been prepared without discounting the Company's liabilities and on the basis of the earliest due dates.

The Company's expected due dates and contract due dates and are the same.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021 Terms in accordance with the contract	Book value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank borrowings	1,189,855,947	1,271,318,370	286,035,158	985,283,212	-	-
Financial lease liabilities	1,035,718,609	1,891,613,267	91,842,770	275,528,311	1,009,616,409	514,625,777
Trade payables	2,701,531,723	2,723,121,783	2,677,124,751	45,997,032	-	-
Other payables and liabilities (*)	63,708,148	63,708,148	63,708,148	-	-	-
Total liabilities	4,990,814,427	5,949,761,568	3,118,710,827	1,306,808,555	1,009,616,409	514,625,777

31 December 2020 Terms in accordance with the contract	Book value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank borrowings	1,116,319,417	1,166,746,318	419,430,782	747,315,536	-	-
Financial lease liabilities	929,153,721	1,752,283,961	84,510,941	253,532,823	899,494,614	514,745,583
Trade payables	2,189,055,991	2,208,828,397	1,878,604,983	330,223,414	-	-
Other payables and liabilities (*)	62,668,375	62,668,375	62,668,375	-	-	-
Total liabilities	4,297,197,504	5,190,527,051	2,445,215,081	1,331,071,773	899,494,614	514,745,583

(*) Provisions are not included in other payables and liabilities.

Market risk management

Market risk is measured based on sensitivity analysis.

In current year, the Company's market risk management method or its market risk exposure have not changed compared to prior year.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk management

The foreign currency denominated assets and liabilities of monetary items are as follows:

	31 December 2021		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	10,231,756	111,965	597,912
2. Liquid assets	66,470,741	113,120	4,427,285
3. CURRENT ASSETS (1+2)	76,702,497	225,085	5,025,197
4. Other	70,548,201	4,531,100	800,001
5. NON-CURRENT ASSETS	70,548,201	4,531,100	800,001
6. TOTAL ASSETS (3+5)	147,250,698	4,756,185	5,825,198
7. Trade payables	35,217,012	2,223,070	433,660
8. Other payables	6,850,732	-	466,598
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	2,524,200	194,506	-
11. CURRENT LIABILITIES (7+8+9+10)	44,591,944	2,417,576	900,258
12. Financial liabilities	33,432,801	-	2,277,082
13. NON-CURRENT LIABILITIES	33,432,801	-	2,277,082
14. TOTAL LIABILITIES (11+13)	78,024,745	2,417,576	3,177,340
15. Net foreign currency position (6-14)	69,225,953	2,338,609	2,647,858
16. Net monetary foreign currency position (6-14-10)	66,701,753	2,144,103	2,647,858

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk management (Continued)

	31 December 2020		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	9,184,822	25,240	999,073
2. Liquid assets	34,080,739	40,130	3,750,726
3. CURRENT ASSETS (1+2)	43,265,561	65,370	4,749,799
4. Other	40,416,864	4,462,932	850,000
5. NON-CURRENT ASSETS	40,416,864	4,462,932	850,000
6. TOTAL ASSETS (3+5)	83,682,425	4,528,302	5,599,799
7. Trade payables	646,481	76,216	9,660
8. Other payables	5,614,948	-	623,336
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	534,528	72,819	-
11. CURRENT LIABILITIES (7+8+9+10)	6,795,957	149,035	632,996
12. Financial liabilities	27,700,626	-	3,075,148
13. NON-CURRENT LIABILITIES	27,700,626	-	3,075,148
14. TOTAL LIABILITIES (11+13)	34,496,583	149,035	3,708,144
15. Net foreign currency position (6-14)	49,185,842	4,379,267	1,891,655
16. Net monetary foreign currency position (6-14-10)	48,651,314	4,306,448	1,891,655

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising primarily from USD and EUR. The following table demonstrates the sensitivity of the Company to a possible change of 10% in US dollar and EUR rates. 10% is the rate is a reasonable rate as it is limited with 10% share capital commitment. Sensitivity analysis based on the foreign exchange risk at the reporting date, is identified with the changes at the beginning of the fiscal year and kept constant during the fiscal period. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TRY on the decrease in the net profit.

	31 December 2021	
	Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY		
1 - US Dollar net asset / liability	3,034,930	(3,034,930)
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	3,034,930	(3,034,930)
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	3,887,665	(3,887,665)
5 - Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4 +5)	3,887,665	(3,887,665)
TOTAL (3 + 6)	6,922,595	(6,922,595)

	31 December 2020	
	Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY		
1 - US Dollar net asset / liability	3,214,601	(3,214,601)
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	3,214,601	(3,214,601)
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	1,703,984	(1,703,984)
5 - Part of hedged from Euro risk (-)	-	-
6- Euro net effect (4 +5)	1,703,984	(1,703,984)
TOTAL (3 + 6)	4,918,585	(4,918,585)

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Market risk management

The interest rates that the Company is exposed to, regarding its financial liabilities, are given in detail in Note 4.

Interest rate sensitivity

Sensitivity analysis is determined based on the interest rate risk exposed to on the balance sheet date and the anticipated interest rate change at the beginning of the financial year and kept fixed during the reporting period.

As of 31 December 2021, the Company has loan agreement with variable interest rate (31 December 2020: None).

The Company does not have any interest rate swap contract.

The financial instruments that are sensitive to interest rate are as follows:

Interest Position Table

Instruments with Fixed Rates	**31 December 2021**	**31 December 2020**
Financial lease payables	1,035,718,609	929,153,721
Bank loans	881,358,944	1,116,319,417
Instruments with Variable Rates		
Bank loans	308,497,003	-
Sensitivity to %1 change in interest	3,084,970	-

Other price risks

The Company does not have any investments or liabilities that may be exposed to price volatility such as shares/bonds etc.

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

29. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

31 December 2021	Financial assets at amortized cost	Financial liabilities at amortized cost	Net book value	Note
Financial assets				
Cash and cash equivalents	873,978,953	-	873,978,953	(3)
Trade receivables	136,468,763	-	136,468,763	(5)
Due from related parties	3,861,976	-	3,861,976	(27)
Other receivables	87,769,192	-	87,769,192	(6)
Financial liabilities				
Borrowings	-	1,189,855,947	1,189,855,947	(4)
Financial lease payables	-	1,035,718,609	1,035,718,609	(4)
Trade payables	-	2,636,898,576	2,636,898,576	(5)
Due to related parties	-	92,333,210	92,333,210	(27)
Other liabilities (*)	-	36,008,085	36,008,085	(6)

31 December 2020	Financial assets at amortized cost	Financial liabilities at amortized cost	Net book value	Note
Financial assets				
Cash and cash equivalents	913,853,836	-	913,853,836	(3)
Trade receivables	66,558,627	-	66,558,627	(5)
Due from related parties	10,755,881	-	10,755,881	(27)
Other receivables	61,107,090	-	61,107,090	(6)
Financial liabilities				
Borrowings	-	1,116,319,417	1,116,319,417	(4)
Financial lease payables	-	929,153,721	929,153,721	(4)
Trade payables	-	2,144,350,268	2,144,350,268	(5)
Due to related parties	-	67,654,630	67,654,630	(27)
Other liabilities (*)	-	39,719,468	39,719,468	(6)

(*) Provisions are not included.

29. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (Continued)

Fair value

The methods and assumptions used to estimate the fair value of financial assets and liabilities are as follows:

Financial assets

Certain financial assets, including cash and cash equivalents, are recognized with their cost values and it is estimated that their carrying values are approximately equal to their fair values due to their short-term nature.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial assets reflect their fair values as they include fair value hedge transactions. The classification of derivative financial instruments for fair value measurement is level 2.

Financial liabilities

Short term TRY denominated and fixed interest rate bank borrowings are assumed to converge to its fair value, as their drawdown date close to the balance sheet date.

Long term foreign currency denominated finance lease payables are assumed to converge to its fair value.

Since trade payables are short-term, they are assumed to reflect their fair values.

Classification regarding fair value measurement

“TFRS 7 – Financial Instruments: Disclosure” standard requires that the financial instruments measured at their fair values in the financial statements should be classified and presented in a hierarchy that reflects the importance of the data used in determining the fair value. The basis for the hierarchy is dependent on whether the data used in fair value calculation is observable or not. Observable inputs mean that the Company using market inputs derived from independent sources and unobservable inputs mean that the Company using market expectation and assumptions. This distinction leads to classifications presented as below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: Inputs for the asset or liability that are not based on observable market (unobservable inputs).

30. OTHER SIGNIFICANT MATTERS AFFECTING TO OR MAKING FINANCIAL STATEMENTS MORE CLEAR, INTERPRETABLE AND UNDERSTANDABLE THAT SHOULD BE DISCLOSED

The Covid-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020, and the measures taken against the epidemic, continue to cause disruptions in operations and adversely affect economic conditions in all countries exposed to the epidemic. As a result, asset prices, liquidity, exchange rates, interest rates and many other issues are affected, and the future remains uncertain because of the epidemic. The Company management closely monitors all developments, makes detailed evaluations, and takes the necessary measures to minimize the possible effects of the Covid-19 epidemic on its activities, financial status, financial performance and cash flows.

Due to the Covid-19 outbreak, the Company has 1 store temporarily closed as of 31 December 2021. Additionally, discounts on rent amounts due to Covid-19 were also recognized in other income from operating activities.

The Company evaluated the possible effects of the Covid-19 epidemic on the financial statements and reviewed estimates and assumptions used in the preparation of the financial statements while preparing of the accompanying financial statements as of 31 December 2021. In this context, the Company has tested the possible impairment of financial and non-financial assets recognized in the financial statements and no impairment has been identified. As of reporting date, there are no significant issues affecting the Company's operations and financial statements, except those disclosed in the financial statements.

31. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the Competition Authority's decision dated 7 May 2020 and numbered 20-23/298-M, during the Covid-19 epidemic, it was aimed to examine the pricing behavior of chain markets dealing with retail food and cleaning products and manufacturers and wholesalers, which are their suppliers. As a result of the investigation, in accordance with the Competition Board's decision dated 28 October 2021 and numbered 21-53/747-360; it has been decided to impose an administrative fine of TRY 142,469,772.07 TL, at the rate of 1.8% of the annual gross income of the Company, which was gathered by the end of the 2020, and the reasoned decision on the subject was notified on 14 January 2022.

The relevant amount was paid on 11 February 2022 as TRY 106,852,329.05, with a 25% discount on advance payment, without prejudice to all objections and lawsuits.

On the other hand, a lawsuit will be filed in Ankara Administrative Courts for the annulment of the decision within 60 days. The developments regarding the subject will be announced to the public within the framework of the relevant regulations.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

APPENDIX – ADDITIONAL INFORMATION

FINANCIAL STATEMENTS BEFORE TFRS 16

The effects of TFRS 16 Lease Transactions standard on the Company's balance sheet are presented below.

	Before TRFS 16	Unaudited	After TRFS 16
	31 December 2021	TFRS 16 Effect	31 December 2021
ASSETS			
Current Assets	**2,562,518,422**	**-**	**2,562,518,422**
Cash and Cash Equivalents	873,978,953	-	873,978,953
Trade Receivables			
Due From Related Parties	3,861,976	-	3,861,976
Other Trade Receivables	136,468,763	-	136,468,763
Other Receivables			
Other Receivables	12,955,191	-	12,955,191
Inventories	1,472,347,412	-	1,472,347,412
Prepaid Expenses			
Prepaid Expenses to Related Parties	12,834,534	-	12,834,534
Other Prepaid Expenses	50,071,593	-	50,071,593
Non-Current Assets	**1,462,633,043**	**892,757,873**	**2,355,390,916**
Other Receivables			
Other Receivables	74,814,001	-	74,814,001
Property, Plant and Equipment	639,905,595	-	639,905,595
Right of Use Assets	-	850,929,914	850,929,914
Intangible Assets			
Goodwill	482,479,139	-	482,479,139
Other Intangible Assets	56,125,455	-	56,125,455
Prepaid Expenses	5,796,414	-	5,796,414
Deferred Tax Assets	203,512,439	41,827,959	245,340,398
TOTAL ASSETS	**4,025,151,465**	**892,757,873**	**4,917,909,338**

(Amounts expressed in Turkish Lira (”TRY”) unless otherwise stated)

APPENDIX – ADDITIONAL INFORMATION (continued)

FINANCIAL STATEMENTS BEFORE TFRS 16

The effects of TFRS 16 Lease Transactions standard on the Company's balance sheet are presented below.

	Before TRFS 16	Unaudited	After TRFS 16
	31 December 2021	TFRS 16 Effect	31 December 2021
LIABILITIES			
Current Liabilities	**4,150,824,443**	**156,759,646**	**4,307,584,089**
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	119,181,667	-	119,181,667
Other Short Term Financial Liabilities	1,070,674,280	-	1,070,674,280
Short Term Portion of Long Term Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	-	156,759,646	156,759,646
Trade Payables			
Due to Related Parties	64,633,147	-	64,633,147
Other Trade Payables	2,636,898,576	-	2,636,898,576
Employee Benefit Liabilities	80,226,860	-	80,226,860
Other Payables			
Due to Related Parties	27,700,063	-	27,700,063
Other Short Term Payables	33,091,296	-	33,091,296
Short Term Provisions			
Provisions for Employment Benefits	6,284,911	-	6,284,911
Other Short Term Provisions	64,089,488	-	64,089,488
Deferred Income	45,127,366	-	45,127,366
Other Current Liabilities	2,916,789	-	2,916,789
Non-Current Liabilities	**126,260,010**	**878,958,963**	**1,005,218,973**
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	-	878,958,963	878,958,963
Long Term Provisions			
Provisions for Employment Termination Benefits	126,260,010	-	126,260,010
EQUITY	**(251,932,988)**	**(142,960,736)**	**(394,893,724)**
Shareholders' Equity	**(251,932,988)**	**(142,960,736)**	**(394,893,724)**
Share Capital	127,773,766	-	127,773,766
Inflation Adjustment to Share Capital	678,006,480	-	678,006,480
Share Issue Premium	411,664,950	-	411,664,950
Other Comprehansive Income/ Expense			
-Property, Plant and Equipment Revaluation Increases	97,694,296	-	97,694,296
-Losses on Remeasurement of Defined Benefit Obligations	(39,248,662)	-	(39,248,662)
Restricted Reserves	12,318,358	-	12,318,358
Retained Loss	(1,147,736,915)	(104,873,095)	(1,252,610,010)
Net Loss for the Period	(392,405,261)	(38,087,641)	(430,492,902)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,025,151,465**	**892,757,873**	**4,917,909,338**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

ADDITIONAL INFORMATION

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

APPENDIX – ADDITIONAL INFORMATION (continued)

FINANCIAL STATEMENTS BEFORE TFRS 16

The effects of TFRS 16 Lease Transactions standard on the Company's statements of profit or loss and other comprehensive income are presented below.

		Unaudited	
	Before TRFS 16		After TRFS 16
	1 January-31 December 2021	TFRS 16 Effect	1 January-31 December 2021
PROFIT OR LOSS			
Revenue	9,367,507,540	-	9,367,507,540
Cost of Sales (-)	(6,790,637,056)	2,217,253	(6,788,419,803)
GROSS PROFIT	**2,576,870,484**	**2,217,253**	**2,579,087,737**
Marketing Expenses (-)	(2,058,187,084)	143,491,612	(1,914,695,472)
General Administrative Expenses (-)	(218,255,965)	11,240,578	(207,015,387)
Other Income From Main Operations	98,721,705	22,074,979	120,796,684
Other Expenses From Main Operations (-)	(534,681,583)	-	(534,681,583)
OPERATING PROFIT/(LOSS)	**(135,532,443)**	**179,024,422**	**43,491,979**
Income / (Expense) From Investment Activities	(24,422,492)	-	(24,422,492)
Impairment Profit / (Loss) and Reversals of Impairment Losses in Accordance with TFRS 9	(590,084)	-	(590,084)
OPERATING PROFIT /(LOSS) BEFORE FINANCE COSTS	**(160,545,019)**	**179,024,422**	**18,479,403**
Finance Income	3,313,233	-	3,313,233
Finance Costs (-)	(236,048,684)	(232,721,823)	(468,770,507)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**(393,280,470)**	**(53,697,401)**	**(446,977,871)**
Tax Income / (Expense) from Continuing Operations	**875,209**	**15,609,760**	**16,484,969**
- Deferred Tax Income / (Expense)	875,209	15,609,760	16,484,969
NET LOSS FOR THE YEAR	**(392,405,261)**	**(38,087,641)**	**(430,492,902)**
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax	**18,521,375**	**-**	**18,521,375**
- Remeasurements of Defined Benefit Asset / (Liability)	(18,698,284)	-	(18,698,284)
- Remeasurements of Defined Benefit Asset / (Liability), Tax Effect	3,739,659	-	3,739,659
-Property, Plant and Equipment Revaluation Increases	37,200,000	-	37,200,000
-Property, Plant and Equipment Revaluation Increases, Tax Effect	(3,720,000)	-	(3,720,000)
TOTAL COMPREHENSIVE LOSS	**(373,883,886)**	**(38,087,641)**	**(411,971,527)**
Loss per share (1 TRY per share)	(3.0711)	(0.2981)	(3.3692)