CARREFOURSA CARREFOUR
SABANCI TİCARET MERKEZİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
YEAR END FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

(ORIGINALLY ISSUED IN TURKISH)

20 February 2023

This report contains 7 pages of the independent auditors' report and 69 pages of financial statements and notes.

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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 2022, 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 2022, 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 - 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 2022, 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 2022, the Company's goodwill amount is TL 482,479,139 (31 December 2021: 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, judgements and sensitivities.

Other matter

Our audit was conducted in order to express an opinion on the financial statements as a whole. The additional information in Appendix I is not a part of the audited financial statements. This additional information has not been audited, so we do not express any audit results or give any other assurance on this additional information.

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 20 February 2023.

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 2022 and 31 December 2022, 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.

Additional paragraph for convenience translation to English:

The accounting policies summarized in Note 2, differ from International Financial Reporting Standards ("IFRS") due to non-application of IAS 29 Financial Reporting in Hyperinflationary Economies. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS standards.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

ORIGINALLY ISSUED IN TURKISH

Erman Durmaz, SMMM
Partner
20 February 2023
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 2022 AND 2021

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

	Notes	31 December 2022	31 December 2021
ASSETS			
Current Assets		**4,713,671,119**	**2,562,518,422**
Cash and Cash Equivalents	3	1,192,554,861	873,978,953
Trade Receivables			
Due From Related Parties	5, 27	19,327,671	3,861,976
Other Trade Receivables	5	395,127,812	136,468,763
Other Receivables			
Other Receivables from Third Parties	6	155,954,941	12,955,191
Inventories	7	2,843,750,937	1,472,347,412
Prepaid Expenses			
Prepaid Expenses to Related Parties	8	18,633,704	12,834,534
Other Prepaid Expenses	8	88,321,193	50,071,593
Non-Current Assets		**2,980,607,973**	**2,355,390,916**
Other Receivables			
Other Receivables from Third Parties	6	210,006,768	74,814,001
Property, Plant and Equipment	10	756,778,654	639,905,595
Right of Use Assets	9	1,113,815,657	850,929,914
Intangible Assets			
Goodwill	12	482,479,139	482,479,139
Other Intangible Assets	11	95,795,718	56,125,455
Prepaid Expenses			
Other Prepaid Expenses	8	3,664,307	5,796,414
Deferred Tax Assets	25	318,067,730	245,340,398
TOTAL ASSETS		**7,694,279,092**	**4,917,909,338**

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 2022 AND 2021

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

	Notes	31 December 2022	31 December 2021
LIABILITIES			
Current Liabilities		**6,969,002,149**	**4,307,584,089**
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	4, 27	100,603,472	119,181,667
Other Short Term Financial Liabilities	4	1,009,331,895	1,070,674,280
Short Term Portion of Long Term Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	4	259,558,470	156,759,646
Trade Payables			
Due to Related Parties	5, 27	49,002,091	64,633,147
Other Trade Payables	5	5,138,545,308	2,636,898,576
Employee Benefit Liabilities	15	129,817,171	80,226,860
Other Payables			
Due to Related Parties	6, 27	41,522,260	27,700,063
Other Short Term Payables	6	63,320,017	33,091,296
Short Term Provisions			
Provisions for Employment Benefits	13	5,728,858	6,284,911
Other Short Term Provisions	13	76,558,923	64,089,488
Deferred Income	16	87,449,339	45,127,366
Other Current Liabilities		7,564,345	2,916,789
Non-Current Liabilities		**1,505,294,517**	**1,005,218,973**
Long Term Financial Liabilities			
Other Long Term Finance Lease Liabilities	4	1,107,298,522	878,958,963
Long Term Provisions			
Provisions for Employment Termination Benefits	13, 25	397,995,995	126,260,010
TOTAL LIABILITIES		**8,474,296,666**	**5,312,803,062**
EQUITY		**(780,017,574)**	**(394,893,724)**
Shareholders' Equity		**(780,017,574)**	**(394,893,724)**
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	9,594,949	97,694,296
-Losses on Remeasurement of Defined Benefit Obligations	17	(237,540,107)	(39,248,662)
Restricted Reserves	17	12,318,358	12,318,358
Retained Loss	17	(1,595,003,565)	(1,252,610,010)
Net Loss for the Period		(186,832,405)	(430,492,902)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,694,279,092**	**4,917,909,338**

Accompanying notes are an integral part of these financial statements.

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	2022	2021
PROFIT OR LOSS			
Revenue	18	19,198,331,620	9,367,507,540
Cost of Sales (-)	18	(14,398,582,292)	(6,790,168,809)
GROSS PROFIT		**4,799,749,328**	**2,577,338,731**
Marketing Expenses (-)	19	(3,402,553,137)	(1,925,291,821)
General Administrative Expenses (-)	19	(422,974,551)	(199,125,912)
Other Income From Main Operations	21	97,336,674	125,252,564
Other Expenses From Main Operations (-)	21	(689,150,827)	(534,681,583)
OPERATING PROFIT		**382,407,487**	**43,491,979**
Income / (Expense) From Investment Activities	22	42,307,504	(24,422,492)
Impairment Profit / (Loss) and Reversals of Impairment Losses in Accordance with TFRS 9		(392,141)	(590,084)
OPERATING PROFIT BEFORE FINANCE COSTS		**424,322,850**	**18,479,403**
Finance Income	23	20,143,844	3,313,233
Finance Costs (-)	24	(654,453,570)	(468,770,507)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(209,986,876)**	**(446,977,871)**
Tax Income from Continuing Operations		**23,154,471**	**16,484,969**
- Taxes on Income	25	-	-
- Deferred Tax Income	25	23,154,471	16,484,969
NET LOSS FOR THE PERIOD		**(186,832,405)**	**(430,492,902)**
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax		**(198,291,445)**	**18,521,375**
- Remeasurements of Defined Benefit Liability	13	(247,864,306)	(18,698,284)
- Remeasurements of Defined Benefit Liability, Tax Effect	25	49,572,861	3,739,659
-Property, Plant and Equipment Revaluation Increases	10	--	37,200,000
-Property, Plant and Equipment Revaluation Increases, Tax Effect	25	--	(3,720,000)
TOTAL COMPREHENSIVE LOSS		**(385,123,850)**	**(411,971,527)**
Loss per share (1 TRY per share)			
Basic loss per share			
Loss per share from continued operations		(1.4622)	(3.3692)
Loss per share from discontinued operations		--	--
Total basic earnings per share	26	**(1.4622)**	**(3.3692)**
Diluted loss per share			
Diluted loss per share from continued operations		(1.4622)	(3.3692)
Diluted loss per share from discontinued operations		--	--
Total diluted loss per share		**(1.4622)**	**(3.3692)**

Accompanying notes are an integral part of these financial statements.

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(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 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	-
Control loss of subsidiary	-	-	-	(64,918,684)	-	-	64,918,684	-	-
Sale of Real Estate	-	-	-	(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)**
Balance at 1 January 2022	**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)**
Transfers	-	-	-	-	-	-	(430,492,902)	430,492,902	-
Sale of real estate	-	-	-	(88,099,347)	-	-	88,099,347	-	
Total comprehensive loss	-	-	-	-	(198,291,445)	-	-	(186,832,405)	(385,123,850)
Balances at 31 December 2022	**127,773,766**	**678,006,480**	**411,664,950**	**9,594,949**	**(237,540,107)**	**12,318,358**	**(1,595,003,565)**	**(186,832,405)**	**(780,017,574)**

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 2022 AND 2021

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

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January- 31 December 2022	1 January- 31 December 2021
Net loss for the period		**(186,832,405)**	**(430,492,902)**
Adjustments to reconcile net loss for the period		**1,131,685,149**	**918,482,027**
- Depreciation of property, plant and equipment	10	150,975,633	127,374,505
- Amortization of intangible assets	11	36,832,133	26,351,675
- Amortization of right of use asset	9	313,566,599	230,857,921
- Adjustments to proceeds from sale of subsidiary	22	--	(367,824)
- (Gain) / loss on sale of tangible and intangible assets	22	(42,307,504)	24,790,316
- Net change in risk, lawsuit, personnel, SSI and other provisions	13	12,469,435	9,098,497
- Adjustments to interest income	23	(20,143,844)	(3,313,233)
- Adjustments to interest expense	24	654,453,570	468,770,507
- Impairment provision	21	(342,716)	427,844
- Change in unused vacation provision		(556,053)	(1,721,528)
- Provision for employment termination benefit	13	53,021,491	48,512,348
- Allowance for doubtful receivables	5	1,732,375	2,514,488
- Change in provision for inventory impairment	18	2,615,080	2,128,956
- Unrealized foreign exchange gain / (loss)		(7,476,579)	(457,476)
- Tax income	25	(23,154,471)	(16,484,969)
Changes in working capital:		**647,692,720**	**(35,311,584)**
- Increase in trade receivables, including collection from doubtful receivables		(260,391,424)	(72,424,624)
- Increase in inventories		(1,374,018,605)	(422,861,492)
- (Increase) / decrease in due from related parties		(15,465,695)	6,893,905
- Increase in other receivables and current assets		(278,192,517)	(41,140,850)
- Increase in prepaid expenses		(41,916,663)	(25,511,139)
- Increase / (decrease) in other short term payables		30,228,721	(4,698,959)
- Increase in trade payables		2,501,646,732	492,763,377
- (Decrease) / increase in due to related parties		(1,808,859)	24,678,580
- (Decrease) / increase in employee benefit liabilities		49,590,311	(281,734)
- Increase in other short-term liabilities		38,020,719	7,271,352
Cash used in operating activities		**1,592,545,464**	**452,677,541**
- Employee termination benefits paid	13	(29,149,812)	(38,046,675)
Net cash used in operating activities		**1,563,395,652**	**414,630,866**

Accompanying notes are an integral part of these financial statements.

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

		1 January- 31 December	1 January- 31 December
CASH FLOWS FROM INVESTING ACTIVITIES	**Notes**	**2022**	**2021**
- Acquisition of property, plant and equipment	10	(396,616,270)	(184,760,651)
- Acquisition of intangible assets	11	(76,445,427)	(31,922,450)
- Proceeds from sale of subsidiary		--	212,000,000
- Proceeds from sale of investment properties, tangible assets and intangible assets		180,310,003	118,801,138
Net cash used in investing activities		**(292,751,694)**	**114,118,037**
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	980,500,000	1,092,300,000
- Repayment of borrowings		(1,060,000,000)	(1,062,300,000)
- Repayment of finance lease payables	4	(530,662,264)	(409,882,343)
- Interest paid		(339,316,108)	(180,752,099)
- Interest received	23	20,143,844	3,313,233
- Other cash outflows		(30,209,737)	(11,760,055)
Net cash used in financing activities		**(959,544,265)**	**(569,081,264)**
(Decrease) / increase in cash and cash equivalents		**311,099,693**	**(40,332,361)**
Cash and cash equivalents at the beginning of the year		**873,978,953**	**913,853,836**
- The impact of change in foreign currency exchange rate over cash and cash equivalents		7,476,215	457,478
Cash and cash equivalents at the end of the year	**3**	**1,192,554,861**	**873,978,953**

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 2022, number of personnel of the Company is 10,663 (31 December 2021: 10,174).

As of 31 December 2022, the Company has 23 hypermarkets, 200 frachises and 672 supermarkets (31 December 2021: 28 hypermarkets, 72 franchise, 654 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. While the income statement for the accounting period ending on 31 December 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 formats determined in the "Announcement on the TRFS Taxonomy" published by the POA on 15 April 2019 and Financial Statement Examples and User Guide published by the CMB.

Approval of financial statements:

The financial statements are approved by the Company’s Board of Directors on 20 February 2023. 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. 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, it has been stated that companies applying TFRS do 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”). Since no new announcement has been made by POA regarding the application of inflation accounting, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements as of 31 December 2022.

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 2022 comparatively with the balance sheet as of 31 December 2021; its statements of comprehensive income, its statements of cash flow and its statements of change in shareholders’ equity as of 31 December 2022 comparatively with the financial statements as of 31 December 2021. When necessary, comparative figures are reclassified in order to comply with the presentation of the current period financial statements and material differences are disclosed.

The reclassifications in statement of profit or loss and other comprehensive income for the period ended 31 December 2021 are presented below:

- Income amounting to TRY 4,455,880 which has been presented under cost of sales is reclassified to other income from operating activities and income amounting to TRY 2,706,874 which has been presented under marketing expenses is reclassified to cost of sales due to their natures.
- Personnel expense amounting to TRY 7,889,475 which has been presented under general administrative expenses is reclassified to marketing expenses due to its nature.

The above reclassifications were taken into consideration while preparing the statement of cash flow.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Changes in Significant Accounting Policies

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.

2.5 Changes in estimates and error

If the changes in accounting estimates are related with a specific 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 2022 financial statements have not changed compared to those used in the previous year.

2.6 Summary of Significant Accounting Policies

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

2.6.1. <u>Consolidation principles applied</u>

Subsidiary is the company over which the Company has control. The Company'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. Adana Gayrimenkul has been excluded from the scope of consolidation as of 30 September 2021. While the income statement for the accounting period ending on 31 December 2021 has being prepared, transactions related to Adana Gayrimenkul for the accounting period ending on 15 September 2021 are included in the income statement (Note 1).

2.6.2. <u>Revenue</u>

<u>General model for accounting of revenue</u>

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.2. Revenue (continued)

The Company 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.

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 on 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.2. Revenue (continued)

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.

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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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 1 January 2005 were adjusted for the effects of inflation as of 31 December 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.

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.

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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

2.6.6 Financial Leases Transactions (continued)

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.

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 machines 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.

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.

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

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 contractual cash flows (i.e. trigger event);
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company’s contractual rights to receive cash flows from certain 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 2022 and 31 December 2021 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’.

Lifetime ECLs are expected credit losses from all possible default events over the expected life of financial instruments.

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

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

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)

Non-derivative financial assets (continued)

Financial instruments and contract 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 10 and Note 11).

For impairment testing, assets are grouped by the smallest group of assets generating cash inflows, regardless of continued use, cash inflows from other assets or cash-generating units ("CGU"). Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergies of the combination.

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)

The recoverable amount of an asset or cash generating unit (“CGU”) is the higher of its value in use and its fair value is sold at lower costs. The value in 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.

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. Some changes in the fair value of the contingent consideration that the acquirer recognizes after the acquisition date may be the result of additional post-acquisition information about circumstances existing at the acquisition date. Such changes are measurement period adjustments. However, changes resulting from events after the merger date, such as meeting an earnings target, reaching a specific share price, or reaching a milestone in a research and development project, are not measurement period adjustments.

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 (Note 26). 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 The Balance 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. Retirement pay provision is not legally subject to any funding.

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 1 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:

	2022	**2021**
Discount rate per annum (%)	0.50	4.24
Probability of retirement (%)	75.99	76.05

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 19,982.83 (1 January 2022: TRY 10,848.59) which is effective from 1 January 2023, 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 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 amount is collected in the current period or accrued as receivables, but the income 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 retranslation 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, necessary adjustments are made and reflected in the profit or loss statement in the period they are realized.

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 according to the value in use. These value-in-use calculations include discounted after-tax cash flow projections in TRY. The related projections are based on the long term plans including years between 2023-2027, which are approved by the management. In long-term growth plans, growth rate of 7% was taken into consideration (31 December 2021: 7%). The discount rate as of 31 December 2022, used for the calculation of value-in-use amount is 27.5% (31 December 2021: 24%). That discount rate used 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 legal 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 2022 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 2022 and 2021, 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. Deferred tax assets consisting of tax losses are recognized on the condition that it is highly probable that these differences will be benefited from in the future by earning taxable profits.

2.7.4 Evaluation of financial position

The Company has recognized TRY 186,832,405 loss as of and for the year ended 31 December 2022 and together with current year loss the Company’s accumulated losses has reached to TRY 1,781,835,970. As of 31 December 2022, the Company has equity deficit amounting TRY 780,017,574.

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) half of expenses arising from leases, (iii) half of depreciations and (iv) half of the total personnel expenses may not be taken into account.

With the "Communiqué (Communiqué) amending the communiqué on the principles and procedures regarding the implementation of Article 376 of the Turkish Commercial Code No. 6102" published by the Ministry of Commerce in the Official Gazette dated 8 November 2022 and numbered 32007, the calculations regarding loss of capital or insolvency, the deadline for items to be excluded from the calculation has been postponed from 1 January 2023 to 1 January 2024.

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 824,661,199 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. In this context, the Company has no obligation to prepare an interim balance sheet as set out in the third paragraph of Article 376 of the TCC.

The company has set its strategic goals to achieve sustainable growth and net profitability. Franchise, e-commerce, corporate – wholesale are areas of focus for growth. It is aimed to be the leader of fresh, healthy and right food by keeping sustainability at the center. CRM and digitalization are the main tools to be used to achieve the goals. Efficient space management, simplification and private label development are also among the strategic priorities of the Company.

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2022

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.

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.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as “TFRS 2023” on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TAS 1.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2022 (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.

The Company does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its financial statements.

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.

The Company does not expect that application of these amendments to Amendments to TAS 8 will have significant impact on its financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2022 (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.

The Company does not expect that application of these amendments to Amendments to TAS 1 will have significant impact on its financial statements.

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TFRS 16 Leases.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Amendments Published but not Yet Effective and not Early Adopted As Of 31 December 2022 (continued)

Amendments are effective on 1 January 2022

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

1- Annual Improvements to TFRS Standards 2018–2020 -Amendment to TFRS 1 First-time Adoption of International Financial Reporting Standards, TFRS 9 Financial Instruments, TAS 41 Agriculture
2- Reference to the Conceptual Framework – Amendments to TFRS 3 Business Combinations
3- Property, Plant and Equipment – Proceeds before Intended Use: Amendments to TAS 16 Property, Plant and Equipment
4- Onerous Contracts – Cost of Fulfilling a Contract: Amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets

These newly adopted amendments to standards have not been a significant impact on the financial statements of the Company.

3. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	70,034,529	32,295,209
Cash in transit (*)	75,109,570	40,872,192
Credit card receivables	780,594,084	637,328,664
Banks		
Time deposit	106,092,932	40,329,256
Demand deposit	160,723,746	123,153,632
	1,192,554,861	873,978,953

(*) 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 2022
TRY	16.00%	2 January 2023	106,000,000
		Interest accrual	92,932
			106,092,932

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

The Company does not have any blocked deposits as at 31 December 2022 and 2021.

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 2022	31 December 2021
Short Term Financial Liabilities from Related Parties		
Bank loans with fixed interest rates (*)	100,603,472	119,181,667
Other Short Term Financial Liabilities		
Bank loans with fixed interest rates (*)	898,142,584	762,177,277
Bank loans with variable interest rates (*)	111,189,311	308,497,003
	1,109,935,367	1,189,855,947

Short Term Portion of Long Term Financial Liabilities	31 December 2022	31 December 2021
Lease payables	259,558,470	156,759,646
	259,558,470	156,759,646

Long Term Financial Liabilities		
Lease payables	1,107,298,522	878,958,963
	1,107,298,522	878,958,963

(*) As at 31 December 2022 and 2021 the details of short term bank loans are as follows:

Currency	Interest Rate (i)	31 December 2022
TRY (Fixed interest rate)	20.06%	940,500,000
TRY (Variable interest rate)	17.34%	100,000,000
	Interest accrual	69,435,367
		1,109,935,367

Currency	Interest Rate	31 December 2021
TRY (Fixed interest rate)	18.96%	824,000,000
TRY (Variable interest rate)	18.09%	296,000,000
	Interest accrual	69,855,947
		1,189,855,947

(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 2022	31 December 2021
Within one year	533,711,923	367,371,081
Less : Future finance charges	(274,153,453)	(210,611,435)
Present value of finance lease obligations	259,558,470	156,759,646
Two years and after	1,931,987,343	1,524,242,186
Less : Future finance charges	(824,688,821)	(645,283,223)
Present value of finance lease obligations	1,107,298,522	878,958,963

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

The repayment schedule of long-term borrowings as of 31 December 2022 and 2021 in TRY equivalent is as stated below:

	31 December 2022	31 December 2021
2023	-	108,476,847
2024	98,724,003	87,733,338
2025	92,876,591	85,219,376
2026	87,988,885	97,107,641
2027 and after	827,709,043	500,421,761
	1,107,298,522	878,958,963

(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 2022	31 December 2021
1 January lease liabilities	1,035,718,609	929,153,721
Current period additions	576,452,342	283,725,408
Current period lease payments	(530,662,264)	(409,882,343)
Current period interest expenses	285,348,305	232,721,823
31 December lease liabilities	1,366,856,992	1,035,718,609

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

	31 December 2022	31 December 2021
1 January borrowings	1,189,855,947	1,116,319,417
Current period additions	980,500,000	1,092,300,000
Interest and capital repayments	(1,399,316,108)	(1,243,052,099)
Current period interest expenses (including accruals)	338,895,528	224,288,629
31 December borrowings	1,109,935,367	1,189,855,947

As of 31 December 2022 and 2021, 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 2022, the Company has export commitment for some of the loans has been used.

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

5. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	31 December 2022	31 December 2021
Other trade receivables	413,080,842	154,863,665
Rent receivables	6,661,985	13,023,937
Provision for doubtful trade receivables	(24,615,015)	(31,418,839)
	395,127,812	136,468,763
Due from related parties (Note 27)	19,327,671	3,861,976
	414,455,483	140,330,739

The movement of the allowance for doubtful receivables for the years ended 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Opening balance	31,418,839	30,592,104
Collections	(727,916)	(1,623,402)
Provisions no longer required	(7,808,283)	-
Cancelled provisions due to sale of subsidiary	-	(64,351)
Charge for the period	1,732,375	2,514,488
Closing balance	24,615,015	31,418,839

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 2022	31 December 2021
Letters of guarantee received for trade receivables	256,285,596	84,046,773
	256,285,596	84,046,773

Short Term Trade Payables	31 December 2022	31 December 2021
Trade payables	5,138,545,308	2,636,898,576
Due to related parties (Note 27)	49,002,091	64,633,147
	5,187,547,399	2,701,531,723

Average payment terms of commoditiy purchase is variying depending on sector and suppliers.

As of 31 December 2022 and 31 December 2021, the average 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 2022	31 December 2021
VAT receivables	145,148,516	6,567,410
Receivables from personnel	4,868,033	1,694,760
Other receivables	5,938,392	4,693,021
	155,954,941	12,955,191

Other Long Term Receivables	31 December 2022	31 December 2021
Receivables related to Competition Authority lawsuit (*)	106,852,329	-
Deposits given	103,154,439	74,814,001
	210,006,768	74,814,001

(*) Pursuant to the Competition Authority's decision dated 7 May 2020 and numbered 20-23/298-M, during the Covid-19 epidemic, the pricing behavior of chain markets dealing with retail food and cleaning products and manufacturers and wholesalers, which are their suppliers, were examined and as a result of the investigation, it has been decided to impose an administrative fine of TRY 142,469,772.

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. Legal remedies against punishment applied. The trial continues.

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 and is expecting that the proceedings will be concluded in its favor and therefore the related penalty amount paid will be refunded (Note 13).

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

Other Short Term Payables	31 December 2022	31 December 2021
Taxes payables	53,303,011	30,210,765
Advances and deposits received	10,017,006	2,880,531
	63,320,017	33,091,296
Due to related parties (Not 27)	41,522,260	27,700,063
	104,842,277	60,791,359

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 2022	31 December 2021
Trade goods	2,859,701,018	1,485,682,413
Impairment of inventories	(15,950,081)	(13,335,001)
	2,843,750,937	1,472,347,412

The movements of allowance for impairment on inventory for the periods ended 31 December 2022 and 2021 are below:

	31 December 2022	31 December 2021
Opening balance	13,335,001	11,206,045
Charge of the period	4,335,662	3,502,299
Current year reversal	(1,720,582)	(1,373,343)
Closing balance	15,950,081	13,335,001

Allowance for impairment on inventory for the years ended 31 December 2022 and 2021 is recognized in cost of sales (Note 18). As of 31 December 2022, cost of inventory recognized in income statement is TRY 14,398,582,292 (31 December 2021: TRY 6,790,168,809) (Note 18).

8. PREPAID EXPENSES

Short Term Prepaid Expenses	31 December 2022	31 December 2021
Advances given	52,133,803	24,602,480
Prepaid expenses	35,559,155	25,297,000
Prepaid taxes and dues	628,235	172,113
	88,321,193	50,071,593
Prepaid expenses to related parties (Note 27)	18,633,704	12,834,534
Prepaid expenses	106,954,897	62,906,127

Long Term Prepaid Expenses	31 December 2022	31 December 2021
Prepaid expenses	1,881,821	4,013,928
Advances given for tangible assets	1,782,486	1,782,486
	3,664,307	5,796,414

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

9. RIGHT OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
Opening balance at 1 January 2022	1,429,432,919	12,445,125	1,441,878,044
Additions	576,602,499	21,551,832	598,154,331
Disposal	(39,933,852)	(23,213,231)	(63,147,083)
Closing balance, 31 December 2022	1,966,101,566	10,783,726	1,976,885,292
Accumulated depreciation			
Opening balance at 1 January 2022	(578,503,005)	(12,445,125)	(590,948,130)
Charge for the period	(301,885,530)	(11,681,069)	(313,566,599)
Disposal	28,102,626	13,342,468	41,445,094
Closing balance, 31 December 2022	(852,285,909)	(10,783,726)	(863,069,635)
Net book value, 31 December 2022	**1,113,815,657**	**-**	**1,113,815,657**

	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**

As of 31 December 2022, depreciation expenses arising from right-of-use assets amounting TRY 294,929,925 is included in marketing expenses (31 December 2021: TRY 221,773,476) and TRY 18,636,674 is included in general administrative expenses (31 December 2021: TRY 9,084,445).

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 2022, prepaid rent expenses amounting to TRY 8,584,782 have been recognized in the right of use assets of the Company (31 December 2021: TRY 5,585,035).

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

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost					
Opening balance at 1 January 2022	118,700,000	1,164,543,649	144,889,852	10,404,301	1,438,537,802
Additions	-	340,601,606	27,809,131	28,205,533	396,616,270
Transfers (Note 11)	-	9,907,027	(11,909)	(10,051,431)	(156,313)
Impairments cancelled	-	741,314	-	-	741,314
Disposals (*)	(118,700,000)	(34,019,764)	(4,039,178)	(16,781)	(156,775,723)
Closing balance, 31 December 2022	-	1,481,773,832	168,647,896	28,541,622	1,678,963,350
Accumulated depreciation					
Opening balance at 1 January 2022	-	(724,632,803)	(73,999,404)	-	(798,632,207)
Depreciation charge of the period	-	(139,734,253)	(11,241,380)	-	(150,975,633)
Impairments cancelled	-	(401,117)	-	-	(401,117)
Disposals (*)	-	24,881,690	2,942,571	-	27,824,261
Closing balance, 31 December 2022	-	(839,886,483)	(82,298,213)	-	(922,184,696)
Net book value, 31 December 2022	**-**	**641,887,349**	**86,349,683**	**28,541,622**	**756,778,654**

As of 31 December 2022, depreciation expenses arising from property, plant and equipment amounting TRY 138,061,270 is included in marketing expenses (31 December 2021: TRY 120,501,503) and TRY 12,914,363 is included in general administrative expenses (31 December 2021: TRY 6,873,002).

As of 31 December 2022, total insurance amount over property, plant and equipment is TRY 3,106,271,862 (31 December 2021: TRY 1,776,937,050). As of 31 December 2022 and 31 December 2021 there is no mortgage on property, plant and equipment.

(*) The Company sold its real estate in Antalya on 15 March 2022. 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 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 2021	**118,700,000**	**-**	**439,910,846**	**70,890,448**	**10,404,301**	**639,905,595**
	118,700,000	**-**	**439,910,846**	**70,890,448**	**10,404,301**	**639,905,595**

The land owned by the Company have been stated at their fair value as of the valuation date. As of 31 December 2021, the fair value of land 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 value of the land was determined by market 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 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 88,099,347, 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)

11. INTANGIBLE ASSETS

Intangible Assets

Cost	**Total**
Opening balance, 1 January 2022	240,362,098
Additions	76,445,427
Transfers (Note 10)	156,313
Impairments cancelled	8,315
Disposals	(1,329,543)
Closing balance, 31 December 2022	315,642,610
Accumulated amortization	
Opening balance, 1 January 2022	(184,236,643)
Charge for the period	(36,832,133)
Impairments	(5,796)
Disposals	1,227,680
Closing balance, 31 December 2022	(219,846,892)
Net book value, 31 December 2022	**95,795,718**

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**

As of 31 December 2022, amortization expenses arising from intangible assets amounting TRY 10,959,586 is included in marketing expenses (31 December 2021: TRY 9,915,393) and TRY 25,872,547 is included in general administrative expenses (31 December 2021: TRY 16,436,282).

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 2022	31 December 2021
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 2022, the Company has not recognize any impairment as a result of the impairment analysis on goodwill amounts (31 December 2021: None). If 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 2022 and 2021 are as follows:

Short Term Provisions	31 December 2022	31 December 2021
Provision for risks and litigations	58,961,030	48,478,138
Provision for personnel and social security	17,597,893	15,611,350
	76,558,923	64,089,488

The movement of short term provisions for the years ending on 31 December 2022 and 2021 is as follows:

	Provision for risks and litigations	Provision for personnel and social security	Total
Opening balance, 1 January 2022	48,478,138	15,611,350	64,089,488
Charge of the period	17,464,590	2,826,031	20,290,621
Current year reversal	(6,981,698)	(839,488)	(7,821,186)
Closing balance, 31 December 2022	58,961,030	17,597,893	76,558,923

	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

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, 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. Legal remedies against punishment applied. The trial continues.

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

13. SHORT AND LONG TERM PROVISIONS (Continued)

Independent legal advisors consider that CarrefourSA has reasoned arguments and a strong defensible position that could lead to an annulment action in their favour. In addition, when the current jurisprudence regarding the judicial review of Board decisions is examined, there are several examples where decisions involving fines were annulled. Accordingly, 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 and is expecting that the proceedings will be concluded in its favor and therefore the related penalty amount paid will be refunded. Therefore, the related payment amount is recognized in long term other accounts receivable (Note 6).

Provisions for employment benefits as of 31 December 2022 and 2021 are as follows:

Short Term Employment Benefits	31 December 2022	31 December 2021
Unused vacation provision	5,728,858	6,284,911
	5,728,858	6,284,911

Long Term Employment Benefits	31 December 2022	31 December 2021
Employment termination benefit provision	397,995,995	126,260,010
	397,995,995	126,260,010

Movement for employment termination benefit provision for 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Opening balance, 1 January	126,260,010	97,096,053
Service cost	47,741,401	44,451,871
Interest cost	5,280,090	4,060,477
Actuarial (gain) / loss	247,864,306	18,698,284
Paid compensation during the year	(29,149,812)	(38,046,675)
Closing balance, 31 December	397,995,995	126,260,010

(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 2022 and 2021 are as follows:

GPM given by the Group	31 December 2022	31 December 2021
A. GPM given on behalf of its own legal entity	430,679,640	254,675,208
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	-	-
	430,679,640	254,675,208

31 December 2022	Total TRY	TRY	USD (TRY Equivalents)	EUR (TRY Equivalents)
Letter of guarantees	430,679,640	416,025,305	4,580,464	10,073,871
	430,679,640	416,025,305	4,580,464	10,073,871

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

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

15. EMPLOYMENT BENEFITS

Employee Benefit Liabilities	31 December 2022	31 December 2021
Payables to personnel and Social Security Premiums payable	96,957,655	29,004,842
Personnel salary and premium payables	32,859,516	51,222,018
	129,817,171	80,226,860

16. DEFERRED INCOME

Company’s deferred income as of 31 December 2022 and 2021 are as follows:

Deferred Income	31 December 2022	31 December 2021
Deferred income	81,643,857	43,017,582
Liabilities for shopping cheques	5,805,482	2,109,784
	87,449,339	45,127,366

17. SHAREHOLDERS’ EQUITY

a) Capital

Shareholder structure as of 31 December 2022 and 2021 is stated below:

Shareholders	(%)	31 December 2022	(%)	31 December 2021
Hacı Ömer Sabancı Holding A.Ş.	57.12	72,988,465	57.12	72,988,465
Carrefour Nederland BV	32.16	41,098,010	37.54	47,971,655
Shares publicly held and other	10.72	13,687,291	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 2022 is TRY 127,773,766 (31 December 2021: TRY 127,773,766) divided into 12,777,376,572 shares (31 December 2021: 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 2022	31 December 2021
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 2022 and 31 December 2021, 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 2022	31 December 2021
Retained losses	(1,252,610,010)	(1,110,479,871)
Transfers	(430,492,902)	(304,172,725)
Sale of real estate	88,099,347	64,918,684
Loss of subsidiary control	-	97,123,902
	(1,595,003,565)	(1,252,610,010)

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 TFRS 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 335,982,999 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 2022	31 December 2021
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 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Opening balance	97,694,296	226,256,882
Fair value increase (after tax effect)	-	33,480,000
Sale of real estate (*)	(88,099,347)	(64,918,684)
Loss of subsidiary control (*)	-	(97,123,902)
Closing balance	9,594,949	97,694,296

(*) The Company management reclassifed the amount included in property, plant and equipment revaluation reserves to retained loss due to disposal of its subsidiary whose real estate was recognized at fair value on 3 September 2021, sale of its real estate located in Istanbul, which was recognized at fair value on 15 December 2021 and sale of its real estate located in Antalya, which was recognized at fair value on 15 March 2022.

Remeasurement of Defined Benefit Obligations

As of 31 December 2022, it consists of actuarial losses recognized as other comprehensive income related to employment termination benefit provision amounting to TRY 237,540,107 (31 December 2021: TRY 39,248,662).

	31 December 2022	31 December 2021
Actuarial losses	(237,540,107)	(39,248,662)
	(237,540,107)	(39,248,662)

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

18. REVENUE AND COST OF SALES

NET SALES	31 December 2022	31 December 2021
Revenue from retail operations	19,371,839,778	9,455,296,332
Loyalty program discounts	(46,260,044)	(32,140,362)
Sales returns	(130,960,189)	(57,550,766)
Sales discount	(38,126,794)	(21,618,184)
Rent income	41,838,869	23,520,520
	19,198,331,620	9,367,507,540

COST OF SALES	31 December 2022	31 December 2021
Opening balance of inventories	(1,472,347,412)	(1,051,614,876)
Purchases	(15,767,370,737)	(7,208,772,389)
Change in inventory impairment, net (Note 7)	(2,615,080)	(2,128,956)
Closing balance of inventories	2,843,750,937	1,472,347,412
	(14,398,582,292)	(6,790,168,809)

19. SELLING AND MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the years ended 31 December 2022 and 2021 are as follows:

OPERATING EXPENSES	31 December 2022	31 December 2021
Marketing expenses	(3,402,553,137)	(1,925,291,821)
General administrative expenses	(422,974,551)	(199,125,912)
	(3,825,527,688)	(2,124,417,733)

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

20. EXPENSES BY NATURE

	31 December 2022	31 December 2021
Personnel expenses (*)	(1,841,104,493)	(1,037,176,756)
Depreciation and amortization expenses (Note: 9, 10, 11) (**)	(501,374,365)	(384,584,101)
Overhead expenses	(418,766,747)	(162,126,858)
Rent expenses	(316,392,379)	(135,299,764)
Repair and maintenance expenses	(167,366,519)	(94,534,031)
Advertising expenses	(114,522,033)	(66,372,068)
Outsourced expenses	(93,857,260)	(58,544,062)
Consultancy expenses	(47,893,916)	(19,783,619)
Travel expenses	(29,511,301)	(10,463,655)
Stationery consumption expenses	(25,353,379)	(10,238,384)
Insurance expenses	(20,422,191)	(10,944,990)
Decoration material expenses	(13,065,910)	(8,394,525)
Taxation and other expenses	(10,259,477)	(9,472,363)
Communication expenses	(1,215,908)	(998,877)
Independent audit expenses	(1,014,500)	(401,000)
Other	(223,407,310)	(115,082,680)
	(3,825,527,688)	(2,124,417,733)

(*) As of 31 December 2022, personnel expenses included in the marketing expenses is TRY 1,620,433,203 (2021: TRY 944,467,990), and the amount within the general administrative expenses is TRY 220,671,290 (2021: TRY 92,708,766).

(**) As of 31 December 2022, depreciation and amortization expenses included in the marketing expenses is TRY 443,950,781 (2021: TRY 352,190,372) and the amount within the general administrative expenses is TRY 57,423,584 (2021: TRY 32,393,729).

(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 2022 and 2021 are as follows:

Other Operating Income	31 December 2022	31 December 2021
Foreign exchange gain from operational activities	59,444,885	85,328,155
Franchise management revenues	9,204,968	1,457,005
Rediscount interest income	4,204,073	1,817,656
Income from rental agreement termination (*)	2,534,435	9,834,966
Provisions no longer required (**)	2,443,418	2,175,000
Concessions for rent payments	346,981	12,239,913
Impairments no longer required	342,716	-
Other income	18,815,198	12,399,869
	97,336,674	125,252,564

(*) 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 2022	31 December 2021
Interest expenses from purchases via credit	(508,443,559)	(354,038,082)
Foreign exchange losses from operational activities	(36,931,901)	(63,691,961)
Provision expenses (*)	(10,989,875)	(17,224,593)
Interest expenses from operational activities	(1,547,971)	(1,021,915)
Impairment provision	-	(427,846)
Other expenses and losses	(131,237,521)	(98,277,186)
	(689,150,827)	(534,681,583)

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

22. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	31 December 2022	31 December 2021
Gain / loss on sale of real estate (*)	42,307,504	(24,790,316)
Gain on sale of subsidiary (**)	-	367,824
	42,307,504	(24,422,492)

(*) The Company management sold its real estate located in İstanbul with a price of TRY 100,000,000 on 15 December 2021 and its real estate located in Antalya with a price of TRY 170,000,000 on 15 March 2022.

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

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

23. FINANCE INCOME

Finance income for the years ended 31 December 2022 and 2021 are as follows:

Finance income	31 December 2022	31 December 2021
Interest income	20,143,844	3,313,233
	20,143,844	3,313,233

24. FINANCE COSTS

Finance costs for the years ended 31 December 2022 and 2021 are as follows:

Finance costs	31 December 2022	31 December 2021
Interest expenses	(338,895,528)	(224,288,629)
Interest expenses of lease liabilities	(285,348,305)	(232,721,823)
Credit card commision costs	(30,209,737)	(11,760,055)
	(654,453,570)	(468,770,507)

25. TAX ASSETS AND LIABILITIES

Tax Income / (Expense) of the Period	31 December 2022	31 December 2021
Corporate tax expense of the current period	-	-
Deferred tax income / (expense)	23,154,471	16,484,969
Tax income / (expense) from continuing operations	23,154,471	16,484,969

Corporate tax:

The Company is subject to tax legislation and practices 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.

In Turkey, the corporate tax rate was applied as 20% after 1 January 2021 to the legal tax base, which was calculated by adding non-deductible expenses to and by deducting the exemptions from the the commercial income in accordance with the tax laws. 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 is amended to 23% for the corporate earnings of the 2022 taxation period. Therefore, the Company used 23% taxation rate for the calculation of current period’s taxation.

Within the scope of this amendment, tax rate used in the deferred tax calculation as of 31 December 2022 is %20 (31 December 2021: For the portions of temporary differences that will have tax effects in 2022 and the following periods 23% ve 20% respectively)

25. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (continued):

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.

Dividend payments made to resident joint-stock companies in Turkey, except to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

Exemption from corporate tax:

Dividend earnings of corporations from participation in another fully liable corporation are exempt from corporate tax. In addition, 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are recoginzed in assets at least for two years is exempt from corporate tax as of 31 December 2017. However, according to the amendments with Law numbered 7061, this rate has been reduced from 75% to 50% in terms of immovables 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 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:

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 Presidential 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%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account. The addition of retained earnings to the capital is not considered a profit distribution, therefore it is not subject to withholding tax.

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.

As of 31 December 2022 and 2021, the Company has no tax liability for the period.

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

25. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax is calculated on the temporary differences arising between the carrying values of assets and liabilities in the accompanying financial statements and values used in tax base, except for goodwill that is not subject to tax deductions, and first-time asset and liability differences that are not subject to accounting and taxation.

Deferred tax calculation for the periods ending 31 December 2022 and 2021 is as follows:

The basis for deferred tax timing differences:	31 December 2022	31 December 2021
Reserve for contingencies	112,422,504	75,917,608
Inventory valuation differences	92,728,587	108,386,972
Other current assets	(90,488,240)	(27,909,469)
Provision for employment termination benefit	397,995,995	126,260,010
Tangible and intangible assets	(51,963,612)	(153,174,963)
Right of use assets	(1,122,400,439)	(856,514,949)
Other short term liabilities	254,596,289	81,702,517
Lease liabilities	1,366,856,992	1,035,718,609
Prior year losses	627,946,761	715,470,942
Other	2,645,870	1,183,403
	1,590,340,707	1,107,040,680

Deferred tax assets / (liabilities) :	31 December 2022	31 December 2021
Reserve for contingencies	22,484,501	17,475,075
Inventory valuation differences	18,545,717	24,929,004
Other current assets	(18,097,648)	(6,915,973)
Provision for employment termination benefit	79,599,199	25,252,002
Tangible and intangible assets	(10,392,723)	(18,088,345)
Right of use assets	(224,480,088)	(171,302,990)
Other short term liabilities	50,919,258	18,791,579
Lease liabilities	273,371,398	211,846,511
Prior year losses	125,589,352	143,094,188
Other	528,764	259,347
	318,067,730	245,340,398

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

25. TAX ASSETS AND LIABILITIES (Continued)

Carry forward tax losses

According to the Tax Procedure Law, financial losses can be carried for a maximum of five years. Accordingly, the last year that unused financial losses can be recognized is 2026. The Company management has evaluated that it is probable that there will be sufficient taxable profit in the future depending on the expected operational performance improvement in the following years, and accordingly, deferred tax assets arising from unused financial losses amounting to TRY 125,589,352 (31 December 2021: TRY 143,094,188) are recognized in the financial statements.

The expiry dates of the Company's available financial losses on which deferred tax asset is recognized are as follows:

	31 December 2022	31 December 2021
2024	257,735,508	345,259,689
2025	154,997,294	154,997,294
2026	215,213,959	215,213,959
	627,946,761	715,470,942

The movements of deferred tax asset as of 31 December 2022 and 2021 are as follows:

Movement of deferred tax asset:	31 December 2022	31 December 2021
Openning balance at 1 January	245,340,398	203,053,516
Current year income	23,154,471	16,484,969
Disposal related to sale of subsidiary	-	25,782,254
Tax income attributable to equity	49,572,861	19,659
Closing balance at 31 December	318,067,730	245,340,398

Tax reconciliation	31 December 2022	31 December 2021
Loss before tax	(209,986,876)	(446,977,871)
Effective tax rate	23%	25%
Calculated tax	48,296,981	111,744,468
Disallowable expenses	(15,623,991)	(14,472,352)
Exemptions and discounts	17,358,401	24,031,624
Permenant differences not subject to deferred tax calculation	(6,557,021)	(8,400,182)
Deferred tax asset calculated over previous year tax losses used / (cancelled) in the current period	17,504,836	(65,594,637)
Effect of change in tax rate	(47,692,958)	(47,897,468)
Other	9,868,223	17,073,516
	23,154,471	16,484,969

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

26. LOSS PER SHARE

Weighted average number of shares and basic earnings per share for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Opening, number of shares (Note 17)	12,777,376,572	12,777,376,572
Share disposal due to share capital decrease	-	-
Share addition due to share capital increase	-	-
Closing, number of shares (total) (Note 17)	12,777,376,572	12,777,376,572
Weighted average number of shares	12,777,376,572	12,777,376,572
Net loss for the period (TRY)	(186,832,405)	(430,492,902)
Loss per share (Kr)	(0.0146)	(0.0337)
Loss per share (TRY)	(1.4622)	(3.3692)

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

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Cash and cash equivalents (Note 3)	31 December 2022	31 December 2021
Akbank T.A.Ş.	234,619,720	228,098,683
	234,619,720	228,098,683

Trade receivables from related parties (Note 5)	31 December 2022	31 December 2021
Carrefour World Trade	13,539,717	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	4,571,568	2,850
Majid Al Futtaim Hypermarkets Llc U	684,883	-
Agesa Emeklilik ve Hayat A.Ş.	174,086	2,776,999
Akbank T.A.Ş.	98,611	407,651
Carrefour Global Sourcing Asia	87,146	375
Teknosa İç ve Dış Ticaret A.Ş.	56,370	15,636
Ak Finansal Kiralama A.Ş.	36,918	36,918
Carrefour Polska Sp. z o. o.	8,464	366,551
Socomo SA	-	163,069
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	226	2,126
Other	69,682	89,801
	19,327,671	3,861,976

Financial Liabilities (Note 4)	31 December 2022	31 December 2021
Akbank T.A.Ş.	100,603,472	119,181,667
	100,603,472	119,181,667

Other short term payables to related parties (Note 6)	31 December 2022	31 December 2021
Hacı Ömer Sabancı Holding A.Ş.	25,692,135	20,849,332
Carrefour Partenariat International	15,830,125	6,850,731
	41,522,260	27,700,063

Trade payables to related parties (Note 5)	31 December 2022	31 December 2021
Sabancı Dijital Teknoloji Hizmetler A.Ş.	20,762,017	26,346,149
Teknosa İç ve Dış Ticaret A.Ş.	23,405,017	15,269,156
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	4,484,614	5,733,351
Carrefour Hypermarches SAS	189,885	189,885
Agesa Emeklilik ve Hayat A.Ş.	119,576	-
Aksigorta A.Ş.	1,930	90,913
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş. (*)	-	16,957,975
Other	39,052	45,718
	49,002,091	64,633,147

(*) Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. is a related party until 5 January 2022 and is not considered as a related party after this date.

The Company has not given any collateral for borrowings to related parties. As of 31 December 2022,the maturity of the loan received from Akbank T.A.Ş. is 20 March 2023 and the interest rate is 19.75% (2021: The maturities of the loans are 31 January 2022 and 14 February 2022 and the weighted average interest rate is 20.18%).

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

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Prepaid Expenses (Note 8)	31 December 2022	31 December 2021
Sabancı Dijital Teknoloji Hizmetler A.Ş.	14,659,061	10,858,196
Aksigorta A.Ş.	3,493,179	1,836,714
Akbank T.A.Ş.	481,464	139,624
	18,633,704	12,834,534

Purchases from related parties (goods)	31 December 2022	31 December 2021
Teknosa İç ve Dış Ticaret A.Ş.	54,900,176	40,909,624
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	6,136,190	297,626,223
	61,036,366	338,535,847

Purchases from related parties (services)		
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	265,465,689	119,904,800
Sabancı Dijital Teknoloji Hizmetler A.Ş.	34,028,373	32,581,750
Aksigorta A.Ş.	20,589,186	10,953,484
Teknosa İç ve Dış Ticaret A.Ş.	-	160,606
Other	47,889	264,335
	320,131,137	163,864,975

Rent income from related parties		
Teknosa İç ve Dış Ticaret A.Ş.	3,031,168	2,334,221
Akbank T.A.Ş.	1,239,966	1,250,816
	4,271,134	3,585,037

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

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Other income from related parties	31 December 2022	31 December 2021
Carrefour World Trade	67,104,340	57,034,488
Teknosa İç ve Dış Ticaret A.Ş.	9,167,102	2,627,318
Akçansa Çimento Sanayi ve Ticaret A.Ş.	7,254,615	3,840,621
Akbank T.A.Ş.	6,358,396	3,377,142
Carrefour Polska Sp. z o. o.	4,834,726	2,618,646
Hacı Ömer Sabancı Holding A.Ş.	2,334,308	378,590
Sabancı Dijital Teknoloji Hizmetler A.Ş.	1,217,614	383,658
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	1,076,566	394,302
Agesa Emeklilik ve Hayat A.Ş.	952,878	3,251,635
Carrefour Global Sourcing Asia	933,434	858,001
Aksigorta A.Ş.	770,452	1,676,096
Majid Al Futtaim Hypermarkets Llc U	686,545	-
Kordsa Teknik Tekstil A.Ş.	488,085	-
Temsa Ulaşım Araçları Sanayi Ve Ticaret A.Ş	417,026	510,846
Çimsa Çimento Sanayi ve Ticaret A.Ş.	379,348	331,227
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	260,539	318,082
Ak Yatırım Menkul Değerler A.Ş.	49,427	292,908
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	2,586	283,431
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş.	-	6,878,348
Other	437,993	751,067
	104,725,980	85,806,406

Other expenses to related parties	31 December 2022	31 December 2021
Hacı Ömer Sabancı Holding A.Ş.	67,572,116	32,183,411
Carrefour Partenariat International	48,058,940	23,493,546
Sabancı Dijital Teknoloji Hizmetler A.Ş.	10,800	156,574
Other	27,355	508,141
	115,669,211	56,341,672

Interest income from related parties	31 December 2022	31 December 2021
Akbank T.A.Ş.	9,692,952	2,663,466
Interest expense and credit card commission to related parties		
Akbank T.A.Ş.	35,165,295	59,733,294
Burgan Bank A.Ş. (*)	-	5,245,897
	35,165,295	64,979,191

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

The details of remuneration and similar benefits provided to senior management in the current period are as follows:

	31 December 2022	31 December 2021
Salaries and other short term benefits	17,398,327	11,677,340
Other long term benefits	1,528,365	631,887
	18,926,692	12,309,227

(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 the continuity of its activities while maximizing its profit 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 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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Total bank borrowings	1,109,935,367	1,189,855,947
Total lease liabilities	1,366,856,992	1,035,718,609
Less: Cash and cash equivalents	(1,192,554,861)	(873,978,953)
Net liabilities	1,284,237,498	1,351,595,603
Total share capital	127,773,766	127,773,766
Net liabilities / share capital ratio	1005.09%	1057.80%

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’s customers are real consumer-level customers, there is not any credit risk arising from sales to customers.

The risks raised from the advances and deposits given by the Company in order to make investments, 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 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits and Credit Card Receivables**
Maximum net credit risk as of balance sheet date (i)	19,327,671	395,127,812	-	365,961,709	1,122,520,332
- The part of maximum risk under guarantee with collateral etc. (ii)	-	256,285,596	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	19,327,671	2,904,050	-	365,961,709	1,122,520,332
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	-	392,223,762	-	-	-
- The part under guarantee with collateral etc.	-	240,254,468	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	24,615,015	-	-	-
- Impairment (-)	-	(24,615,015)	-	-	-
- The part of net value under guarantee with collateral etc.	-	822,096	-	-	-
- 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 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)	-	84,046,773	-	-	-
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)

Credit Risk Management (Continued)

	Receivables	
31 December 2022	**Trade receivables**	**Other receivables**
Past due 1-30 days	236,600,168	-
Past due 1-3 months	121,396,742	-
Past due 3-12 months	16,943,151	-
Past due 1-5 years	17,283,701	-
Past due more than 5 years	-	-
Total past due receivables	392,223,762	-

	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	-

The Company management is expecting that the overdue receivables for which a provision was not booked, will be collected.

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 presents 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 2022 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	1,109,935,367	1,156,388,122	636,247,486	520,140,636	-	-
Financial lease liabilities	1,366,856,992	2,465,699,266	155,738,884	377,973,039	1,330,728,637	601,258,706
Trade payables	5,187,547,399	5,213,341,533	5,104,926,903	108,414,630	-	-
Other payables and liabilities (i)	112,406,622	112,406,622	112,406,622	-	-	-
Total liabilities	7,776,746,380	8,947,835,543	6,009,319,895	1,006,528,305	1,330,728,637	601,258,706

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 (i)	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

(i) 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 significantly 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 2022		
	TRY Equivalents (Functional currency)	**USD**	**EUR**
1. Trade receivables	61,750,576	2,024,844	1,198,372
2. Liquid assets	52,062,244	83,328	2,533,454
3. CURRENT ASSETS (1+2)	113,812,820	2,108,172	3,731,826
4. Other	100,671,802	4,531,100	800,001
5. NON-CURRENT ASSETS	100,671,802	4,531,100	800,001
6. TOTAL ASSETS (3+5)	214,484,622	6,639,272	4,531,827
7. Trade payables	64,950,685	3,087,458	356,341
8. Other payables	15,830,125	-	792,664
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	5,913,703	266,378	46,263
11. CURRENT LIABILITIES (7+8+9+10)	86,694,513	3,353,836	1,195,268
12. Financial liabilities	43,217,360	-	2,164,027
13. NON-CURRENT LIABILITIES	43,217,360	-	2,164,027
14. TOTAL LIABILITIES (11+13)	129,911,873	3,353,836	3,359,295
15. Net foreign currency position (6-14)	84,572,749	3,285,436	1,172,532
16. Net monetary foreign currency position (6-14-10)	78,659,046	3,019,058	1,126,269

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk management (Continued)

	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

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. 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 2022

	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	6,131,904 -	(6,131,904)
2- Part of hedged from US Dollar risk (-)	- -	-
3- US Dollar net effect (1 +2)	6,131,904	(6,131,904)
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	2,325,371 -	(2,325,371)
5 - Part of hedged from Euro risk (-)	- -	-
6- Euro net effect (4 +5)	2,325,371	(2,325,371)
TOTAL (3 + 6)	8,457,275	(8,457,275)

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)

(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 2022 and 31 December 2021, the Company has loan agreements with variable interest rates.

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 2022**	**31 December 2021**
Financial lease payables		1,366,856,992	1,035,718,609
Bank loans		998,746,056	881,358,944
Instruments with Variable Rates			
Bank loans		111,189,311	308,497,003
	Sensitivity to 1% change in interest	1,111,893	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 2022	Financial assets at amortized cost	Financial liabilities at amortized cost	Net book value	Note
Financial assets				
Cash and cash equivalents	1,192,554,861	-	1,192,554,861	(3)
Trade receivables	395,127,812	-	395,127,812	(5)
Due from related parties	19,327,671	-	19,327,671	(27)
Other receivables	365,961,709	-	365,961,709	(6)
Financial liabilities				
Borrowings	-	1,109,935,367	1,109,935,367	(4)
Financial lease payables	-	1,366,856,992	1,366,856,992	(4)
Trade payables	-	5,138,545,308	5,138,545,308	(5)
Due to related parties	-	90,524,351	90,524,351	(27)
Other liabilities (*)	-	70,884,362	70,884,362	(6)

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)

(*) 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.

It is estimated that the carrying values of trade receivables, together with the related doubtful receivables provisions, reflect their fair value.

Financial liabilities

Short term TRY denominated, fixed and variable interest rate bank borrowings are assumed to converge to their 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. EVENTS AFTER THE BALANCE SHEET DATE

Due to the negative conditions caused by the earthquakes that took place in Kahramanmaraş on 6 February 2023, affecting many of our cities and devistating our whole country, it was decided to declare a state of emergency for three months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa, which was declared in the Official Gazette numbered 32098, dated 8 February 2023.

1 store in Adana are temporarily closed for sale. Necessary actions will be taken according to the result after the inspection of the buildings, where our relevant stores are located, by the competent authorities.

The developments regarding the natural disaster are being closely monitored and studies are continuing to determine the situation.

(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.

		Unaudited	
	Before TRFS 16		
	31 December 2022	TFRS 16 Effect	31 December 2022
ASSETS			
Current Assets	**4,713,671,119**	**-**	**4,713,671,119**
Cash and Cash Equivalents	1,192,554,861	-	1,192,554,861
Trade Receivables			
Due From Related Parties	19,327,671	-	19,327,671
Other Trade Receivables	395,127,812	-	395,127,812
Other Receivables			
Other Receivables from Third Parties	155,954,941	-	155,954,941
Inventories	2,843,750,937	-	2,843,750,937
Prepaid Expenses			
Prepaid Expenses to Related Parties	18,633,704	-	18,633,704
Other Prepaid Expenses	88,321,193	-	88,321,193
Non-Current Assets	**1,816,187,752**	**1,164,420,221**	**2,980,607,973**
Other Receivables			
Other Receivables from Third Parties	210,006,768	-	210,006,768
Property, Plant and Equipment	756,778,654	-	756,778,654
Right of Use Assets	-	1,113,815,657	1,113,815,657
Intangible Assets			
Goodwill	482,479,139	-	482,479,139
Other Intangible Assets	95,795,718	-	95,795,718
Prepaid Expenses		-	
Other Prepaid Expenses	3,664,307	-	3,664,307
Deferred Tax Assets	267,463,166	50,604,564	318,067,730
TOTAL ASSETS	**6,529,858,871**	**1,164,420,221**	**7,694,279,092**

(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.

	Unaudited		
	Before TRFS 16 31 December 2022	TFRS 16 Effect	31 December 2022
LIABILITIES			
Current Liabilities	**6,709,443,679**	**259,558,470**	**6,969,002,149**
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	100,603,472	-	100,603,472
Other Short Term Financial Liabilities	1,009,331,895	-	1,009,331,895
Short Term Portion of Long Term Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	-	259,558,470	259,558,470
Trade Payables			
Due to Related Parties	49,002,091	-	49,002,091
Other Trade Payables	5,138,545,308	-	5,138,545,308
Employee Benefit Liabilities	129,817,171	-	129,817,171
Other Payables			
Due to Related Parties	41,522,260	-	41,522,260
Other Short Term Payables	63,320,017	-	63,320,017
Short Term Provisions			
Provisions for Employment Benefits	5,728,858	-	5,728,858
Other Short Term Provisions	76,558,923	-	76,558,923
Deferred Income	87,449,339	-	87,449,339
Other Current Liabilities	7,564,345	-	7,564,345
Non-Current Liabilities	**397,995,995**	**1,107,298,522**	**1,505,294,517**
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	-	1,107,298,522	1,107,298,522
Long Term Provisions			
Provisions for Employment Termination Benefits	397,995,995	-	397,995,995
TOTAL LIABILITIES	**7,107,439,674**	**1,366,856,992**	**8,474,296,666**
EQUITY	**(577,580,803)**	**(202,436,771)**	**(780,017,574)**
Shareholders' Equity	**(577,580,803)**	**(202,436,771)**	**(780,017,574)**
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	9,594,949	-	9,594,949
-Losses on Remeasurement of Defined Benefit Obligations	(237,540,107)	-	(237,540,107)
Restricted Reserves	12,318,358	-	12,318,358
Retained Loss	(1,452,045,788)	(142,957,777)	(1,595,003,565)
Net Loss for the Period	(127,353,411)	(59,478,994)	(186,832,405)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,529,858,871**	**1,164,420,221**	**7,694,279,092**

(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.

	Before TRFS 16	Unaudited	
	1 January-31 December 2022	TFRS 16 Effect	1 January-31 December 2022
PROFIT OR LOSS			
Revenue	19,198,331,620	-	19,198,331,620
Cost of Sales (-)	(14,400,853,175)	2,270,883	(14,398,582,292)
GROSS PROFIT	**4,797,478,445**	**2,270,883**	**4,799,749,328**
Marketing Expenses (-)	(3,603,788,776)	201,235,639	(3,402,553,137)
General Administrative Expenses (-)	(433,677,230)	10,702,679	(422,974,551)
Other Income From Main Operations	94,455,257	2,881,417	97,336,674
Other Expenses From Main Operations (-)	(689,150,827)	-	(689,150,827)
OPERATING PROFIT	**165,316,869**	**217,090,618**	**382,407,487**
Income / (Expense) From Investment Activities	42,307,504	-	42,307,504
Impairment Profit / (Loss) and Reversals of Impairment Losses in Accordance with TFRS 9	(392,141)	-	(392,141)
OPERATING PROFIT BEFORE FINANCE COSTS	**207,232,232**	**217,090,618**	**424,322,850**
Finance Income	20,143,844	-	20,143,844
Finance Costs (-)	(369,105,265)	(285,348,305)	(654,453,570)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**(141,729,189)**	**(68,257,687)**	**(209,986,876)**
Tax Income from Continuing Operations	**14,375,778**	**8,778,693**	**23,154,471**
- Deferred Tax Income	14,375,778	8,778,693	23,154,471
NET LOSS FOR THE PERIOD	**(127,353,411)**	**(59,478,994)**	**(186,832,405)**
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax	**(198,291,445)**	**-**	**(198,291,445)**
- Remeasurements of Defined Benefit Liability	(247,864,306)	-	(247,864,306)
- Remeasurements of Defined Benefit Liability, Tax Effect	49,572,861	-	49,572,861
TOTAL COMPREHENSIVE LOSS	**(325,644,856)**	**(59,478,994)**	**(385,123,850)**
Loss per share (1 TRY per share)	(0.9967)	(0.4655)	(1.4622)