

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2023**

(ORIGINALLY ISSUED IN TURKISH)

28 July 2023

This report contains 2 pages of the review report and 44 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 30 June 2023, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six 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 July 2023
İstanbul, Türkiye

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 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 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	1,157,034	1,192,555
Trade Receivables			
Due From Related Parties	5, 25	68,199	19,328
Due From Third Parties	5	514,243	395,128
Other Receivables			
Due From Third Parties		290,416	155,954
Inventories	6	3,972,247	2,843,751
Prepaid Expenses		485,077	106,955
Non-Current Assets			
Other Receivables			
Due From Third Parties		142,123	210,006
Property, Plant and Equipment	7	864,050	756,779
Right of Use Assets	8	1,596,152	1,113,816
Intangible Assets			
Goodwill	10	482,479	482,479
Other Intangible Assets	9	130,407	95,796
Prepaid Expenses		1,782	3,664
Deferred Tax Assets	23	400,488	318,068
TOTAL ASSETS		10,104,697	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 30 JUNE 2023 AND 31 DECEMBER 2022

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

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
LIABILITIES			
Current Liabilities		9,399,301	6,969,002
Short Term Bank Loans			
Short Term Bank Loans from Related Parties	4, 25	51,689	100,603
Other Short Term Bank Loans	4	978,679	1,009,332
Other Financial Liabilities			
Other Financial Liabilities to Third Parties	4	224,968	-
Short Term Portion of Long Term Finance Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	4	399,014	259,558
Trade Payables			
Due to Related Parties	5, 25	78,975	49,002
Due to Third Parties	5	6,927,827	5,138,546
Employee Benefit Liabilities			
Other Payables	13	355,152	129,817
Due to Related Parties	25	94,551	41,522
Due to Third Parties		77,208	63,320
Short Term Provisions			
Provisions for Employment Benefits	11	17,548	5,729
Other Short Term Provisions	11	81,426	76,559
Deferred Income			
Other Short Term Liabilities	14	103,162	87,449
		9,102	7,565
Non-Current Liabilities		1,992,130	1,505,295
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	4	1,510,478	1,107,299
Long Term Provisions			
Provisions for Employment Benefits	11	481,652	397,996
TOTAL LIABILITIES		11,391,431	8,474,297
EQUITY		(1,286,734)	(780,018)
Shareholders' Equity		(1,286,734)	(780,018)
Share Capital			
Share Capital	15	127,774	127,774
Inflation Adjustment Differences to Share Capital			
Share Issue Premium / Discounts	15	678,006	678,006
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	(383,085)	(237,540)
Restricted Reserves			
Accumulated Losses	15	12,318	12,318
Accumulated Losses	15	(1,781,836)	(1,595,004)
Net Loss for the Period		(361,171)	(186,832)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,104,697	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 SIX-MONTH PERIOD ENDED 30 JUNE 2023 AND 2022

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

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Reviewed 1 April - 30 June 2022
PROFIT OR LOSS					
Revenue	16	14,577,702	8,002,373	7,484,326	4,281,691
Cost of Sales (-)	16	(10,921,511)	(6,071,980)	(5,547,459)	(3,210,839)
GROSS PROFIT		3,656,191	1,930,393	1,936,867	1,070,852
Marketing Expenses (-)	17	(2,845,931)	(1,437,150)	(1,456,298)	(780,746)
General Administrative Expenses (-)	17	(385,066)	(190,576)	(172,753)	(94,261)
Other Income From Operating Activities	19	134,288	111,421	52,421	31,957
Other Expenses From Operating Activities (-)	19	(544,298)	(348,994)	(302,868)	(170,077)
OPERATING PROFIT		15,184	65,094	57,369	57,725
Income from Investment Activities	20	--	--	42,308	--
Impairment Loss and Reversals of Impairment Losses in Accordance with TFRS 9	5	(661)	(821)	(300)	(517)
OPERATING PROFIT BEFORE FINANCE COSTS		14,523	64,273	99,377	57,208
Finance Income	21	10,538	4,911	6,154	2,936
Finance Costs (-)	22	(432,269)	(242,844)	(300,534)	(156,398)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(407,208)	(173,660)	(195,003)	(96,254)
Tax Income		46,037	19,099	40,683	15,382
- Deferred Tax Income	23	46,037	19,099	40,683	15,382
NET LOSS FOR THE PERIOD		(361,171)	(154,561)	(154,320)	(80,872)
OTHER COMPREHENSIVE LOSS					
Items that will not be reclassified to profit or loss		(145,545)	(6,827)	(35,370)	(10,733)
- Remeasurements of defined benefit liability		(181,928)	(8,534)	(44,213)	(13,416)
- Remeasurements of defined benefit liability, tax effect		36,383	1,707	8,843	2,683
OTHER COMPREHENSIVE LOSS		(145,545)	(6,827)	(35,370)	(10,733)
TOTAL COMPREHENSIVE LOSS		(506,716)	(161,388)	(189,690)	(91,605)
Loss per share (1 TRY per share)					
Basic loss per share					
Basic loss per share from continued operations		(2.8266)	(1.2096)	(1.2078)	(0.6329)
Basic loss per share from discontinued operations		-	-	-	-
Total basic earnings per share	24	(2.8266)	(1.2096)	(1.2078)	(0.6329)
Diluted loss per share					
Diluted loss per share from continued operations		(2.8266)	(1.2096)	(1.2078)	(0.6329)
Diluted loss per share from discontinued operations		-	-	-	-
Total diluted loss per share		(2.8266)	(1.2096)	(1.2078)	(0.6329)

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 INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM SIX-MONTH PERIOD ENDED
30 JUNE 2023 AND 2022**

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

Reviewed (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	-	-	-	-	(35,370)	-	-	(154,320)	(189,690)
Balances at 30 June 2022	127,774	678,006	411,665	9,595	(74,619)	12,318	(1,595,004)	(154,320)	(584,585)
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	-	-	-	-	(145,545)	-	-	(361,171)	(506,716)
Balances at 30 June 2023	127,774	678,006	411,665	9,595	(383,085)	12,318	(1,781,836)	(361,171)	(1,286,734)

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 SIX-MONTH PERIOD ENDED
30 JUNE 2023 AND 2022**

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

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(361,171)	(154,320)
Adjustments to reconcile net loss for the period		902,519	486,696
- Depreciation of property, plant and equipment	7	95,217	69,331
- Amortization of right of use asset	8	253,409	144,107
- Amortization of intangible assets	9	28,822	16,046
- Profit from the sale of tangible assets	20	--	(42,308)
- Net change in risk, lawsuit, personnel, SSI and other provisions	11	4,867	8,878
- Adjustments to interest income	21	(10,538)	(6,154)
- Adjustments to interest expense	22	432,269	300,534
- (Reversal of) impairment provision	7, 9	--	(232)
- Provision for unused vacation pay liability	11	11,819	4,647
- Provision for employment termination benefit	11	105,136	25,362
- Allowance for doubtful receivables	5	1,515	990
- Provision for impairment on inventory	6	8,481	1,339
- Unrealized foreign exchange loss		17,559	4,839
- Tax income	23	(46,037)	(40,683)
Changes in working capital		604,426	(32,822)
- Increase in other trade receivables, including collection of doubtful receivables		(120,630)	(91,031)
- Increase in inventories		(1,136,977)	(589,431)
- Increase due from related parties		(48,872)	(14,709)
- Increase in other receivables and current assets		(66,577)	(171,961)
- Increase in prepaid expenses		(326,240)	(116,661)
- Increase in other short term payables		13,888	4,780
- Increase in other trade payables		1,964,250	889,926
- Increase / (decrease) in payables due to related parties		83,002	(12,560)
- Increase in employee benefit liabilities		225,335	67,614
- Increase in other short-term liabilities		17,247	1,211
Cash from operating activities		1,145,774	299,554
- Employee termination benefits paid	11	(203,408)	(12,309)
Net cash from operating activities		942,366	287,245

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 CASH FLOW STATEMENTS FOR THE INTERIM SIX-MONTH PERIOD ENDED
30 JUNE 2023 AND 2022**

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

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment	7	(227,917)	(131,408)
- Acquisition of intangible assets	9	(63,417)	(22,883)
- Proceeds from sale of tangible and intangible assets		25,414	173,761
Net cash (used in) / generated from investing activities		(265,920)	19,470
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	618,500	590,000
- Repayment of borrowings		(665,500)	(364,000)
- Repayment of finance lease payables	4	(411,111)	(247,621)
- Paid finance costs		(246,835)	(170,519)
- Interest received	21	10,538	6,154
Net cash used in financing activities		(694,408)	(185,986)
Increase / (decrease) in cash and cash equivalents		(17,962)	120,729
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		(17,559)	(4,838)
Cash and cash equivalents at the end of the period	3	1,157,034	989,870

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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 30 JUNE 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 10,970 as of 30 June 2023 (31 December 2022: 10,663).

As of 30 June 2023, the Company has 23 hypermarkets, 261 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 July 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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CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 30 JUNE 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 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 condensed interim financial statements have been presented in Turkish Lira (“TRY”), which is Company’s functional currency. 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 interim financial statements as of 30 June 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 30 June 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 30 June 2023 comparatively with condensed financial statements as of 30 June 2022. 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:

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 30 June 2023 and 31 December 2022 the Company evaluated the current risks and booked related provisions.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 30 JUNE 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)

2.6.2 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 30 June 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 361,171 loss for the six-month interim period ended 30 June 2023 and current year loss together with accumulated losses has reached to TRY 2,143,007. As of 30 June 2023, the Company has an equity deficit of TRY 1,286,734.

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 317,945 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.

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.

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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 30 June 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 30 June 2023
(Continued)**

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

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

The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

The ISSB’s first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies’ future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB’s amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

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**2.7 Amendments in Turkish Financial Reporting Standards That Are Issued but Not Effective as of 30 June 2023
(Continued)**

*The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA
(Continued)*

**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance
Arrangements (Continued)**

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

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

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>30 June 2023</u>	<u>31 December 2022</u>
Cash on hand	75,691	70,035
Cash in transit (*)	128,499	75,110
Credit card receivables	741,407	780,594
Banks		
Time deposit	--	106,093
Demand deposit	211,437	160,723
	<u>1,157,034</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 December 2022 time deposit is as follows:

<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 30 June 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 30 June 2023 and 31 December 2022, the details of financial liabilities are as follows;

<u>Short Term Financial Liabilities</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Short Term Financial Liabilities from Related Parties		
Bank loans with fixed interest rates (*)	51,689	100,603
Other Short Term Financial Liabilities		
Bank loans with fixed interest rates (*)	770,794	898,143
Bank loans with variable interest rates (*)	207,885	111,189
	<u>1,030,368</u>	<u>1,109,935</u>
<u>Other Short Term Financial Liabilities</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Credit Card Liabilities to Third Parties	224,968	--
	<u>224,968</u>	<u>--</u>
<u>Short Term Portion of Long Term Financial Liabilities</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Lease liabilities	399,014	259,558
	<u>399,014</u>	<u>259,558</u>
<u>Long Term Financial Liabilities</u>		
Lease liabilities	1,510,478	1,107,299
	<u>1,510,478</u>	<u>1,107,299</u>

(*) As of 30 June 2023 and 31 December 2022 the details of short-term bank loans are as follows:

<u>Currency</u>	<u>Interest Rate (i)</u>	<u>30 June 2023</u>
TRY (Fixed interest rate)	18.16%	793,500
TRY (Variable interest rate)	15.13%	200,000
	Interest accrual	36,868
		<u>1,030,368</u>
<u>Currency</u>	<u>Interest Rate (i)</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>

(i) 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:

<u>Finance lease payables</u>	<u>Present value of minimum lease payments</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>
Within one year	780,830	533,712
Less : Future finance charges	(381,816)	(274,154)
Present value of finance lease liabilities	<u>399,014</u>	<u>259,558</u>
Two years and after	2,733,697	1,931,987
Less : Future finance charges	(1,223,219)	(824,688)
Present value of finance lease liabilities	<u>1,510,478</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 30 June 2023 and 31 December 2022 in TRY equivalent as at balance sheet date is as stated below:

	<u>30 June 2023</u>	<u>31 December 2022</u>
2024	60,107	98,724
2025	100,234	92,877
2026	100,685	87,989
2027	82,972	58,111
2028 and after	<u>1,166,480</u>	<u>769,598</u>
	<u>1,510,478</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 six-month period ended 30 June 2023 and 2022 is as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Borrowings as of 1 January	1,109,935	1,189,856
Current period additions	618,500	590,000
Current period interest and capital repayments	(888,235)	(524,344)
Current period interest expenses (including accruals)	190,168	154,521
Borrowings as of 30 June	<u>1,030,368</u>	<u>1,410,033</u>

The reconciliation of the Company's obligations arising from its lease liability for the six-month period ended 30 June 2023 and 2022 is as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Operating lease as of 1 January	1,366,857	1,035,718
Current period net change in operating lease liability	735,745	315,308
Current period lease payment	(411,111)	(247,621)
Current period interest expenses	218,001	135,839
Lease liabilities as of 30 June	<u>1,909,492</u>	<u>1,239,244</u>

As of 30 June 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 30 June 2023 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 30 June 2023 and 31 December 2022 are as follows:

<u>Short Term Trade Receivables</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade receivables from third parties	532,754	413,081
Shopping mall receivables	6,778	6,662
Provision for doubtful trade receivables	(25,289)	(24,615)
	<u>514,243</u>	<u>395,128</u>
Due from related parties (Note 25)	68,199	19,328
	<u>582,442</u>	<u>414,456</u>

The movement of provision for doubtful receivables for the six-month period ended 30 June 2023 and 2022 are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening balance	24,615	31,419
Collections	(841)	(690)
Charge for the period	1,515	990
Closing balance	<u>25,289</u>	<u>31,719</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>30 June 2023</u>	<u>31 December 2022</u>
Letters of guarantee received for receivables	<u>436,969</u>	<u>256,286</u>
	<u>436,969</u>	<u>256,286</u>

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5. TRADE RECEIVABLES AND PAYABLES (Continued)

<u>Short Term Trade Payables</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Other trade payables	6,927,827	5,138,546
Due to related parties (Note 25)	78,975	49,002
	<u>7,006,802</u>	<u>5,187,548</u>

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

As of 30 June 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>30 June 2023</u>	<u>31 December 2022</u>
Trade goods	3,995,245	2,859,701
Impairment of inventories	(22,998)	(15,950)
	<u>3,972,247</u>	<u>2,843,751</u>

The movement of allowance for impairment on inventory for the periods ended 30 June 2023 and 2022 are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening balance	15,950	13,335
Charge of the period	8,481	1,339
Current period reversal	(1,433)	(2,426)
Closing balance	<u>22,998</u>	<u>12,248</u>

Allowance for impairment on inventory for the six-month period ended 30 June 2023 and 2022 is recognized in cost of sales (Note 16).

For the six-month period ended 30 June 2023, cost of inventory recognized in profit or loss statement is TRY 10,921,511 (30 June 2022: TRY 5,547,459) (Note 16).

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	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	-	193,605	104	34,208	227,917
Transfers (Note 9)	-	22,168	-	(22,189)	(21)
Disposals (*)	-	(22,424)	(26,301)	-	(48,725)
Closing balance, 30 June 2023	-	1,675,123	142,451	40,560	1,858,134
<u>Accumulated depreciation</u>					
Opening balance, 1 January 2023	-	(839,886)	(82,298)	-	(922,184)
Depreciation charge of the period	-	(91,614)	(3,603)	-	(95,217)
Disposals (*)	-	17,744	5,573	-	23,317
Closing balance, 30 June 2023	-	(913,756)	(80,328)	-	(994,084)
Net book value, 1 January 2023	-	641,888	86,350	28,541	756,779
Net book value, 30 June 2023	-	761,367	62,123	40,560	864,050

As of 30 June 2023, TRY 324,205 (30 June 2022: TRY 205,190) of depreciation and amortization expenses is included in marketing expenses and TRY 53,243 (30 June 2022: TRY 24,294) 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 30 June 2023, total insurance amount over property, plant and equipment is TRY 4,423,294 (31 December 2022: TRY 3,106,272).

As of 30 June 2023 and 31 December 2022 there is no mortgage on property, plant and equipment.

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
<u>Cost</u>					
Opening balance, 1 January 2022	118,700	1,164,544	144,890	10,404	1,438,538
Additions	-	97,282	25,793	8,333	131,408
Transfers (Note 9)	-	9,599	-	(9,754)	(155)
Impairments cancelled	-	525	-	-	525
Disposals (*)	(118,700)	(10,117)	(2,550)	(17)	(131,384)
Closing balance, 30 June 2022	-	1,261,833	168,133	8,966	1,438,932
<u>Accumulated depreciation</u>					
Opening balance, 1 January 2022	-	(724,633)	(73,999)	-	(798,632)
Depreciation charge of the period	-	(64,560)	(4,771)	-	(69,331)
Impairments cancelled	-	(295)	-	-	(295)
Disposals (*)	-	7,051	1,923	-	8,974
Closing balance, 30 June 2022	-	(782,437)	(76,847)	-	(859,284)
Net book value, 1 January 2022	118,700	439,911	70,891	10,404	639,906
Net book value, 30 June 2022	-	479,396	91,286	8,966	579,648

(*) 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	727,418	29,145	756,563
Disposals	(32,346)	-	(32,346)
Closing balance, 30 June 2023	2,674,583	39,929	2,714,512
<u>Accumulated depreciation</u>			
Opening balance, 1 January 2023	(865,695)	(10,784)	(876,479)
Depreciation charge of the period	(238,837)	(14,572)	(253,409)
Disposals	11,528	-	11,528
Closing balance, 30 June 2023	(1,093,004)	(25,356)	(1,118,360)
Net book value, 1 January 2023	1,113,816	-	1,113,816
Net book value, 30 June 2023	1,581,579	14,573	1,596,152

<u>Cost</u>	Buildings	Vehicles	Total
Opening balance, 1 January 2022	1,429,433	12,445	1,441,878
Additions	317,591	21,552	339,143
Disposals	(20,110)	(23,213)	(43,323)
Closing balance, 30 June 2022	1,726,914	10,784	1,737,698
<u>Accumulated depreciation</u>			
Opening balance, 1 January 2022	(578,503)	(12,445)	(590,948)
Depreciation charge of the period	(138,308)	(5,799)	(144,107)
Disposals	6,146	13,342	19,488
Closing balance, 30 June 2022	(710,665)	(4,902)	(715,567)
Net book value, 1 January 2022	850,930	-	850,930
Net book value, 30 June 2022	1,016,249	5,882	1,022,131

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 30 June 2023, the amount of the prepaid unrealized rent expenses that are recognized in the Company's right of use assets is TRY 18,382 (30 June 2022: TRY 15,430).

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9. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2023	315,643
Additions	63,417
Transfers (Note 7)	21
Disposals	(53)
Closing balance, 30 June 2023	379,028
<u>Accumulated amortization</u>	
Opening balance, 1 January 2023	(219,847)
Charge for the period	(28,822)
Disposals	48
Closing balance, 30 June 2023	(248,621)
Net book value, 1 January 2023	95,796
Net book value, 30 June 2023	130,407

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2022	240,362
Additions	22,883
Transfers (Note 7)	155
Impairments cancelled	6
Disposals	(1,193)
Closing balance, 30 June 2022	262,213
<u>Accumulated amortization</u>	
Opening balance, 1 January 2022	(184,237)
Charge for the period	(16,046)
Impairments cancelled	(4)
Disposals	1,100
Closing balance, 30 June 2022	(199,187)
Net book value, 1 January 2022	56,125
Net book value, 30 June 2022	63,026

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>30 June 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 30 June 2023 and 31 December 2022 are as follows:

<u>Short Term Provisions</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for litigations and risks	53,064	47,316
Provision for personnel and social security	28,362	29,243
	<u>81,426</u>	<u>76,559</u>

Movements of provision for short term liabilities for the six-month period ended 30 June 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	5,832	4,566	10,398
Current year reversal / charge	(84)	(5,447)	(5,531)
Closing balance, 30 June 2023	<u>53,064</u>	<u>28,362</u>	<u>81,426</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	9,906	3,529	13,435
Current year reversal / charge	(3,957)	(600)	(4,557)
Closing balance, 30 June 2022	<u>46,264</u>	<u>26,703</u>	<u>72,967</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.

It was notified to the Company by the Tax Office that 50% of the administrative fine, that has been paid, was restructured as per the “Law on Restructuring of Receivables and Amending Certain Laws” which was published in the Official Gazette on 12 March 2023 numbered 32130, and it has been decided to refund TRY 53,426 back to the Company on 6 June 2023 as a result of the refund request made.

The action for the annulment of the administrative fine filed by the Company at the Ankara Administrative Court on 10 March 2022 was waived on 29 May 2023. Thus, the amount paid within the scope of the Competition Authority's decision dated 28 October 2021 and numbered 21-53/747-360 has been finalized as TRY 53,426.

As TRY 53,426 of the amount of TRY 106,852, which was previously accounted as receivables related to the Competition Authority lawsuit in the “other long-term receivables” account by the Company, has been finalized, the relevant amount has been recognized in other expenses from operating activities, and the returned amount of TRY 53,426 is recognized in “other short-term receivables” account. The Company's tax and other legal liabilities amounting to TRY 36,757 arising in the first six months of 2023 have been deducted from this amount. As of 30 June 2023, the Company plans to off-set the remaining amount of TRY 16,669 in the "other short-term receivables" account with taxes and other legal liabilities in the following months.

Provisions for employment benefits as of 30 June 2023 and 31 December 2022 are as follows:

<u>Short Term Employment Benefits</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Unused vacation provision	17,548	5,729
	<u>17,548</u>	<u>5,729</u>
<u>Long term provisions</u>		
<u>Long Term Employment Benefits</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Employment termination benefit provision	481,652	397,996
	<u>481,652</u>	<u>397,996</u>

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11. SHORT AND LONG TERM PROVISIONS (Continued)

Movement for employment termination benefit provision for the six-month period ended 30 June 2023 and 2022 are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening balance, 1 January	397,996	126,260
Service cost	84,387	11,884
Interest cost	20,749	13,478
Actuarial loss	181,928	44,213
Compansations paid	(203,408)	(12,309)
Closing balance, 30 June	<u><u>481,652</u></u>	<u><u>183,526</u></u>

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12. LETTER OF GUARANTEES, PLEDGES, MORTGAGES AND WARRANTIES

GPMW given by the Group

	<u>30 June 2023</u>	<u>31 December 2022</u>
A. GPMW given on behalf of its own legal entity	606,428	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>606,428</u>	<u>430,680</u>

30 June 2023

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	606,428	598,395	6,314	1,719
	<u>606,428</u>	<u>598,395</u>	<u>6,314</u>	<u>1,719</u>

31 December 2022

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	430,680	416,025	4,581	10,074
	<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 30 June 2023 and 31 December 2022 are as follows:

<u>Employee Benefit Liabilities</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Personnel salary and premium payables	184,222	32,860
Payables to personnel and social security premiums payable	170,930	96,957
	<u>355,152</u>	<u>129,817</u>

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14. DEFERRED INCOME

Deferred income as of 30 June 2023 and 31 December 2022 are as follows:

<u>Deferred Income</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Unearned income	98,002	81,644
Liabilities for shopping cheques	5,160	5,805
	<u>103,162</u>	<u>87,449</u>

15. SHAREHOLDERS’ EQUITY

a) Capital

Shareholder structure as of 30 June 2023 and 31 December 2022 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>30 June 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 30 June 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 with the approval of CMB.

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)

a) Capital (Continued)

The inflation adjustment on share capital as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Inflation adjustment differences 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 30 June 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) Accumulated Losses

	30 June 2023	31 December 2022
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

	30 June 2023	31 December 2022
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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Opening balance	9,595	97,694
Sale of real estate (*)	-	(88,099)
Closing balance	9,595	9,595

(*) 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

	30 June 2023	31 December 2022
Actuarial losses	(383,085)	(237,540)
	(383,085)	(237,540)

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16. REVENUE AND COST OF SALES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<u>NET SALES</u>				
Revenue from retail operations	14,720,407	8,104,542	7,562,488	4,329,518
Loyalty program discounts	(32,907)	(16,888)	(28,217)	(16,906)
Sales returns	(105,858)	(82,757)	(47,502)	(28,380)
Sales discount	(33,183)	(17,392)	(19,855)	(11,262)
Rent income	29,243	14,868	17,412	8,721
	<u>14,577,702</u>	<u>8,002,373</u>	<u>7,484,326</u>	<u>4,281,691</u>
<u>COST OF SALES</u>				
Opening balance of inventories	(2,843,751)	(3,766,833)	(1,472,347)	(1,895,625)
Purchases	(12,042,959)	(6,277,676)	(6,136,638)	(3,376,022)
Net change in provision for inventory impairment (Note 6)	(7,048)	282	1,087	369
Closing balance of inventories	3,972,247	3,972,247	2,060,439	2,060,439
	<u>(10,921,511)</u>	<u>(6,071,980)</u>	<u>(5,547,459)</u>	<u>(3,210,839)</u>

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17. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the interim periods ended 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Marketing expenses	(2,845,931)	(1,437,150)	(1,456,298)	(780,746)
General administrative expenses	(385,066)	(190,576)	(172,753)	(94,261)
	<u>(3,230,997)</u>	<u>(1,627,726)</u>	<u>(1,629,051)</u>	<u>(875,007)</u>

18. EXPENSES BY NATURE

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Personnel expenses	(1,662,862)	(824,746)	(784,445)	(411,962)
Depreciation and amortization expenses	(377,448)	(196,192)	(229,484)	(119,718)
Energy expenses	(302,292)	(134,682)	(166,068)	(95,164)
Rent expenses	(249,720)	(137,944)	(120,170)	(71,117)
Advertising expenses	(122,301)	(71,347)	(52,883)	(29,142)
Information technologies expenses	(91,669)	(44,844)	(56,811)	(28,699)
Outsourced expenses	(82,202)	(40,832)	(41,362)	(20,855)
Consultancy expenses	(62,200)	(31,780)	(17,265)	(10,782)
Stationery consumption expenses	(48,595)	(22,897)	(30,787)	(15,264)
Repair and maintenance expenses	(45,658)	(23,212)	(25,930)	(14,418)
Travel expenses	(21,586)	(11,516)	(10,033)	(6,326)
Insurance expenses	(20,988)	(9,152)	(9,624)	(4,971)
Taxation and other expenses	(9,672)	(4,918)	(5,094)	(2,341)
Decoration material expenses	(8,658)	(4,342)	(6,499)	(3,308)
Communication expenses	(707)	(334)	(548)	(271)
Other	(124,439)	(68,988)	(72,048)	(40,669)
	<u>(3,230,997)</u>	<u>(1,627,726)</u>	<u>(1,629,051)</u>	<u>(875,007)</u>

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19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income and expenses from operating activities for the periods ended 30 June 2023 and 2022 are as follows:

<u>Other Operating Income</u>	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange gain from operational activities	97,087	88,392	36,981	21,822
Franchise income	11,535	6,654	2,929	1,765
Income from rental agreement termination (*)	2,401	141	1,679	1,231
Concessions for rent payments	72	18	261	52
Impairment no longer required	-	-	232	233
Other income	23,193	16,216	10,339	6,854
	<u>134,288</u>	<u>111,421</u>	<u>52,421</u>	<u>31,957</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 - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Interest expenses from purchases via credit	(320,927)	(177,584)	(216,293)	(118,946)
Foreign exchange losses from operational activities	(68,907)	(63,423)	(24,372)	(15,644)
Reversal of income accrual of Competition Authority fine (Note 11)	(53,426)	(53,426)	-	-
Provision expenses (*)	(2,964)	(2,025)	(10,254)	(5,336)
Earthquake donation expenses	(1,887)	-	-	-
Interest expenses from operational activities	(1,356)	(708)	(861)	(437)
Other expenses and losses	(94,831)	(51,828)	(51,088)	(29,714)
	<u>(544,298)</u>	<u>(348,994)</u>	<u>(302,868)</u>	<u>(170,077)</u>

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

20. INCOME FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Gain on sale of tangible assets	-	-	42,308	-
	<u>-</u>	<u>-</u>	<u>42,308</u>	<u>-</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 30 June 2023 and 2022 are as follows:

<u>Finance income</u>	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Interest income	10,538	4,911	6,154	2,936
	<u>10,538</u>	<u>4,911</u>	<u>6,154</u>	<u>2,936</u>

22. FINANCE COSTS

Finance costs for the periods ended 30 June 2023 and 2022 are as follows:

<u>Finance costs</u>	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Interest expenses on lease liabilities	(218,001)	(119,596)	(135,839)	(69,135)
Interest expenses	(190,168)	(106,686)	(154,521)	(80,340)
Credit card commission costs	(24,100)	(16,562)	(10,174)	(6,923)
	<u>(432,269)</u>	<u>(242,844)</u>	<u>(300,534)</u>	<u>(156,398)</u>

23. TAX ASSETS AND LIABILITIES

<u>Tax Income of the Period</u>	1 January- 30 June 2023	1 January- 30 June 2022
Corporate tax expense of the current period	-	-
Deferred tax income	46,037	40,683
Tax income from continuing operations	<u>46,037</u>	<u>40,683</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.

The corporate tax rate to be accrued on taxable corporate income is calculated on the tax base remaining after the addition of non-deductible expenses and deduction of non-taxable income from the tax base.

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 30 June 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 President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

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 30 June 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 30 June 2023 and 31 December 2022 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for contingencies	134,536	112,423
Inventory valuation differences	68,317	92,729
Other current assets	(381,576)	(90,488)
Provision for employment termination benefit	481,652	397,996
Property, plant and equipment and intangible assets	(43,838)	(51,964)
Right of use assets	(1,614,534)	(1,122,400)
Other short term liabilities	301,835	254,596
Finance lease liabilities	1,909,300	1,366,857
Carry forward tax losses	1,143,675	627,947
Other	3,070	2,646
	<u>2,002,437</u>	<u>1,590,342</u>

<u>Deferred tax assets / (liabilities) :</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for contingencies	26,907	22,485
Inventory valuation differences	13,663	18,546
Other current assets	(76,315)	(18,098)
Provision for employment termination benefit	96,330	79,599
Property, plant and equipment and intangible assets	(8,768)	(10,393)
Right of use assets	(322,907)	(224,480)
Other short term liabilities	60,367	50,919
Finance lease liabilities	381,860	273,371
Carry forward tax losses	228,735	125,589
Other	616	530
	<u>400,488</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 228,735 (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>30 June 2023</u>	<u>31 December 2022</u>
2024	182,259	257,736
2025	154,997	154,997
2026	213,633	215,214
2027	592,786	-
	<u>1,143,675</u>	<u>627,947</u>

The movements of deferred tax asset as of and for the six-month period ended 30 June 2023 and 2022 are as follows:

<u>Movement of deferred tax asset:</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening balance at 1 January	318,068	245,340
Current year income	46,037	40,683
Tax income attributable to equity	36,383	8,843
Closing balance at 30 June	<u>400,488</u>	<u>294,866</u>

24. LOSS PER SHARE

Weighted average number of shares and basic earnings per share for the periods ended 30 June 2023 and 30 June 2022 are as follows:

	<u>30 June 2023</u>	<u>30 June 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)	(361,171)	(154,320)
Loss per share of 1 KR (Kr)	<u>(0.0283)</u>	<u>(0.0121)</u>
Loss per share of 1 TRY (Kr)	<u>(2.8266)</u>	<u>(1.2078)</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Akbank T.A.Ş.	160,979	234,620
	<u>160,979</u>	<u>234,620</u>
<u>Financial Liabilities (Note 4)</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Akbank T.A.Ş.	51,689	100,603
	<u>51,689</u>	<u>100,603</u>
<u>Trade receivables from related parties (Note 5)</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Carrefour World Trade	61,676	13,540
Majid Al Futtaim Hypermarkets Llc U	4,142	685
Carrefour Polska Sp. z o. o.	1,444	8
Carrefour Global Sourcing Asia	145	87
Akbank T.A.Ş.	128	99
Ak Finansal Kiralama A.Ş.	37	37
Akçansa Çimento Sanayi ve Ticaret A.Ş.	-	4,572
Teknosa İç ve Dış Ticaret A.Ş.	-	56
Agesa Hayat ve Emeklilik A.Ş.	-	174
Other	627	70
	<u>68,199</u>	<u>19,328</u>
<u>Trade payables to related parties (Note 5)</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Aksigorta A.Ş.	38,560	2
Teknosa İç ve Dış Ticaret A.Ş.	24,540	23,405
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	11,179	4,485
Sabancı Dijital Teknoloji Hizmetler A.Ş.	4,270	20,762
Agesa Hayat ve Emeklilik A.Ş.	199	120
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	5	5
Other	222	223
	<u>78,975</u>	<u>49,002</u>
<u>Other short term payables to related parties</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Hacı Ömer Sabancı Holding A.Ş.	58,261	25,692
Carrefour Partenariat International	36,290	15,830
	<u>94,551</u>	<u>41,522</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<u>Purchases from related parties (goods)</u>				
Teknosa İç ve Dış Ticaret A.Ş.	30,029	17,014	26,940	18,336
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	-	-	6,136	-
	<u>30,029</u>	<u>17,014</u>	<u>33,076</u>	<u>18,336</u>
<u>Purchases from related parties (services)</u>				
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	132,658	44,073	107,988	50,584
Aksigorta A.Ş.	21,398	9,286	9,649	4,921
Sabancı Dijital Teknoloji Hizmetler A.Ş.	5,461	1,514	12,241	5,670
Teknosa İç ve Dış Ticaret A.Ş.	272	200	259	98
Other	-	-	-	-
	<u>159,789</u>	<u>55,073</u>	<u>130,137</u>	<u>61,273</u>
<u>Rent income from related parties</u>				
Teknosa İç ve Dış Ticaret A.Ş.	1,880	931	1,223	607
Akbank T.A.Ş.	1,636	185	984	128
	<u>3,516</u>	<u>1,116</u>	<u>2,207</u>	<u>735</u>
<u>Rebates and other income from related parties</u>				
Carrefour World Trade	48,136	30,316	16,483	3,260
Hacı Ömer Sabancı Holding A.Ş.	13,839	13,519	608	573
Majid Al Futtaim Hypermarkets Llc U	13,125	9,385	-	-
Agesa Hayat ve Emeklilik A.Ş.	3,720	2,226	674	473
Teknosa İç ve Dış Ticaret A.Ş.	3,687	2,184	4,197	1,801
Carrefour Polska Sp. z o. o.	3,618	2,322	4,642	1,862
Kordsa Teknik Tekstil A.Ş.	3,252	2,233	488	-
Aksigorta A.Ş.	3,153	2,350	265	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	2,850	2,620	981	917
Exsa Export Sanayi Mamulleri Satış	2,597	2,597	-	-
Akbank T.A.Ş.	2,257	933	2,336	1,141
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	2,021	1,979	861	-
Afyon Çimento Sanayii Türk A.Ş.	1,598	1,598	-	-
Sabancı Dijital Teknoloji Hizmetler A.Ş.	1,533	1,268	335	130
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	1,418	695	330	2
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	1,274	977	3	1
Carrefour Global Sourcing Asia	763	396	402	204
Çimsa Çimento Sanayi ve Ticaret A.Ş.	599	175	128	-
Ak Yatırım Menkul Değerler A.Ş.	185	185	16	1
Other	426	312	56	51
	<u>110,051</u>	<u>78,270</u>	<u>32,805</u>	<u>10,416</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 - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<u>Other expenses to related parties</u>				
Hacı Ömer Sabancı Holding A.Ş.	49,827	27,384	26,084	15,121
Carrefour Partenariat International	40,383	22,283	18,771	10,743
Other	14	7	11	9
	<u>90,224</u>	<u>49,674</u>	<u>44,866</u>	<u>25,873</u>

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<u>Interest income from related parties</u>				
Akbank T.A.Ş.	68	60	5,303	2,441

Interest expense and credit card commission to related parties

Akbank T.A.Ş.	22,126	13,005	19,425	11,591
	<u>22,126</u>	<u>13,005</u>	<u>19,425</u>	<u>11,591</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 - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Salaries and other short term benefits	23,008	6,804	8,339	4,415
Other long term benefits	1,090	543	484	326
	<u>24,098</u>	<u>7,347</u>	<u>8,823</u>	<u>4,741</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:

	30 June 2023		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	153,170	2,549	3,103
2. Liquid assets	59,947	732	1,458
3. CURRENT ASSETS (1+2)	213,117	3,281	4,561
4. Other	139,576	4,533	800
5. NON-CURRENT ASSETS	139,576	4,533	800
6. TOTAL ASSETS (3+5)	352,693	7,814	5,361
7. Trade payables	81,866	2,911	233
8. Other payables	36,290	-	1,287
9. Financial liabilities	-	-	-
10. Non-monetary other liabilities	13,102	421	78
11. CURRENT LIABILITIES (7+8+9+10)	131,258	3,332	1,598
12. Financial liabilities	55,701	-	1,975
13. NON-CURRENT LIABILITIES	55,701	-	1,975
14. TOTAL LIABILITIES (11+13)	186,959	3,332	3,573
15. Net foreign currency asset / liability position (6-14)	165,734	4,482	1,788
16. Net monetary foreign currency asset / liability position (6-14-10)	152,632	4,061	1,710

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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.

30 June 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	11,558	(11,558)
2- Amount hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1 +2)	11,558	(11,558)
In case of 10% appreciation of EUR against TRY		
4 - Euro net asset / liability	5,015	(5,015)
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4 +5)	5,015	(5,015)
TOTAL (3 + 6)	16,573	(16,573)

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)	6,132	(6,132)
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)	2,325	(2,325)
TOTAL (3 + 6)	8,457	(8,457)

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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

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375", which includes the regulation on increase in corporate tax rate from %20 to %25 for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD OF
1 JANUARY – 30 JUNE 2023**

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

27. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods.

This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 “Events After the Reporting Period” and if the company's first six months period tax was calculated over the new rate, it would be an effect of TRY 100,093 increase in deferred tax asset and TRY 90,997 increase in deferred tax income.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

ADDITIONAL INFORMATION

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

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	
	30 June 2023	TFRS 16 Effect	30 June 2023
ASSETS			
Current Assets	6,487,216	-	6,487,216
Cash and Cash Equivalents	1,157,034	-	1,157,034
Trade Receivables			
Due From Related Parties	68,199	-	68,199
Other Trade Receivables	514,243	-	514,243
Other Receivables			
Other Receivables from Third Parties	290,416	-	290,416
Inventories	3,972,247	-	3,972,247
Prepaid Expenses	485,077	-	485,077
Non-Current Assets	1,958,665	1,658,816	3,617,481
Other Receivables			
Other Receivables from Third Parties	142,123	-	142,123
Property, Plant and Equipment	864,050	-	864,050
Right of Use Assets	-	1,596,152	1,596,152
Intangible Assets			
Goodwill	482,479	-	482,479
Other Intangible Assets	130,407	-	130,407
Prepaid Expenses	1,782	-	1,782
Deferred Tax Assets	337,824	62,664	400,488
TOTAL ASSETS	8,445,881	1,658,816	10,104,697

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

ADDITIONAL INFORMATION

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

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 30 June 2023	TFRS 16 Effect	
LIABILITIES			
Current Liabilities	9,000,287	399,014	9,399,301
Short Term Bank Loans			
Short Term Bank Loans from Related Parties	51,689	-	51,689
Other Short Term Bank Loans	978,679	-	978,679
Other Financial Liabilities	-		
Other Financial Liabilities to Third Parties	224,968	-	224,968
Short Term Portion of Long Term Finance Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	-	399,014	399,014
Trade Payables			
Due to Related Parties	78,975		78,975
Other Trade Payables	6,927,827	-	6,927,827
Employee Benefit Liabilities	355,152	-	355,152
Other Payables			
Due to Related Parties	94,551	-	94,551
Other Short Term Payables	77,208	-	77,208
Short Term Provisions			
Provisions for Employment Benefits	17,548	-	17,548
Other Short Term Provisions	81,426	-	81,426
Deferred Income	103,162	-	103,162
Other Short Term Liabilities	9,102	-	9,102
Non-Current Liabilities	481,652	1,510,478	1,992,130
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	-	1,510,478	1,510,478
Long Term Provisions	-	-	-
Provisions for Employment Benefits	481,652	-	481,652
TOTAL LIABILITIES	9,481,939	1,909,492	11,391,431
EQUITY	(1,036,058)	(250,676)	(1,286,734)
Shareholders' Equity	(1,036,058)	(250,676)	(1,286,734)
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	(383,085)	-	(383,085)
Restricted Reserves	12,318	-	12,318
Accumulated Losses	(1,579,399)	(202,437)	(1,781,836)
Net Loss for the Period	(312,932)	(48,239)	(361,171)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,445,881	1,658,816	10,104,697

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

ADDITIONAL INFORMATION

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

APPENDIX – ADDITIONAL INFORMATION (continued)

FINANCIAL STATEMENTS BEFORE TFRS 16

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

	Unaudited		
	Before TFRS 16 1 January-30 June 2023	TFRS 16 Effect	1 January-30 June 2023
PROFIT OR LOSS			
Revenue	14,577,702	-	14,577,702
Cost of Sales (-)	(10,923,572)	2,061	(10,921,511)
GROSS PROFIT	3,654,130	2,061	3,656,191
Marketing Expenses (-)	(2,991,671)	145,740	(2,845,931)
General Administrative Expenses (-)	(392,494)	7,428	(385,066)
Other Income From Main Operations	131,815	2,473	134,288
Other Expenses From Main Operations (-)	(544,298)	-	(544,298)
OPERATING PROFIT	(142,518)	157,702	15,184
Income from Investment Activities	-	-	-
Impairment Loss and Reversals of Impairment Losses in Accordance with TFRS 9	(661)	-	(661)
OPERATING PROFIT BEFORE FINANCE COSTS	(143,179)	157,702	14,523
Finance Income	10,538	-	10,538
Finance Costs (-)	(214,268)	(218,001)	(432,269)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(346,909)	(60,299)	(407,208)
Tax Income from Continuing Operations	33,977	12,060	46,037
- Deferred Tax Income	33,977	12,060	46,037
NET LOSS FOR THE YEAR	(312,932)	(48,239)	(361,171)
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax	(145,545)	-	(145,545)
- Remeasurements of Defined Benefit Asset / (Liability)	(181,928)	-	(181,928)
- Remeasurements of Defined Benefit Asset / (Liability), Tax Effect	36,383	-	36,383
TOTAL COMPREHENSIVE LOSS	(458,477)	(48,239)	(506,716)
Loss per share	(2.4491)	(0.3775)	(2.8266)