

**CARREFOURSA CARREFOUR
SABANCI TİCARET MERKEZİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023**

(ORIGINALLY ISSUED IN TURKISH)

28 April 2023

This report contains 2 pages of the review report and 42 pages of condensed interim 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 Board of Directors of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi

Introduction

We have reviewed the accompanying condensed statement of financial position of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi (the “Company”) as at 31 March 2023, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the interim financial information (“the condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* (“TAS 34”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34.

Other matter

Our review 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 reviewed financial statements. This additional information has not been reviewed, so we do not express any review results or give any other assurance on this additional information.

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 A.Ş.

ORIGINALLY ISSUED IN TURKISH

Erman Durmaz, SMMM
Engagement Partner
28 April 2023
İstanbul, Türkiye

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED BALANCE SHEETS AT 31 MARCH 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 31 March 2023	Audited 31 December 2022
ASSETS			
Current Assets		6,059,977	4,713,671
Cash and Cash Equivalents	3	1,290,230	1,192,555
Trade Receivables			
Due From Related Parties	5, 25	56,302	19,328
Due From Third Parties	5	426,712	395,128
Other Receivables			
Due From Third Parties		211,360	155,954
Inventories	6	3,766,833	2,843,751
Prepaid Expenses		308,540	106,955
Non-Current Assets		3,418,753	2,980,608
Other Receivables			
Due From Third Parties		213,559	210,006
Property, Plant and Equipment	7	759,760	756,779
Right of Use Assets	8	1,472,192	1,113,816
Intangible Assets			
Goodwill	10	482,479	482,479
Other Intangible Assets	9	109,299	95,796
Prepaid Expenses		1,782	3,664
Deferred Tax Assets	23	379,682	318,068
TOTAL ASSETS		9,478,730	7,694,279

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED BALANCE SHEETS AT 31 MARCH 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 31 March 2023	Audited 31 December 2022
LIABILITIES			
Current Liabilities		8,779,414	6,969,002
Short Term Bank Loans			
Short Term Bank Loans from Related Parties	4, 25	152,050	100,603
Other Short Term Bank Loans	4	1,147,316	1,009,332
Other Financial Liabilities			
Other Financial Liabilities to Third Parties	4	100,000	-
Short Term Portion of Long Term Finance Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	4	372,677	259,558
Trade Payables			
Due to Related Parties	5, 25	81,168	49,002
Due to Third Parties	5	6,080,188	5,138,546
Employee Benefit Liabilities	13	489,875	129,817
Other Payables			
Due to Related Parties	25	58,489	41,522
Due to Third Parties		77,033	63,320
Short Term Provisions			
Provisions for Employment Benefits	11	12,283	5,729
Other Short Term Provisions	11	77,130	76,559
Deferred Income	14	123,727	87,449
Other Short Term Liabilities		7,478	7,565
Non-Current Liabilities		1,824,663	1,505,295
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	4	1,375,665	1,107,299
Long Term Provisions			
Provisions for Employment Benefits	11	448,998	397,996
TOTAL LIABILITIES		10,604,077	8,474,297
EQUITY		(1,125,347)	(780,018)
Shareholders' Equity		(1,125,347)	(780,018)
Share Capital	15	127,774	127,774
Inflation Adjustment Differences to Share Capital	15	678,006	678,006
Share Issue Premium / Discounts		411,665	411,665
Other Accumulated Comprehensive Income and Expenses			
Not to be Reclassified to Profit or Loss			
- Property, Plant and Equipment Revaluation Increases	15	9,595	9,595
- Losses on Remeasurement of Defined Benefit Obligations	15	(376,259)	(237,540)
Restricted Reserves	15	12,318	12,318
Accumulated Losses	15	(1,781,836)	(1,595,004)
Net Loss for the Period		(206,610)	(186,832)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,478,730	7,694,279

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM THREE-MONTH PERIOD
ENDED 31 MARCH 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 1 January - 31 March 2023	Reviewed 1 January - 31 March 2022
PROFIT OR LOSS			
Revenue	16	6,575,329	3,202,634
Cost of Sales (-)	16	(4,849,531)	(2,336,619)
GROSS PROFIT		1,725,798	866,015
Marketing Expenses (-)	17	(1,408,781)	(675,552)
General Administrative Expenses (-)	17	(194,490)	(78,491)
Other Income From Operating Activities	19	22,866	20,463
Other Expenses From Operating Activities (-)	19	(195,303)	(132,791)
OPERATING LOSS		(49,910)	(356)
Income from Investment Activities	20	--	42,308
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	5	161	217
OPERATING PROFIT/ LOSS BEFORE FINANCE COSTS		(49,749)	42,169
Finance Income	21	5,626	3,218
Finance Costs (-)	22	(189,425)	(144,137)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(233,548)	(98,750)
Tax Income		26,938	25,301
- Deferred Tax Income	23	26,938	25,301
NET LOSS FOR THE PERIOD		(206,610)	(73,449)
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit or loss		(138,719)	(24,637)
- Remeasurements of defined benefit liability		(173,395)	(30,797)
- Remeasurements of defined benefit liability, tax effect		34,676	6,160
OTHER COMPREHENSIVE LOSS		(138,719)	(24,637)
TOTAL COMPREHENSIVE LOSS		(345,329)	(98,086)
Loss per share (1 TRY per share, full)			
Basic loss per share			
Basic loss per share from continued operations		(1.6170)	(0.5748)
Basic loss per share from discontinued operations		-	-
Total basic earnings per share	24	(1.6170)	(0.5748)
Diluted loss per share			
Diluted loss per share from continued operations		(1.6170)	(0.5748)
Diluted loss per share from discontinued operations		-	-
Total diluted loss per share		(1.6170)	(0.5748)

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM THREE-MONTH PERIOD ENDED
31 MARCH 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

(Note 15)	Share Capital	Inflation Adjustment Differences to Share Capital	Share Issue Premium / Discounts	Property, Plant and Equipment Revaluation Increases	Actuarial Loss	Restricted Reserves	Accumulated Losses	Net Loss for the Period	Total
Balance at 1 January 2022	127,774	678,006	411,665	97,694	(39,249)	12,318	(1,252,610)	(430,493)	(394,895)
Transfers	-	-	-	-	-	-	(430,493)	430,493	-
Sale of Real Estate	-	-	-	(88,099)	-	-	88,099	-	-
Total Comprehensive Loss	-	-	-	-	(24,637)	-	-	(73,449)	(98,086)
Balances at 31 March 2022	127,774	678,006	411,665	9,595	(63,886)	12,318	(1,595,004)	(73,449)	(492,981)
Balance at 1 January 2023	127,774	678,006	411,665	9,595	(237,540)	12,318	(1,595,004)	(186,832)	(780,018)
Transfers	-	-	-	-	-	-	(186,832)	186,832	-
Total Comprehensive Loss	-	-	-	-	(138,719)	-	-	(206,610)	(345,329)
Balances at 31 March 2023	127,774	678,006	411,665	9,595	(376,259)	12,318	(1,781,836)	(206,610)	(1,125,347)

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CASH FLOW STATEMENTS FOR THE INTERIM THREE-MONTH PERIOD ENDED
31 MARCH 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 1 January- 31 March 2023	Reviewed 1 January- 31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(206.610)	(73.449)
Adjustments to reconcile net loss for the period		410.691	210.044
- Depreciation of property, plant and equipment	7	45.470	32.946
- Amortization of right of use asset	8	122.605	69.478
- Amortization of intangible assets	9	13.181	7.343
- Profit from the sale of tangible assets	20	--	(42.308)
- Net change in risk, lawsuit, personnel, SSI and other provisions	11	571	4.042
- Adjustments to interest income	21	(5.626)	(3.218)
- Adjustments to interest expense	22	189.425	144.137
- Provision for unused vacation pay liability		6.554	4.015
- Provision for employment termination benefit	11	54.705	12.860
- Allowance for doubtful receivables	5	847	486
- Provision for impairment on inventory	6	7.593	1.796
- Unrealized foreign exchange loss		2.304	3.768
- Tax income	23	(26.938)	(25.301)
Changes in working capital		78.768	(242.920)
- Increase in other trade receivables, including collection of doubtful receivables		(32.431)	(20.926)
- Increase in inventories		(930.675)	(425.074)
- Increase due from related parties		(36.975)	(15.304)
- Increase in other receivables and current assets		(58.957)	(128.709)
- Increase in prepaid expenses		(149.703)	(93.817)
- Increase in other short term payables		13.713	2.536
- Increase in other trade payables		991.642	383.475
- Increase / (decrease) in payables due to related parties		49.133	(25.473)
- Increase in employee benefit liabilities		196.829	60.464
- Increase in other short-term liabilities		36.192	19.908
Cash from operating activities		282.849	(106.325)
- Employee termination benefits paid		(13.870)	(4.845)
Net cash from / (used in) operating activities		268.979	(111.170)

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CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CASH FLOW STATEMENTS FOR THE INTERIM THREE-MONTH PERIOD ENDED
31 MARCH 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 1 January- 31 March 2023	Reviewed 1 January- 31 March 2022
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment	7	(70.310)	(35.504)
- Acquisition of intangible assets	9	(26.671)	(6.106)
- Proceeds from sale of tangible and intangible assets		21.847	171.475
Net cash (used in) / from investing activities		(75.134)	129.865
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	310.000	390.000
- Repayment of borrowings		(89.000)	(135.000)
- Repayment of finance lease payables	4	(197.902)	(120.943)
- Paid finance costs		(122.590)	(90.377)
- Interest received	21	5.626	3.218
Net cash (used in) / from financing activities		(93.866)	46.898
Increase in cash and cash equivalents		99.979	65.593
Cash and cash equivalents at the beginning of the year		1.192.555	873.979
- The impact of change in foreign currency exchange rate over cash and cash equivalents		(2.304)	(3.768)
Cash and cash equivalents at the end of the period	3	1.290.230	935.804

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

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CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 31 MARCH 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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:67A, B Blok Maltepe / İstanbul.

The number of personnel is 10,261 as of 31 March 2023 (31 December 2022: 10,663).

As of 31 March 2023, the Company has 23 hypermarkets, 227 franchises and 660 supermarkets (31 December 2022: 23 hypermarkets, 200 franchise, 672 supermarkets).

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 Hizmetleri Gıda Sanayi ve Ticaret Anonim Şirketi (“Kiler Alışveriş”), of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TRY 429,574,000. The share purchase demand has been approved by Turkish Competition Authority on 30 September 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 and has paid the agreement amount of TRY 429,574,000 by cash to the vendors on 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 on 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 CONDENSED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

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

According to the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013, the accompanying condensed interim financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The condensed interim financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by POA on 15 April 2019 and the Illustrative Financial Statements and User Guide published by CMB.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed version. The Company’s condensed interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed interim financial statements should be considered together with the financial statements as of 31 December 2022.

Approval of condensed interim financial statements:

The accompanying condensed interim financial statements of the Company has been approved by the Company’s Board of Directors on 28 April 2023. General Assembly and related legal institutions have the right to amend these condensed financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 31 MARCH 2023**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.1 Basis of the Presentation (Continued)

(b) Basis of measurement

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The condensed interim financial statements have been prepared by reflecting the necessary adjustments and classifications to make the correct presentation in accordance with TFRS to the legal records prepared on the historical cost basis.

(c) Presentation and functional currency

The Company’s functional and presentation currency is Turkish Lira (“TRY”). All financial information presented in TRY has been rounded to the nearest thousand 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 made in accordance with TAS 29 while preparing the financial statements as of 31 March 2023.

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 condensed interim financial statements have been presented comparatively with the previous period. The Company presented condensed balance sheet as of 31 March 2023 comparatively with the balance sheet as of 31 December 2022; condensed statements of profit or loss and other comprehensive income, condensed statements of cash flow and condensed statements of change in shareholders’ equity as of 31 March 2023 comparatively with the 31 March 2022 condensed financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

2.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position 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 realize the asset and settle the liability simultaneously.

2.5 Changes in Significant Accounting Policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2022.

2.6 Significant Accounting Estimates and Assumptions

The preparation of condensed financial statements requires the Company management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and necessary adjustments are recognized in profit or loss in which they are realized.

Significant estimates used in the preparation of these condensed financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

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CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 31 MARCH 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.6 Significant Accounting Estimates and Assumptions (Continued)

2.6.1 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In that scope, as of 31 March 2023 and 31 December 2022 the Company evaluated the current risks and booked related provisions.

2.6.2 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 prepared in accordance with TFRS 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 March 2023 and 31 December 2022, after the necessary evaluations, the deferred tax assets are 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 carry-forward tax losses are recognized on the condition that it is highly probable that these differences will be benefited from by generating taxable profit in the future.

2.6.3 Evaluation of financial position

The Company has recognized TRY 206,610 loss for the three-month interim period ended 31 March 2023 and current year loss together with accumulated losses has reached to TRY 1,998,446. As of 31 March 2023, the Company has an equity deficit of TRY 1,125,347.

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 considered.

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.

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 479,332 above the minimum limits set out in Article 376 of the TCC and the Principle Decision of the Capital Markets Board (CMB) dated 10 April 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.

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2. BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.6.3 Evaluation of financial position (Continued)

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.

2.7 Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 31 March 2023

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.

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 recognizes no gain or loss relating to the right of use it retains.

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2. BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.7 Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 31 March 2023 (Continued)

Standards issued but not yet effective and not early adopted (Continued)

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.

Amendments are effective on 1 January 2023

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- 1- Disclosure of Accounting Policies (Amendments to TAS 1)
- 2- Definition of Accounting Estimates (Amendments to TAS 8)
- 3- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12
Income Taxes

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

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3. CASH AND CASH EQUIVALENTS

	<u>31 March 2023</u>	<u>31 December 2022</u>
Cash on hand	27,961	70,035
Cash in transit (*)	73,452	75,110
Credit card receivables	740,062	780,594
Banks		
Time deposit	327,784	106,093
Demand deposit	120,971	160,723
	<u>1,290,230</u>	<u>1,192,555</u>

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

Related party balances in cash and cash equivalents are stated in Note 25.

As of 31 March 2023 and 31 December 2022 time deposits are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 March 2023</u>
TRY	26.00%	3 April 2023	327,551
		Interest Accrual	233
			<u>327,784</u>
<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 December 2022</u>
TRY	26.25%	2 January 2023	106,000
		Interest Accrual	93
			<u>106,093</u>

The Company does not have any blocked deposits as of 31 March 2023 and 31 December 2022.

The Company’s exposure to currency and interest rate risks and relevant sensitivities for cash and cash equivalents are disclosed in Note 26.

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4. FINANCIAL LIABILITIES

As of 31 March 2023 and 31 December 2022, the details of financial liabilities are as follows;

<u>Short Term Financial Liabilities</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Short Term Financial Liabilities from Related Parties		
Bank loans with fixed interest rates (*)	152,050	100,603
Other Short Term Financial Liabilities		
Bank loans with fixed interest rates (*)	879,539	898,143
Bank loans with variable interest rates (*)	267,777	111,189
	<u>1,299,366</u>	<u>1,109,935</u>
<u>Other Short Term Financial Liabilities</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Credit Card Liabilities to Third Parties	100,000	-
	<u>100,000</u>	<u>-</u>
<u>Short Term Portion of Long Term Financial Liabilities</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Lease liabilities	372,677	259,558
	<u>372,677</u>	<u>259,558</u>
<u>Long Term Financial Liabilities</u>		
Lease liabilities	1,375,665	1,107,299
	<u>1,375,665</u>	<u>1,107,299</u>

(*) As of 31 March 2023 and 31 December 2022 the details of short-term bank loans are as follows:

<u>Currency</u>	<u>Interest Rate (**)</u>	<u>31 March 2023</u>
TRY (Fixed interest rate)	17.64%	1,011,500
TRY (Variable interest rate)	14.87%	250,000
	Interest accrual	37,866
		<u>1,299,366</u>
<u>Currency</u>	<u>Interest Rate (**)</u>	<u>31 December 2022</u>
TRY (Fixed interest rate)	20.06%	940,500
TRY (Variable interest rate)	17.34%	100,000
	Interest accrual	69,435
		<u>1,109,935</u>

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

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4. FINANCIAL LIABILITIES (Continued)

Company’s financial liabilities due to related parties are stated in Note 25.

Finance lease payables consist of the followings:

Finance lease payables	Present value of minimum lease payments	
	31 March 2023	31 December 2022
Within one year	724,808	533,712
Less : Future finance charges	(352,131)	(274,154)
Present value of finance lease liabilities	<u>372,677</u>	<u>259,558</u>
Two years and after	2,457,329	1,931,987
Less : Future finance charges	(1,081,664)	(824,688)
Present value of finance lease liabilities	<u>1,375,665</u>	<u>1,107,299</u>

The Company’s finance lease payables represent the present value of the future payables of the store, vehicles, buildings and machinery and equipment that are rented from third parties through their useful lives.

The repayment schedule of long-term borrowings as of 31 March 2023 and 31 December 2022 in TRY equivalent as at balance sheet date is as stated below:

	31 March 2023	31 December 2022
2024	86,873	98,724
2025	96,147	92,877
2026	95,756	87,989
2027	77,009	58,111
2028 and after	1,019,880	769,598
	<u>1,375,665</u>	<u>1,107,299</u>

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4. FINANCIAL LIABILITIES (Continued)

The reconciliation of the Company's obligations arising from its borrowings for the three-month period ended 31 March 2023 and 2022 is as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Borrowings as of 1 January	1,109,935	1,189,856
Current period additions	310,000	390,000
Current period interest and capital repayments	(204,052)	(222,124)
Current period interest expenses (including accruals)	83,483	74,180
Borrowings as of 31 March	<u>1,299,366</u>	<u>1,431,912</u>

The reconciliation of the Company's obligations arising from its lease liability for the three-month period ended 31 March 2023 and 2022 is as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Operating lease as of 1 January	1,366,857	1,035,719
Current period net change in operating lease liability	480,982	210,428
Current period lease payment	(197,902)	(120,943)
Current period interest expenses	98,405	66,703
Lease liabilities as of 31 March	<u>1,748,342</u>	<u>1,191,907</u>

As of 31 March 2023, and 31 December 2022, there are no guarantees given related to the financial borrowings.

The Company's exposure to foreign exchange risk related to borrowings is disclosed in Note 26.

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

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5. TRADE RECEIVABLES AND PAYABLES

Detail of trade receivables and payables as of 31 March 2023 and 31 December 2022 are as follows:

<u>Short Term Trade Receivables</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Trade receivables from third parties	444,142	413,081
Shopping mall receivables	7,038	6,662
Provision for doubtful trade receivables	(24,468)	(24,615)
	<u>426,712</u>	<u>395,128</u>
Due from related parties (Note 25)	56,302	19,328
	<u>483,014</u>	<u>414,456</u>

The movement of provision for doubtful receivables for the three-month period ended 31 March 2023 and 2022 are as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Opening balance	24,615	31,419
Collections	(994)	(703)
Charge for the period	847	486
Closing balance	<u>24,468</u>	<u>31,202</u>

Trade receivables due dates vary depending on the sector and entity and the average due dates are lower than three months.

The Company evaluates the credibility of the receivable and the movement 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.

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Letters of guarantee received for receivables	351,519	256,286
	<u>351,519</u>	<u>256,286</u>

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5. TRADE RECEIVABLES AND PAYABLES (Continued)

<u>Short Term Trade Payables</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Other trade payables	6,080,188	5,138,546
Due to related parties (Note 25)	81,168	49,002
	<u>6,161,356</u>	<u>5,187,548</u>

Average payment terms of commodity purchase are varying depending on sector and suppliers.

As of 31 March 2023 and 31 December 2022, the average payment term is less than three months.

The exchange rate risk for the Company's trade receivables and payables is disclosed in Note 26.

6. INVENTORIES

	<u>31 March 2023</u>	<u>31 December 2022</u>
Trade goods	3,790,113	2,859,701
Impairment of inventories	<u>(23,280)</u>	<u>(15,950)</u>
	<u>3,766,833</u>	<u>2,843,751</u>

The movement of allowance for impairment on inventory for the periods ended 31 March 2023 and 2022 are as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Opening balance	15,950	13,335
Charge of the period	7,593	1,796
Current period reversal	<u>(263)</u>	<u>(1,078)</u>
Closing balance	<u>23,280</u>	<u>14,053</u>

Allowance for impairment on inventory for the three-month period ended 31 March 2023 and 2022 is recognized in cost of sales (Note 16).

For the three-month period ended 31 March 2023, cost of inventory recognized in profit or loss statement is TRY 4,849,531 (31 March 2022: TRY 2,336,619) (Note 16).

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
<u>Cost</u>						
Opening balance, 1 January 2023	-	-	1,481,774	168,648	28,541	1,678,963
Additions	-	-	51,093	25	19,192	70,310
Transfers (Note 9)	-	-	11,763	-	(11,780)	(17)
Disposals (*)	-	-	(7,691)	(25,641)	-	(33,332)
Closing balance, 31 March 2023	-	-	1,536,939	143,032	35,953	1,715,924
<u>Accumulated depreciation</u>						
Opening balance, 1 January 2023	-	-	(839,886)	(82,298)	-	(922,184)
Depreciation charge of the period	-	-	(43,371)	(2,099)	-	(45,470)
Disposals (*)	-	-	6,348	5,142	-	11,490
Closing balance, 31 March 2023	-	-	(876,909)	(79,255)	-	(956,164)
Net book value, 1 January 2023	-	-	641,888	86,350	28,541	756,779
Net book value, 31 March 2023	-	-	660,030	63,777	35,953	759,760

As of 31 March 2023, TRY 156,125 (31 March 2022: TRY 98,806) of depreciation and amortization expenses is included in marketing expenses and TRY 25,131 (31 March 2022: TRY 10,960) of depreciation and amortization expenses is included in general administrative expenses.

(*) It includes the disposals of the stores that were closed during the period.

As of 31 March 2023, total insurance amount over property, plant and equipment is TRY 3,280,793 (31 December 2022: TRY 3,106,272). As of 31 March 2023 and 31 December 2022 there is no mortgage on property, plant and equipment.

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Other Tangible Assets</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost</u>						
Opening balance, 1 January 2022	118,700	-	1,164,544	144,890	10,404	1,438,538
Additions	-	-	26,808	394	8,302	35,504
Transfers (Note 9)	-	-	7,814	-	(7,901)	(87)
Disposals (*)	(118,700)	-	(2,887)	(114)	-	(121,701)
Closing balance, 31 March 2022	-	-	1,196,279	145,170	10,805	1,352,254
<u>Accumulated depreciation</u>						
Opening balance, 1 January 2022	-	-	(724,633)	(73,999)	-	(798,632)
Depreciation charge of the period	-	-	(31,076)	(1,870)	-	(32,946)
Disposals (*)	-	-	1,501	69	-	1,570
Closing balance, 31 March 2022	-	-	(754,208)	(75,800)	-	(830,008)
Net book value, 1 January 2022	118,700	-	439,911	70,891	10,404	639,906
Net book value, 31 March 2022	-	-	442,071	69,370	10,805	522,246

(*) 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.

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8. RIGHT OF USE ASSETS

<u>Cost</u>	Buildings	Vehicles	Total
Opening balance, 1 January 2023	1,979,511	10,784	1,990,295
Additions	467,298	29,145	496,443
Disposals	(24,348)	-	(24,348)
Closing balance, 31 March 2023	2,422,461	39,929	2,462,390
<u>Accumulated depreciation</u>			
Opening balance, 1 January 2023	(865,695)	(10,784)	(876,479)
Depreciation charge of the period	(115,319)	(7,286)	(122,605)
Disposals	8,886	-	8,886
Closing balance, 31 March 2023	(972,128)	(18,070)	(990,198)
Net book value, 1 January 2023	1,113,816	-	1,113,816
Net book value, 31 March 2023	1,450,333	21,859	1,472,192

<u>Cost</u>	Buildings	Vehicles	Total
Opening balance, 1 January 2022	1,429,433	12,445	1,441,878
Additions	205,427	21,552	226,979
Disposals	(10,692)	(23,213)	(33,905)
Closing balance, 31 March 2022	1,624,168	10,784	1,634,952
<u>Accumulated depreciation</u>			
Opening balance, 1 January 2022	(578,503)	(12,445)	(590,948)
Depreciation charge of the period	(66,620)	(2,858)	(69,478)
Disposals	4,012	13,342	17,354
Closing balance, 31 March 2022	(641,111)	(1,961)	(643,072)
Net book value, 1 January 2022	850,930	-	850,930
Net book value, 31 March 2022	983,057	8,823	991,880

The Company, as a lessee, has recognized 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 March 2023, the amount of the prepaid unrealized rent expenses that are recognized in the Company's right of use assets is TRY 27,437 (31 March 2022: TRY 22,973).

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9. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2023	315,643
Additions	26,671
Transfers (Note 7)	17
Disposals	(22)
Closing balance, 31 March 2023	342,309
<u>Accumulated amortization</u>	
Opening balance, 1 January 2023	(219,847)
Charge for the period	(13,181)
Disposals	18
Closing balance, 31 March 2023	(233,010)
Net book value, 1 January 2023	95,796
Net book value, 31 March 2023	109,299

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2022	240,362
Additions	6,106
Transfers (Note 7)	87
Disposals	(268)
Closing balance, 31 March 2022	246,287
<u>Accumulated amortization</u>	
Opening balance, 1 January 2022	(184,237)
Charge for the period	(7,343)
Disposals	183
Closing balance, 31 March 2022	(191,397)
Net book value, 1 January 2022	56,125
Net book value, 31 March 2022	54,890

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

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10. GOODWILL

Goodwill amount is consisted of following investments:

<u>Investments:</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Kiler Alışveriş	254,019	254,019
Gima	180,159	180,159
Alpark	48,301	48,301
	<u>482,479</u>	<u>482,479</u>

11. SHORT AND LONG TERM PROVISIONS

Provisions for short term liabilities as of 31 March 2023 and 31 December 2022 are as follows:

<u>Short Term Provisions</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Provision for litigations and risks	48,399	47,316
Provision for personnel and social security	28,731	29,243
	<u>77,130</u>	<u>76,559</u>

Movements of provision for short term liabilities for the three-month period ended 31 March 2023 and 2022 are as follows:

	<u>Provision for litigations and risks</u>	<u>Provision for personnel and social security</u>	<u>Total</u>
Opening balance, 1 January 2023	47,316	29,243	76,559
Charge of the period	1,276	3,188	4,464
Current year reversal / charge	(193)	(3,700)	(3,893)
Closing balance, 31 March 2023	<u>48,399</u>	<u>28,731</u>	<u>77,130</u>

	<u>Provision for litigations and risks</u>	<u>Provision for personnel and social security</u>	<u>Total</u>
Opening balance, 1 January 2022	40,315	23,774	64,089
Charge of the period	4,649	1,328	5,977
Current year reversal / charge	(1,630)	(305)	(1,935)
Closing balance, 31 March 2022	<u>43,334</u>	<u>24,797</u>	<u>68,131</u>

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11. SHORT AND LONG TERM PROVISIONS (Continued)

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, debt, 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 142,470, 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, with a 25% discount on advance payment, without prejudice to all objections and lawsuits. Legal remedies against punishment applied. The trial continues.

Independent legal advisors consider that CarrefourSA has reasoned arguments and a strong defensible position that could lead to an annulment action in their favor. 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.

Provisions for employment benefits as of 31 March 2023 and 31 December 2022 are as follows:

<u>Short Term Employment Benefits</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Unused vacation provision	12,283	5,729
	<u>12,283</u>	<u>5,729</u>
<u>Long Term Employment Benefits</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Employment termination benefit provision	448,998	397,996
	<u>448,998</u>	<u>397,996</u>

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11. SHORT AND LONG TERM PROVISIONS (Continued)

Movement for employment termination benefit provision for the three-month period ended 31 March 2023 and 2022 are as follows:

Opening balance, 1 January	397,996	126,260
Service cost	44,377	6,158
Interest cost	10,328	6,702
Actuarial loss	173,395	30,797
Compansations paid and accrued	<u>(177,098)</u>	<u>(4,845)</u>
Closing balance, 31 March	<u>448,998</u>	<u>165,072</u>

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12. LETTER OF GUARANTEES, PLEDGES, MORTGAGES AND WARRANTIES

GPMW given by the Group

	<u>31 March 2023</u>	<u>31 December 2022</u>
A. GPMW given on behalf of its own legal entity	497,647	430,680
B. GPMW given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPMW given on behalf of other third parties' debt	-	-
D. Other GPMW	-	-
i. Total amount of GPMW given on behalf of the Parent	-	-
ii. Total amount of GPMW given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPMW given on behalf of third parties not covered in C	-	-
	<u>497,647</u>	<u>430,680</u>

31 March 2023

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>497,647</u>	<u>482,421</u>	<u>4,692</u>	<u>10,534</u>
	<u>497,647</u>	<u>482,421</u>	<u>4,692</u>	<u>10,534</u>

31 December 2022

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>430,680</u>	<u>416,025</u>	<u>4,581</u>	<u>10,074</u>
	<u>430,680</u>	<u>416,025</u>	<u>4,581</u>	<u>10,074</u>

13. EMPLOYEE BENEFIT LIABILITIES

Employee benefit liabilities as of 31 March 2023 and 31 December 2022 are as follows:

<u>Employee Benefit Liabilities</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Personnel salary and premium payables	374,250	32,860
Payables to personnel and social security premiums payable	<u>115,625</u>	<u>96,957</u>
	<u>489,875</u>	<u>129,817</u>

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14. DEFERRED INCOME

Other short-term liabilities as of 31 March 2023 and 31 December 2022 are as follows:

<u>Deferred Income</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Unearned income	114.505	81.644
Liabilities for shopping cheques	9.222	5.805
	<u>123.727</u>	<u>87.449</u>

15. SHAREHOLDERS’ EQUITY

a) Capital

Shareholder structure as of 31 March 2023 and 31 December 2022 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2023</u>	<u>(%)</u>	<u>31 December 2022</u>
Hacı Ömer Sabancı Holding A.Ş.	57.12	72,988	57.12	72,988
Carrefour Nederland BV	32.16	41,098	32.16	41,098
Shares publicly held and other	10.72	13,688	10.72	13,688
Nominal share capital	<u>100.00</u>	<u>127,774</u>	<u>100.00</u>	<u>127,774</u>

The capital of the Company as of 31 March 2023 is TRY 127,774 TRY (31 December 2022: TRY 127,774) divided into 12,777,376,572 shares (31 December 2022: 12,777,376,572 shares) each worth 1 Kuruş. The registered capital ceiling of the company is TRY 635,000 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 to TRY 104,244 by reducing TRY 595,756 and to simultaneously increase the share capital by TRY 23,530 in cash based on the nominal value of 1 Kuruş to increase the issued share capital to TRY 127,774. 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 has been decreased to TRY 104,244 by TRY 595,756 in total as a result of offsetting from the fully paid-in capital by crediting TRY 586,161 to the inflation adjustment to share capital account and TRY 9,595 to property, plant and equipment revaluation increases account, and simultaneously with the capital increase amounting to TRY 23,530 the issued capital was increased to TRY 127,774 in cash.

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

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15. SHAREHOLDERS’ EQUITY (Continued)

The inflation adjustment on share capital as of 31 March 2023 and 31 December 2022 are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Inflation adjustment to share capital	678,006	678,006
	<u>678,006</u>	<u>678,006</u>

During the capital reduction transactions made in 2020, TRY 586,161, which was included in the paid-in capital, has been transferred to the inflation adjustment to share capital account. The capital adjustment differences amounting to TRY 678,006 as of 31 March 2023 and 31 December 2022, consist of the capital adjustment differences arising from the restatement of the Company’s paid-in capital according to inflation and not deducted from previous years losses or not added to the capital.

b) Retained Losses

	<u>31 March 2023</u>	<u>31 December 2022</u>
Opening balance	(1,595,004)	(1,252,610)
Transfers	(186,832)	(430,493)
Sale of real estate	-	88,099
Closing balance	<u>(1,781,836)</u>	<u>(1,595,004)</u>

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 in 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 association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare 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 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 losses.

In accordance with the Corporate Tax Law (“CTL”) 5/1-e article, the Company has to keep restricted reserves amounting to TRY 335,983 and TRY 37,034 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

c) Restricted Reserves

	<u>31 March 2023</u>	<u>31 December 2022</u>
Legal reserves	12,318	12,318
	<u>12,318</u>	<u>12,318</u>

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.

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15. SHAREHOLDERS’ EQUITY (Continued)

c) Restricted Reserves (continued)

CMB’s Communiqué II-1411 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.

Capital restatement differences can only be included in capital.

d) Other Comprehensive Income / Expense not to be Reclassified to Profit and 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 tangible assets revaluation changes for the periods ending on 31 March 2023 and 31 December 2022 are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Opening balance	9,595	97,694
Sale of real estate (*)	-	(88,099)
Closing balance	<u>9,595</u>	<u>9,595</u>

(*) The Company management reclassified the amount included in property, plant and equipment revaluation reserves to retained loss due to sale of the real estate located in Antalya, which was recognized at fair value, on 15 March 2022.

Actuarial losses

	<u>31 March 2023</u>	<u>31 December 2022</u>
Actuarial losses	(376,259)	(237,540)
	<u>(376,259)</u>	<u>(237,540)</u>

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17. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the interim periods ended 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Marketing expenses	(1,408,781)	(675,552)
General administrative expenses	(194,490)	(78,491)
	<u>(1,603,271)</u>	<u>(754,043)</u>

18. EXPENSES BY NATURE

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	(838,116)	(372,483)
Depreciation and amortization expenses	(181,256)	(109,767)
Energy expenses	(167,610)	(70,904)
Rent expenses	(111,775)	(49,052)
Advertising expenses	(50,953)	(23,741)
Information technologies expenses	(46,824)	(28,112)
Outsourced expenses	(41,370)	(20,506)
Consultancy expenses	(30,420)	(6,483)
Consumable expenses	(25,698)	(15,523)
Repair and maintenance expenses	(22,446)	(11,512)
Insurance expenses	(11,836)	(4,653)
Travel expenses	(10,070)	(3,708)
Taxation and other expenses	(4,754)	(2,753)
Decoration material expenses	(4,316)	(3,191)
Communication expenses	(372)	(277)
Other	(55,455)	(31,378)
	<u>(1,603,271)</u>	<u>(754,043)</u>

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19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income and expenses from operating activities for the periods ended 31 March 2023 and 2022 are as follows:

<u>Other Operating Income</u>	1 January - 31 March 2023	1 January - 31 March 2022
Foreign exchange gain from operational activities	8,695	15,159
Franchise income	4,882	1,164
Income from rental agreement termination (*)	2,260	448
Impairment no longer required	54	209
Other income	6,975	3,483
	<u>22,866</u>	<u>20,463</u>

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

<u>Other Operating Expenses (-)</u>	1 January - 31 March 2023	1 January - 31 March 2022
Interest expenses from purchases via credit	(143,343)	(97,346)
Foreign exchange losses from operational activities	(5,485)	(8,728)
Earthquake donation expenses	(1,887)	-
Provision expenses(*)	(939)	(4,918)
Interest expenses from operational activities	(648)	(424)
Other expenses and losses	(43,001)	(21,375)
	<u>(195,303)</u>	<u>(132,791)</u>

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

20. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 March 2023	1 January - 31 March 2022
Gain on sale of tangible assets	-	42,308
	<u>-</u>	<u>42,308</u>

The Company management sold its real estate located in Antalya with a price of TRY 170,000 on 15 March 2022.

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21. FINANCE INCOME

Finance income for the periods ended 31 March 2023 and 2022 are as follows:

<u>Finance income</u>	1 January - 31 March 2023	1 January - 31 March 2022
Interest income	5,626	3,218
	<u>5,626</u>	<u>3,218</u>

22. FINANCE COSTS

Finance costs for the periods ended 31 March 2023 and 2022 are as follows:

<u>Finance costs</u>	1 January - 31 March 2023	1 January - 31 March 2022
Interest expenses on lease liabilities	(98,405)	(66,703)
Interest expenses	(83,482)	(74,181)
Credit card commision costs	(7,538)	(3,253)
	<u>(189,425)</u>	<u>(144,137)</u>

23. TAX ASSETS AND LIABILITIES

<u>Tax Income of the Period</u>	1 January- 31 March 2023	1 January- 31 March 2022
Corporate tax expense of the current period	-	-
Deferred tax income	26,938	25,301
Tax income from continuing operations	<u>26,938</u>	<u>25,301</u>

The Company is subject to taxation in accordance with the tax regulation and the tax legislation effective in Turkey. Required provisions are made in the accompanying financial statements for the estimated tax charge based on the Company’s results for the current period.

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

The tax legislation provides for a temporary tax of 20% (2022: 23%) to be calculated and paid based on earnings generated for each quarter for the three-month period as of 31 March 2023. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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23. TAX ASSETS AND LIABILITIES (Continued)

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

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

Exemption from corporate tax:

Dividend earnings of corporations from participation in another fully liable corporation 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 recognized 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 March 2023 and 31 December 2022, the Company has no income tax liabilities.

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.

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23. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax calculation for the periods ended 31 March 2023 and 31 December 2022 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Provision for contingencies	138,171	112,423
Inventory valuation differences	154,509	92,729
Other current assets	(177,616)	(90,488)
Provision for employment termination benefit	448,998	397,996
Property, plant and equipment and intangible assets	(41,767)	(51,964)
Right of use assets	(1,499,630)	(1,122,400)
Other short term liabilities	217,878	254,596
Finance lease liabilities	1,748,342	1,366,857
Carry forward tax losses	907,721	627,947
Other	1,804	2,646
	<u>1,898,410</u>	<u>1,590,342</u>

<u>Deferred tax assets / (liabilities) :</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Provision for contingencies	27,634	22,485
Inventory valuation differences	30,902	18,546
Other current assets	(35,523)	(18,098)
Provision for employment termination benefit	89,800	79,599
Property, plant and equipment and intangible assets	(8,353)	(10,393)
Right of use assets	(299,926)	(224,480)
Other short term liabilities	43,576	50,919
Finance lease liabilities	349,668	273,371
Carry forward tax losses	181,544	125,589
Other	360	530
	<u>379,682</u>	<u>318,068</u>

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 2027. 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 181,544 (31 December 2022: TRY 125,589) are recognized in the financial statements.

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23. TAX ASSETS AND LIABILITIES (Continued)

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
2024	182,259	257,736
2025	154,997	154,997
2026	213,633	215,214
2027	356,832	-
	<u>907,721</u>	<u>627,947</u>

The movements of deferred tax asset as of and for the three-month period ended 31 March 2023 and 2022 are as follows:

<u>Deferred tax asset:</u>	<u>31 March 2023</u>	<u>31 March 2022</u>
Opening balance at 1 January	318,068	245,340
Current year income	26,938	25,301
Tax income attributable to equity	34,676	6,160
Closing balance at 31 March	<u>379,682</u>	<u>276,801</u>

24. LOSS PER SHARE

Weighted average number of shares and basic earnings per share for the periods ended 31 March 2023 and 31 March 2022 are as follows:

	<u>31 March 2023</u>	<u>31 March 2022</u>
Opening, number of shares (Note 15)	12,777,376,572	12,777,376,572
Share addition	-	-
Closing, number of shares (total)	<u>12,777,376,572</u>	<u>12,777,376,572</u>
Weighted average number of shares (Note 15)	12,777,376,572	12,777,376,572
Net loss for the period (TRY)	<u>(206,610)</u>	<u>(73,449)</u>
Loss per share of 1 KR (Full)	<u>(0.0162)</u>	<u>(0.0057)</u>
Loss per share of 1 TRY (Full)	<u>(1.6170)</u>	<u>(0.5748)</u>

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CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Akbank T.A.Ş.	150,016	234,620
<u>Financial Liabilities (Note 4)</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Akbank T.A.Ş.	152,050	100,603
<u>Trade receivables from related parties (Note 5)</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Carrefour World Trade	31,360	13,540
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	17,260	-
Majid Al Futtaim Hypermarkets Llc U	4,435	685
Carrefour Polska Sp. z o. o.	1,304	8
Temsa Skoda Sabancı Ulaşım Araçlar	725	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	390	-
Akbank T.A.Ş.	240	99
Carrefour Global Sourcing Asia	144	87
Akçansa Çimento Sanayi ve Ticaret A.Ş.	90	4,572
Kordsa Teknik Tekstil A.Ş.	78	-
Carrefour SA Direction Generale	68	68
Teknosa İç ve Dış Ticaret A.Ş.	60	56
Aksigorta A.Ş.	58	-
Ak Finansal Kiralama	38	37
Agesa Emeklilik ve Hayat A.Ş.	-	174
Other	52	2
	<u>56,302</u>	<u>19,328</u>
<u>Trade payables to related parties (Note 5)</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Aksigorta A.Ş.	34,058	2
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	21,384	4,490
Teknosa İç ve Dış Ticaret A.Ş.	19,664	23,405
Sabancı Dijital Teknoloji Hizmetler A.Ş.	5,648	20,762
Agesa Emeklilik ve Hayat A.Ş.	194	120
Carrefour Hypermarches SAS	190	190
Carrefour Marchandises International	29	29
Aköde Elektronik Para ve Ödeme Hiz.	1	4
	<u>81,168</u>	<u>49,002</u>
<u>Other short term payables to related parties</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Carrefour Partenariat International	32,083	15,830
Hacı Ömer Sabancı Holding A.Ş.	26,406	25,692
	<u>58,489</u>	<u>41,522</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Purchases from related parties (goods)</u>		
Teknosa İç ve Dış Ticaret A.Ş.	13,016	8,603
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş. (*)	-	6,136
	<u>13,016</u>	<u>14,739</u>
<u>Purchases from related parties (services)</u>		
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	88,585	57,404
Aksigorta A.Ş.	12,113	4,728
Sabancı Dijital Teknoloji Hizmetler A.Ş.	3,947	6,571
Teknosa İç ve Dış Ticaret A.Ş.	71	161
	<u>104,716</u>	<u>68,864</u>
<u>Rent income from related parties</u>		
Akbank T.A.Ş.	1,452	856
Teknosa İç ve Dış Ticaret A.Ş.	948	615
	<u>2,400</u>	<u>1,471</u>
<u>Rebates and other income from related parties</u>		
Carrefour World Trade	17,820	13,223
Majid Al Futtaim Hypermarkets Llc U	3,740	-
Teknosa İç ve Dış Ticaret A.Ş.	1,503	2,396
Agesa Emeklilik ve Hayat A.Ş.	1,493	202
Akbank T.A.Ş.	1,324	1,194
Carrefour Polska Sp. z o. o.	1,295	2,780
Kordsa Teknik Tekstil A.Ş.	1,019	488
Aksigorta A.Ş.	803	265
Temsa Skoda Sabancı Ulaşım Araçlar	723	328
Çimsa Çimento Sanayi ve Ticaret A.Ş.	424	-
Carrefour Global Sourcing Asia	367	198
Hacı Ömer Sabancı Holding A.Ş.	320	36
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	297	3
Sabancı Dijital Teknoloji Hizmetler A.Ş.	265	205
Akçansa Çimento Sanayi ve Ticaret A.Ş.	229	64
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	42	861
Ak Yatırım Menkul Değerler A.Ş.	-	15
Other	114	5
	<u>31,778</u>	<u>22,263</u>

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

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2023	1 January - 31 March 2022
<u>Other expenses to related parties</u>		
Hacı Ömer Sabancı Holding A.Ş.	22,444	10,963
Carrefour Partenariat International	18,100	8,027
Other	7	3
	<u>40,551</u>	<u>18,993</u>
	1 January - 31 March 2023	1 January - 31 March 2022
<u>Interest income from related parties</u>		
Akbank T.A.Ş.	8	2,862
<u>Interest expense and credit card commission to related parties</u>		
Akbank T.A.Ş.	9,121	7,834
	<u>9,121</u>	<u>7,834</u>

The Company key management consists of executive board and board of directors. The total amount of benefits for the key management personnel in the current period is as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Salaries and other short term benefits	16,204	3,924
Other long term benefits	547	158
	<u>16,751</u>	<u>4,082</u>

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign Currency Risk

Foreign currency denominated transactions create foreign exchange risks.

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

	31 March 2023		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	72,495	1,502	2,098
2. Liquid assets	46,684	226	2,032
3. CURRENT ASSETS (1+2)	<u>119,179</u>	<u>1,728</u>	<u>4,130</u>
4. Other	103,495	4,533	800
5. NON-CURRENT ASSETS	<u>103,495</u>	<u>4,533</u>	<u>800</u>
6. TOTAL ASSETS (3+5)	222,674	6,261	4,930
7. Trade payables	75,423	3,005	850
8. Other payables	32,084	-	1,536
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	9,243	349	122
11. CURRENT LIABILITIES (7+8+9+10)	<u>116,750</u>	<u>3,354</u>	<u>2,508</u>
12. Financial liabilities	40,579	-	1,943
13. NON-CURRENT LIABILITIES	<u>40,579</u>	<u>-</u>	<u>1,943</u>
14. TOTAL LIABILITIES (11+13)	157,329	3,354	4,451
15. Net foreign currency asset / liability position (6-14)	65,345	2,907	479
16. Net monetary foreign currency asset / liability position (6-14-10)	56,102	2,558	357

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

	31 December 2022		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	61,751	2,025	1,198
2. Liquid assets	52,062	83	2,533
3. CURRENT ASSETS (1+2)	113,813	2,108	3,731
4. Other	100,672	4,531	800
5. NON-CURRENT ASSETS	100,672	4,531	800
6. TOTAL ASSETS (3+5)	214,485	6,639	4,531
7. Trade payables	64,951	3,087	356
8. Other payables	15,830	-	793
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	5,914	266	46
11. CURRENT LIABILITIES (7+8+9+10)	86,695	3,353	1,195
12. Financial liabilities	43,217	-	2,164
13. NON-CURRENT LIABILITIES	43,217	-	2,164
14. TOTAL LIABILITIES (11+13)	129,912	3,353	3,359
15. Net foreign currency asset / liability position (6-14)	84,573	3,286	1,172
16. Net monetary foreign currency asset / liability position (6-14-10)	78,659	3,020	1,126

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (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. 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 March 2023

	<u>Income / Expense</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case of 10% appreciation of USD against TRY		
1 - US Dollar net asset / liability	5,554	(5,554)
2- Amount hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	<u>5,554</u>	<u>(5,554)</u>
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	981	(981)
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4 +5)	<u>981</u>	<u>(981)</u>
TOTAL (3 + 6)	<u>6,535</u>	<u>(6,535)</u>

31 December 2022

	<u>Income / Expense</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case of 10% appreciation of USD against TRY		
1 - US Dollar net asset / liability	6,132	(6,132)
2- Amount hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	<u>6,132</u>	<u>(6,132)</u>
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	2,325	(2,325)
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4 +5)	<u>2,325</u>	<u>(2,325)</u>
TOTAL (3 + 6)	<u>8,457</u>	<u>(8,457)</u>

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value

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

Financial assets

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

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

Financial liabilities

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

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

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

Classification regarding fair value measurement

“TFRS 7 – Financial Instruments: Disclosure” requires the companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial instruments. 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).

27. EVENTS AFTER THE BALANCE SHEET DATE

An administrative fine was imposed on five chain markets, including our Company and one supplier by the Competition Authority. The case was rejected on the merits by the Ankara Administrative Court (first-degree court). It is planned to appeal the decision before the Ankara Regional Administrative Court, which is the second degree court, within 30 days.

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ADDITIONAL INFORMATION

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APPENDIX – ADDITIONAL INFORMATION

FINANCIAL STATEMENTS BEFORE TFRS 16

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

	Before TFRS 16	Unaudited	
	31 March 2023	TFRS 16 Effect	31 March 2023
ASSETS			
Current Assets	6,059,977	-	6,059,977
Cash and Cash Equivalents	1,290,230	-	1,290,230
Trade Receivables			
Due From Related Parties	56,302	-	56,302
Other Trade Receivables	426,712	-	426,712
Other Receivables			
Other Receivables from Third Parties	211,360	-	211,360
Inventories	3,766,833	-	3,766,833
Prepaid Expenses	308,540	-	308,540
Non-Current Assets	1,891,334	1,527,419	3,418,753
Other Receivables			
Other Receivables from Third Parties	213,559	-	213,559
Property, Plant and Equipment	759,760	-	759,760
Right of Use Assets	-	1,472,192	1,472,192
Intangible Assets			
Goodwill	482,479	-	482,479
Other Intangible Assets	109,299	-	109,299
Prepaid Expenses	1,782	-	1,782
Deferred Tax Assets	324,455	55,227	379,682
TOTAL ASSETS	7,951,311	1,527,419	9,478,730

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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 TFRS 16 31 March 2023	TFRS 16 Effect	31 March 2023
LIABILITIES			
Current Liabilities	8,406,737	372,677	8,779,414
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	152,050	-	152,050
Other Short Term Financial Liabilities	1,147,316	-	1,147,316
Other Financial Liabilities			
Other Financial Liabilities to Third Parties	100,000	-	100,000
Short Term Portion of Long Term Lease Liabilities			
Short Term Portion of Long Term Lease Liabilities from Related Parties	-	372,677	372,677
Trade Payables			
Due to Related Parties	81,168	-	81,168
Other Trade Payables	6,080,188	-	6,080,188
Employee Benefit Liabilities	489,875	-	489,875
Other Payables			
Due to Related Parties	58,489	-	58,489
Other Short Term Payables	77,033	-	77,033
Short Term Provisions			
Provisions for Employment Benefits	12,283	-	12,283
Other Short Term Provisions	77,130	-	77,130
Deferred Income	123,727	-	123,727
Other Short Term Liabilities	7,478	-	7,478
Non-Current Liabilities	448,998	1,375,665	1,824,663
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	-	1,375,665	1,375,665
Long Term Provisions			
Provisions for Employment Benefits	448,998	-	448,998
TOTAL LIABILITIES	8,855,735	1,748,342	10,604,077
EQUITY	(904,424)	(220,923)	(1,125,347)
Shareholders' Equity	(904,424)	(220,923)	(1,125,347)
Share Capital	127,774	-	127,774
Inflation Adjustment Differences to Share Capital	678,006	-	678,006
Share Issue Premium / Discounts	411,665	-	411,665
Other Accumulated Comprehensive Income and Expenses			
Not to be Reclassified to Profit or Loss			
-Property, Plant and Equipment Revaluation Increases	9,595	-	9,595
-Losses on Remeasurement of Defined Benefit Obligations	(376,259)	-	(376,259)
Restricted Reserves	12,318	-	12,318
Retained Loss	(1,579,399)	(202,437)	(1,781,836)
Net Loss for the Period	(188,124)	(18,486)	(206,610)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,951,311	1,527,419	9,478,730

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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 March 2023	TFRS 16 Effect	1 January-31 March 2023
PROFIT OR LOSS			
Revenue	6,575,329	-	6,575,329
Cost of Sales (-)	(4,850,551)	1,020	(4,849,531)
GROSS PROFIT	1,724,778	1,020	1,725,798
Marketing Expenses (-)	(1,477,011)	68,230	(1,408,781)
General Administrative Expenses (-)	(198,223)	3,733	(194,490)
Other Income From Main Operations	20,552	2,314	22,866
Other Expenses From Main Operations (-)	(195,303)	-	(195,303)
OPERATING LOSS	(125,207)	75,297	(49,910)
Income / (Expense) From Investment Activities	-	-	-
Impairment Profit / (Loss) and Reversals of Impairment Losses in Accordance with TFRS 9	161	-	161
OPERATING PROFIT / (LOSS) BEFORE FINANCE COSTS	(125,046)	75,297	(49,749)
Finance Income	5,626	-	5,626
Finance Costs (-)	(91,020)	(98,405)	(189,425)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(210,440)	(23,108)	(233,548)
Tax Income from Continuing Operations	22,316	4,622	26,938
- Deferred Tax Income	22,316	4,622	26,938
NET LOSS FOR THE YEAR	(188,124)	(18,486)	(206,610)
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax	(138,719)	-	(138,719)
- Remeasurements of Defined Benefit Asset / (Liability)	(173,395)	-	(173,395)
- Remeasurements of Defined Benefit Asset / (Liability), Tax Effect	34,676	-	34,676
TOTAL COMPREHENSIVE LOSS	(326,843)	(18,486)	(345,329)
Loss per share	(1.4723)	(0.1447)	(1.6170)