

MİGROS TİCARET A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

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

MİGROS TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
31 MARCH 2023 AND 31 DECEMBER 2022**

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

(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	31 March 2023	31 December 2022
ASSETS			
Current Assets:			
Cash and cash equivalents		8,138,950	7,678,469
Financial investments		28,056	388,086
Trade receivables		649,836	487,262
-Trade receivables from related parties	18	346	5,326
-Trade receivables from third parties		649,490	481,936
Other receivables		246,677	62,041
-Other receivables from third parties		246,677	62,041
Derivative instruments		1,097	2,454
Inventories	6	13,274,009	10,904,668
Prepaid expenses		479,745	443,527
Current income tax assets	16	156,178	141,964
Other current assets		33,942	14,844
Total current assets		23,008,490	20,123,315
Non-current assets:			
Financial investments		693,756	602,846
Other receivables		685,265	583,028
-Other receivables from third parties		685,265	583,028
Derivative instruments		1,375	3,031
Right of use assets	5	4,961,816	4,287,137
Property, plant and equipment	3	7,294,091	6,965,964
Intangible assets		2,543,751	2,570,374
-Goodwill		2,341,178	2,341,178
-Other intangible assets	4	202,573	229,196
Prepaid expenses		171,986	125,606
Deferred tax assets	16	983,230	1,162,567
Total non-current assets		17,335,270	16,300,553
Total assets		40,343,760	36,423,868

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

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	Notes	31 March 2023	31 December 2022
LIABILITIES			
Current liabilities:			
Short-term borrowings		460,204	408,635
-Bank loans	7	460,204	408,635
Short-term portion of long-term borrowings		2,413,008	2,034,406
-Bank loans	7	1,005,556	825,390
-Lease liabilities		1,407,452	1,209,016
Trade payables		23,187,203	21,039,843
-Trade payables to related parties	18	780,411	714,529
-Trade payables to third parties		22,406,792	20,325,314
Payables related to employee benefits		1,977,131	752,207
Other payables		216,209	357,960
-Other payables to third parties		216,209	357,960
Deferred income		587,481	342,257
Short-term provisions		832,721	1,037,111
-Short-term provisions for employee benefits	9	426,653	572,201
-Other short-term provisions	8	406,068	464,910
Other current liabilities		25,032	37,858
Total current liabilities		29,698,989	26,010,277
Non-current liabilities:			
Long-term borrowings		5,170,753	5,012,249
-Bank loans	7	1,014,124	1,406,748
-Lease liabilities		4,156,629	3,605,501
Other payables		32,880	32,234
-Other payables to third parties		32,880	32,234
Deferred income		51	67
Long-term provisions		699,154	1,279,290
-Long-term provisions for employee benefits	9	699,154	1,279,290
Total non-current liabilities		5,902,838	6,323,840
Total liabilities		35,601,827	32,334,117

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31 MARCH 2023 AND 31 DECEMBER 2022**

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	Notes	31 March 2023	31 December 2022
EQUITY			
Attributable to equity holders of parent		4,634,811	4,045,688
Share capital	17	181,054	181,054
Other capital reserves		526,476	526,476
Treasury shares	17	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other comprehensive income/(expense)			
not to be classified to profit or loss		1,038,154	1,044,536
-Defined benefit plans			
re-measurement (losses)		(731,479)	(731,479)
-Revaluation fund of property, plant and equipment		1,769,633	1,776,015
Other accumulated comprehensive income/expense			
to be classified to profit or loss		620,691	593,987
-Currency translation differences		215,507	200,828
-Gains/(losses) on financial assets measured			
at fair value through other comprehensive income		405,184	393,159
Accumulated losses		1,811,845	(767,287)
Net income for the period		559,952	2,570,283
Non-controlling interest		107,122	44,063
Total equity		4,741,933	4,089,751
Total liabilities and equity		40,343,760	36,423,868

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE
INTERIM PERIOD 1 JANUARY - 31 MARCH 2023 AND 2022**

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

(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 31 March 2023	1 January - 31 March 2022
Revenue	10	27,183,374	12,271,397
Cost of sales (-)	10	(20,633,764)	(9,137,030)
Gross profit		6,549,610	3,134,367
General administrative expenses (-)	11	(431,868)	(187,801)
Marketing expenses (-)	11	(4,772,620)	(2,235,492)
Other operating income	12	97,092	102,387
Other operating expenses (-)	12	(492,992)	(447,384)
Operating profit		949,222	366,077
Income from investment activities	13	4,153	39,506
Expenses from investment activities (-)	13	(1,596)	(2,888)
Share of profit of investments accounted for using the equity method		-	6,785
Operating income before financial expense		951,779	409,480
Financial income	14	310,112	110,825
Financial expense (-)	15	(515,776)	(339,033)
Net profit before tax from continuing operation		746,115	181,272
Tax expense from continuing operations		(180,286)	(22,685)
Income tax expense (-)	16	-	(62,520)
Deferred tax loss/ (income)	16	(180,286)	39,835
Net income for the period		565,829	158,587
Net income attributable to:			
- Non-controlling interest		5,877	190
- Equity holders of parent	19	559,952	158,397
Profit per share (TRY)	19	3.09	0.87

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**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2023 AND 2022**

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

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	1 January - 31 March 2023	1 January - 31 March 2022
Net profit for the period	565,829	158,587
Items that not to be reclassified to profit or loss		
Tangible fixed asset revaluation increases	3,084	564
Tax effect of items not to be reclassified to profit or loss		
Tangible fixed asset revaluation increases, tax effect	(617)	(113)
Items to be reclassified to profit or loss		
- Other comprehensive income on financial assets ..at fair value through other comprehensive income	16,033	-
-Currency translation differences	14,679	5,359
Tax effect of items to be reclassified ..to profit or loss		
- Tax effect other comprehensive income on financial assets ..at fair value through other comprehensive income	(4,008)	-
Other comprehensive income, after tax	29,171	5,810
Total comprehensive income	595,000	164,397
Allocation of total comprehensive income		
-Non-controlling interests	5,877	190
-Equity holders of parent	589,123	164,207

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED
1 JANUARY - 31 MARCH 2023 AND 2022

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

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	Share capital	Other capital reserve	Treasury shares	Additional contribution to share capital	Other comprehensive income and expenses not to be reclassified to profit or loss		Other comprehensive income and expenses to be reclassified to profit or loss		Restricted reserves	Retained earnings			Non controlling interests	Total equity
					Defined benefit plans revaluation and measurement (losses)/ gains	Increase of revaluation fund of property plant and equipment	Gains on financial assets at fair value through other comprehensive income	Foreign currency translation differences		Accumulated losses	Net profit/ for the period	Attributable to equity holders of the parents		
Balances as of 1 January 2022	181,054	250,217	(125,435)	22,074	1,118	714,008	-	48,990	-	(914,843)	358,881	536,064	-	536,064
Transfers	-	276,259	-	-	-	(2,656)	-	-	-	85,278	(358,881)	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	23,835	23,835
Other adjustments	-	-	-	-	-	-	-	-	-	12,200	-	12,200	-	12,200
Total comprehensive income	-	-	-	-	-	451	-	5,359	-	-	158,397	164,207	190	164,397
Net income for the period	-	-	-	-	-	-	-	-	-	-	158,397	158,397	190	158,587
Foreign currency translation differences	-	-	-	-	-	-	-	5,359	-	-	-	5,359	-	5,359
Revaluation fund of property, plant and equipment	-	-	-	-	-	451	-	-	-	-	-	451	-	451
Balances as of 31 March 2022	181,054	526,476	(125,435)	22,074	1,118	711,803	-	54,349	-	(817,365)	158,397	712,471	24,025	736,496
Balances as of 1 January 2023	181,054	526,476	(125,435)	22,074	(731,479)	1,776,015	393,159	200,828	-	(767,287)	2,570,283	4,045,688	44,063	4,089,751
Transfers	-	-	-	-	-	(8,849)	-	-	-	2,579,132	(2,570,283)	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	57,182	57,182
Total comprehensive income	-	-	-	-	-	2,467	12,025	14,679	-	-	559,952	589,123	5,877	595,000
Net income for the period	-	-	-	-	-	-	-	-	-	-	559,952	559,952	5,877	565,829
Foreign currency translation differences	-	-	-	-	-	-	-	14,679	-	-	-	14,679	-	14,679
Gain on revaluation and measurement	-	-	-	-	-	-	12,025	-	-	-	-	12,025	-	12,025
Revaluation fund of property, plant and equipment	-	-	-	-	-	2,467	-	-	-	-	-	2,467	-	2,467
Balances as of 31 March 2023	181,054	526,476	(125,435)	22,074	(731,479)	1,769,633	405,184	215,507	-	1,811,845	559,952	4,634,811	107,122	4,741,933

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2023 AND 2022**

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

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	Notes	1 January - 31 March 2023	1 January - 31 March 2022
Cash flows from operating activities:			
Net profit for the period		565,829	158,587
Adjustments related to reconciliation of net profit for the period		1,151,398	1,025,254
Adjustments for depreciation and amortisation expenses	11	430,865	252,546
Adjustments for impairment on receivables		5,700	8,692
Adjustments for inventory provisions	6	27,371	15,462
Adjustments for impairment on property, plant and equipment	3,13	1,596	2,888
Adjustments for provision for employee benefits	9	112,663	141,385
Adjustments for provisions	8	(47,266)	9,665
Adjustments for interest income	14	(246,651)	(79,003)
Adjustments for interest expense	15	336,823	282,506
Adjustments for deferred financing due to forward purchases expenses	12	413,444	428,213
Adjustments for unearned finance income from sales	12	(72,035)	(75,445)
Adjustments for unrealized foreign exchange differences	7	5,386	8,075
Adjustments for fair value losses (gains) arising from derivatives	15	7,369	7,585
Adjustments for income tax expense	16	180,286	22,685
Gains on sale of property plant and equipment	13	(4,153)	-
Changes in net working capital		130,269	(60,616)
Adjustments for increase in trade receivables		(169,736)	(75,062)
Adjustments for increase in inventories		(2,396,712)	(1,444,395)
Adjustments for increase in other receivables related with operations		137,909	(411,679)
Adjustments for increase in trade payables		2,209,167	1,857,775
Adjustments for increase in other payables related with operations		349,641	12,745
Cash flows from operating activities		1,847,496	1,123,225
Employee benefits paid		(42,484)	(29,965)
Interest received		73,497	73,176
Interest paid		(475,251)	(423,947)
Taxes paid	16	(14,214)	(31,592)
Other provisions paid	8	(73,378)	(397,444)
Net cash provided by operating activities		1,315,666	313,453

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 31 MARCH 2023 AND 2022**

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

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	Notes	1 January - 31 March 2023	1 January - 31 March 2022
Investing activities			
Cash outflows from the purchase of tangible and intangible assets	3,4	(485,132)	(164,128)
Cash inflows from the sale of tangible and intangible assets		9,676	-
Cash flows from investing activities		(475,456)	(164,128)
Financing activities			
Proceeds from borrowings	7	160,000	708,000
Cash outflows from repayments of borrowings	7	(337,138)	(154,725)
Cash outflows from repayment of derivative instruments		(4,354)	(594)
Interest received	14	246,651	79,003
Interest paid		(95,542)	(121,846)
Cash outflows from payments of lease liabilities		(400,558)	(254,409)
Cash flows from financing activities		(430,941)	255,429
Effect of foreign currency translation differences on cash and cash equivalents		51,212	32,858
Net increase in cash and cash equivalents		460,481	437,612
Cash and cash equivalents in the beginning of the period		7,678,469	3,632,341
Cash and cash equivalents in the end of the period		8,138,950	4,069,953

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2023**

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

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Migros Ticaret A.Ş., (collectively referred to as “Migros” or the “Company”), was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code. (Migros Türk Ticaret Anonim Şirketi, which was established in 1954, merged with its parent company Moonlight Perakendecilik ve Ticaret Anonim Şirketi (“Moonlight Perakendecilik”) on 30 April 2009 and the trade name of Moonlight Retailing was changed as Migros Ticaret A.Ş.)

The Company and its subsidiaries together will be referred as “the Group”.

The company is controlled by AG Anadolu Grubu Holding A.Ş., its parent company. AG Anadolu Grubu Holding A.Ş. is controlled by AG Sınai Yatırım ve Yönetim A.Ş., and AG Sınai Yatırım ve Yönetim A.Ş. is a management company that ultimately manages, with equal representation of and by way of equal management by the Süleyman Kamil Yazıcı family and the Özilhan family, the affiliates of AG Anadolu Grubu Holding A.Ş. AG Anadolu Grubu Holding A.Ş. holds a 50% indirect share.

The Group is mainly engaged in retail sales in food & beverages, consumer goods and wholesale. Other than that the Group is also engaged in online food retailing, takeout food, payment and e-money services, logistic (motorcycle courier) services, and shopping mall management.

As of 31 March 2023, the Group has a total sales area of 1,817,750 m2 (31 December 2022: 1,796,075 m2) with a retail store area of 1,803,071 m2 and a wholesale store area of 14.679 m2, 2,955 retail stores and 26 wholesale stores, operates in a total of 2,981 (31 December 2022: 2,908) stores. As of the end of the period as of 31 December 2023, the total number of employees of the Group is 47,434. (31 December 2022: 45,303). Retailing is the Group's core business, accounting for approximately 96% (31 December 2022: 96%) of gross sales.

The address of the registered office is as follows:

Migros Ticaret A.Ş.
Atatürk Mah., Turgut Özal Blv.,
No: 7 Ataşehir İstanbul

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 3 May 2023 and signed by Ö. Özgür Tort, General Manager, and Ferit Cem Doğan, Assistant General Manager, on behalf of the BoD. The owners of the Company and regulatory bodies have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

The Company has the following subsidiaries (the “Subsidiaries”). The nature of the business of the Subsidiaries and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	31 March 2023 (%)	31 December 2022 (%)
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”).	Kazakhstan	Kazakhstan	Shopping center management	100.0	100.0
Mimeda Medya Platform A.Ş.	Turkey	Turkey	Media	100.0	100.0
Money pay Ödeme ve Elektronik Para Hizmetleri A.Ş.	Turkey	Turkey	Services limited by e-money legislation	80.0	80.0
Paket Lojistik ve Teknolojik A.Ş.	Turkey	Turkey	Logistics	75.0	75.0
Dijital Platform Gıda Hizmetleri A.Ş.	Turkey	Turkey	Online food retailing	93.0	93.0
Migen Enerji ve Elektrikli Şarj Hizmetleri A.Ş. (*)	Türkiye	Türkiye	Elektrikli araç şarj hizmeti	100,0	100,0

(*) The company is not included in the scope of consolidation since it is not active as of 31 March 2023.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of preparation and presentation of financial statements

The interim condensed consolidated financial statements are prepared in accordance with 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 and interim condensed consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) according to Article 5 of the Communiqué. TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations. The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year’s consolidated financial statements.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of Presentation (Continued)

2.1.1 Basis of preparation and presentation of financial statements (Continued)

The condensed consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and presented in Turkish Lira in accordance with the CMB financial reporting standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

In accordance with the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II, 14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated 13 June 2013, effective from interim periods beginning after 30 June 2013, listed companies required to prepare their financial statements in conformity with Turkey Accounting / Financial Reporting Standards (TAS / TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In the scope of the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II- 14.1 (Communiqué), the Group has prepared condensed consolidated interim financial statements in accordance with TAS 34 “Interim Financial Reporting”. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge, mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statements disclosures (Note 8, 20).

Current Year Information

On January 20, 2022, the Public Oversight Accounting and Auditing Standards Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 - Financial Reporting in High Inflation Economies (“TAS 29”). As of the preparation date of these consolidated financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 March 2023.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 Basis of Presentation (Continued)

2.1.2 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

As of 1 January 2022, the Group has reviewed the estimated retirement age and probability of leaving without receiving severance pay, and reflected its effects on the financial statements. The effect of the changes made on the 31 March 2022 financial statements was a decrease of TRY 95,235 in severance pay, TRY 9,523 in general administrative expenses, TRY 85,712 in marketing expenses and TRY 19,047 in deferred tax income.

As of 31 March 2023, the Group has reclassified the interest income amounting to TRY 70,665, which was shown in “Other operating income” in the previous period, to “Finance income” for this period.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of Presentation (Continued)

**2.1.2 Comparative information and restatement of prior period financial statements
(Continued)**

In case of changes and errors in accounting policies and accounting estimates, significant changes made, and significant accounting errors identified are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period when the change is made and prospectively.

2.1.3 Changes in the accounting policies, estimates and errors

Significant changes in accounting policies and accounting errors are applied retrospectively and prior period financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.1.4 Functional and reporting currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRY, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 New and Amended Turkish Financial Reporting Standards

a) *Standards, amendments, and interpretations applicable as of 31 March 2023:*

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

b) *Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023:*

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

These changes are not expected to have a significant impact on the financial status and performance of the Group.

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NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended on 31 March 2023 is as follows;

	1 January 2023	Additions	Disposals	Impairment loss(*)	Transfers	Currency translation differences	31 March 2023
Cost							
Lands	1,319,758	-	-	-	-	35	1,319,793
Buildings	1,765,598	126	-	-	1,387	15,749	1,782,860
Leasehold improvements	1,557,923	21,286	-	(4,570)	33,460	-	1,608,099
Machinery and equipments	2,872,830	11,294	(1,007)	-	100,389	1,229	2,984,735
Motor vehicles	178,545	34,696	(4,469)	-	-	-	208,772
Furniture and fixtures	1,329,665	22,381	(47)	-	50,673	280	1,402,952
Construction in progress	376,544	383,326	-	-	(185,909)	-	573,961
	9,400,863	473,109	(5,523)	(4,570)	-	17,293	9,881,172
Accumulated depreciation							
Buildings	(118,389)	(14,315)	-	-	-	(4,740)	(137,444)
Leasehold improvements	(645,688)	(42,913)	-	2,974	-	-	(685,627)
Machinery and equipments	(1,033,066)	(60,984)	774	-	-	(788)	(1,094,064)
Motor vehicles	(39,260)	(10,203)	2,158	-	-	-	(47,305)
Furniture and fixture	(598,496)	(23,933)	38	-	-	(250)	(622,641)
	(2,434,899)	(152,348)	2,970	2,974	-	(5,778)	(2,587,081)
Net book value	6,965,964						7,294,091

(*) Impairment loss amounting to TRY 1,596 consists of leasehold improvements of the stores closed in 2023 (Note 13).

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NOTE 3 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended on 31 March 2022 is as follows;

	1 January 2022	Additions	Impairment loss (*)	Currency translation differences	31 March 2022
Cost					
Lands	764,754	-	-	29	764,783
Buildings	842,943	1,237	-	13,197	857,377
Leasehold improvements	1,159,929	18,732	(2,910)	-	1,175,751
Machinery and equipments	1,881,148	60,736	-	1,169	1,943,053
Motor vehicles	12,700	4,640	-	-	17,340
Furniture and fixtures	1,014,631	22,638	-	236	1,037,505
Construction in progress	168,340	62,115	-	-	230,455
	5,844,445	170,098	(2,910)	14,631	6,026,264
Accumulated depreciation					
Buildings	(76,131)	(6,568)	-	(3,595)	(86,294)
Leasehold improvements	(588,814)	(20,980)	22	-	(609,772)
Machinery and equipments	(867,253)	(42,029)	-	(695)	(909,977)
Motor vehicles	(5,171)	(750)	-	-	(5,921)
Furniture and fixture	(556,650)	(17,553)	-	(201)	(574,404)
	(2,094,019)	(87,880)	22	(4,491)	(2,186,368)
Net book value	3,750,426				3,839,896

(*) TRY 8,654 in costs, TRY 4,003 of accumulated depreciation and TRY 387 of depreciation expenses, all of which were included in tangible fixed asset additions as of 31 March 2022, resulted from the impact of companies included in the consolidation for the first time as of 31 March 2022.

(**) Impairment loss amounting to TRY 2,888 consists of leasehold improvements of the stores closed in 2022 (Note:13).

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NOTE 4 - INTANGIBLE ASSETS

Movement of intangible assets period ended on 31 March 2023 is as follows;

	1 January 2023	Additions (*)	Currency translation differences	31 March 2023
Cost				
Trademark	2,787	-	-	2,787
Rent agreements	39,131	-	-	39,131
Rights	722,553	4,734	626	727,913
Other intangible assets	171,362	7,289	-	178,651
	935,833	12,023	626	948,482
Accumulated amortisation				
Rent agreements	(38,088)	(592)	-	(38,680)
Rights	(547,007)	(35,689)	(606)	(583,302)
Other intangible assets	(121,542)	(2,385)	-	(123,927)
	(706,637)	(38,666)	(606)	(745,909)
Net book value	229,196			202,573

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NOTE 4 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets period ended on 31 March 2022 is as follows;

	1 January 2022	Additions	Currency translation differences	31 March 2022
Cost				
Trademark	2,787	-	-	2,787
Rent agreements	39,131	-	-	39,131
Rights	568,068	4,472	526	573,066
Other intangible assets	170,167	412	-	170,579
	780,153	4,884	526	785,563
Accumulated amortisation				
Rent agreements	(37,132)	(239)	-	(37,371)
Rights	(413,673)	(17,766)	(463)	(431,902)
Other intangible assets	(120,329)	(249)	-	(120,578)
	(571,134)	(18,254)	(463)	(589,851)
Net book value	209,019			195,712

(*) As of 31 March 2023, additions include costs amounting to TRY 2,200, accumulated amortisation amounting to TRY 757 and amortisation expense TRY 159 due to subsidiaries included in the consolidation as of 31 March 2023.

Amortisation expenses related to intangible assets have been accounted under marketing expenses.

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NOTE 5 - RIGHT OF USE ASSETS

For 31 March 2023 and 2022, movement on right of use assets is as follows:

Cost	1 January 2023	Additions	31 March 2023
Buildings	6,473,505	914,530	7,388,035
	6,473,505	914,530	7,388,035

Accumulated amortisation

Buildings	(2,186,368)	(239,851)	(2,426,219)
	(2,186,368)	(239,851)	(2,426,219)

Net book value	4,287,137		4,961,816
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Cost	1 January 2022	Additions	31 March 2022
Buildings	4,264,990	249,458	4,514,448
	4,264,990	249,458	4,514,448

Accumulated amortisation

Buildings	(1,479,524)	(151,172)	(1,630,696)
	(1,479,524)	(151,172)	(1,630,696)

Net book value	2,785,466		2,883,752
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Amortisation expenses related to right of use asset have been accounted under marketing expenses.

NOTE 6 - INVENTORIES

	31 March 2023	31 December 2022
Finished goods and commodities	13,197,431	10,869,197
Work in progress	215,127	151,804
Raw materials	84,261	79,645
Other	48,766	48,227
Less: Provision for net realizable value	(271,576)	(244,205)
	13,274,009	10,904,668

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NOTE 7 - BORROWINGS

	31 March 2023		
	Effective interest rate (%)	In original currency	Total TRY equivalent
Short-term borrowings			
Fixed interest rate - TRY	12.31	163,240	163,240
Floating interest rate - TRY	17.55	296,964	296,964
Total short-term borrowings			460,204
Current portion of long-term borrowings			
Fixed interest rate - TRY	19.40	952,776	952,776
Kazakhstan loan - Tenge	13.97	1,233,987	52,780
Total current portion of long-term borrowings			1,005,556
Total short-term borrowings			1,465,760
Long-term borrowings			
Fixed interest rate - TRY	17.37	973,200	973,200
Kazakhstan loan - Tenge	13.97	956,796	40,924
Total long-term borrowings			1,014,124
Total financial liabilities			2,479,884

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NOTE 7 - BORROWINGS (Continued)

The redemption schedule of borrowings with effective interest rate on 31 March 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 April 2023 - 31 March 2024	52,780	1,412,980	1,465,760
1 April 2024 - 31 March 2025	33,938	526,030	555,968
1 April 2025 - 31 March 2026	10,986	305,045	316,031
1 April 2026 - 14 December 2026	-	142,125	142,125
	93,704	2,386,180	2,479,884

The fair value of borrowings on 31 March 2023 is TRY 2,474,741.

The redemption schedule of principal amounts of borrowings on 31 March 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 April 2023 - 31 March 2024	47,917	1,252,598	1,300,515
1 April 2024 - 31 March 2025	35,923	451,291	487,214
1 April 2025 - 31 March 2026	7,324	371,705	379,029
1 April 2026 - 14 December 2026	-	235,409	235,409
	91,164	2,311,003	2,402,167

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings on 31 March 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 April 2023 - 31 March 2024	58,280	1,560,843	1,619,123
1 April 2024 - 31 March 2025	39,803	689,372	729,175
1 April 2025 - 31 March 2026	7,719	482,999	490,718
1 April 2026 - 14 December 2026	-	281,309	281,309
	105,802	3,014,523	3,120,325

The Group has the obligation to comply with the various credit commitments in the loan agreement in the interest of the said bank credits. The financial ratios calculated on the financial statements as of 31 March 2023 are in line with the provisions of the bank loan agreement.

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NOTE 7 - BORROWINGS (Continued)

The movement schedule of borrowings as of 31 March 2023 and 2022 is as follows;

	2023	2022
Opening balance, 1 January	2.640.773	2.971.319
Proceeds of borrowings	160.000	708.000
Payments (-)	(337.138)	(154.725)
Foreign exchange losses	5.386	8.075
Changes in interest accrual	10.863	24.292
Closing balance, 31 March	2.479.884	3.556.961

	31 December 2022		
	Effective interest rate (%)	In original currency	Total TRY equivalent
Short-term borrowings			
Fixed interest rate - TRY	14.86	109,363	109,363
Floating interest rate - TRY	18.14	299,272	299,272
Total short-term borrowings			408,635
Current portion of long-term borrowings			
Fixed interest rate - TRY	18.75	776,781	776,781
Kazakhstan loan - Tenge	13.97	1,201,621	48,609
Total current portion of long-term borrowings			825,390
Total short-term borrowings			1,234,025
Long-term borrowings			
Fixed interest rate - TRY	18.18	1,355,675	1,355,675
Kazakhstan loan - Tenge	13.97	1,262,528	51,073
Total long-term borrowings			1,406,748
Total financial liabilities			2,640,773

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of borrowings with effective interest rate on 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	48,609	1,185,416	1,234,025
1 January 2024 - 31 December 2024	40,683	807,999	848,682
1 January 2025 - 31 December 2025	10,390	411,927	422,317
1 January 2026 - 14 December 2026	-	135,749	135,749
	99,682	2,541,091	2,640,773

The fair value of borrowings on 31 December 2022 is TRY 2,382,017.

The redemption schedule of principal amounts of bank borrowings on 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	47,516	893,053	940,569
1 January 2024 - 31 December 2024	40,683	778,840	819,523
1 January 2025 - 31 December 2025	10,390	566,639	577,029
1 January 2026 - 14 December 2026	-	235,409	235,409
	98,589	2,473,941	2,572,530

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings on 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	59,005	1,282,583	1,341,588
1 January 2024 - 31 December 2024	45,803	1,058,614	1,104,417
1 January 2025 - 31 December 2025	11,129	645,024	656,153
1 January 2026 - 14 December 2026	-	281,309	281,309
	115,937	3,267,530	3,383,467

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NOTE 8 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 March 2023	31 December 2022
Provision for personnel expenses (*)	250,703	309,998
Provision for litigation	149,744	151,798
Customer loyalty programs	5,621	3,114
	406,068	464,910

(*) Provisions for personnel expenses consist of subcontractor service costs and premium provisions.

There are various lawsuits filed against or in favour of the Group. Receivables, rent, or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

Movements in the provision for litigation during the period are as follows:

	2023	2022
Opening balance, 1 January	151,798	121,537
Increase during period	12,029	9,665
Payments (-)	(14,083)	(9,190)
Closing balance, 31 March	149,744	122,012

Collaterals, Pledges, Mortgages

31 March 2023:

	Total TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company’s legal personality	595,987	583,101	651	20
B. CPM given on behalf of fully consolidated subsidiaries	93,697	-	4,892	-
Total collaterals, pledges and mortgages	689,684	583,101	5,543	20
Proportion of the other CPM’s to equity (%)	-			

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**NOTE 8 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES
(Continued)**

Collaterals, Pledges, Mortgages (Continued)

31 December 2022:

	Total TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company’s legal personality	474,402	461,831	651	20
B. CPM given on behalf of fully consolidated subsidiaries	99,681	-	5,331	-
Total collaterals, pledges and mortgages	574,083	461,831	5,982	20
Proportion of the other CPM’s to equity (%)	-			

Contingent assets and liabilities

Guarantees given on 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Letter of guarantees given	689,684	574,083
	689,684	574,083

Guarantees received on 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Guarantees obtained from customers	570,106	448,880
Mortgages obtained from customers	25,881	25,522
	595,987	474,402

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NOTE 9 - EMPLOYEE BENEFITS

	31 March 2023	31 December 2022
Payables to personnel (*)	1,338,790	425,106
Social security payables	638,341	327,101
	1,977,131	752,207

(*) Provision for employment termination benefits and provisions for unused vacation amounting to TRY 795,863 are reclassified as payables to personnel within the The Law on Early Retirement.

	31 March 2023	31 December 2022
Provision for employment termination benefits	699,154	1,279,290
Provision for unused vacation	426,653	572,201
	1,125,807	1,851,491

Movement of provision for unused vacation for the periods ended on 31 March 2023 and 2022 is as follows:

	2023	2022
Opening balance, 1 January	572,201	187,690
Increase during period	54,527	91,580
Payments (-)	(200,075)	(5,131)
Closing balance, 31 March	426,653	274,139

Movement of provision for employee termination benefits for the periods ended on 31 March 2023 and 2022 is as follows:

	2023	2022
Opening balance, 1 January	1,279,290	383,554
Increase during period	58,136	49,805
Payments (-)	(638,272)	(24,834)
Closing balance, 31 March	699,154	408,525

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service, or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit.

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NOTE 9 - EMPLOYEE BENEFITS (Continued)

In the interim condensed consolidated financial statements as of 31 March 2023 and consolidated financial statements as of 31 December 2022, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRY 19,982.83 effective from 1 January 2023 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 10 - REVENUE

	1 January - 31 March 2023	1 January - 31 March 2022
Domestic sales	27,748,385	12,487,804
Other sales	38,944	14,830
Gross sales	27,787,329	12,502,634
Discounts and returns (-)	(603,955)	(231,237)
Sales revenue, net	27,183,374	12,271,397
Cost of sales (-)	(20,633,764)	(9,137,030)
Gross profit	6,549,610	3,134,367

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Retail sales	26,594,757	11,946,584
Wholesale sales	1,010,159	468,740
Rent income	143,469	72,480
	27,748,385	12,487,804

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NOTE 11 - EXPENSE BY NATURE

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	2,665,960	1,219,094
Rent and common area expenses	688,373	298,679
Energy expenses	569,962	238,065
Depreciation and amortisation expenses	430,865	252,546
Porterage and cleaning expenses	173,615	83,245
Information technology maintenance expenses	160,675	92,054
Advertising expenses	131,651	72,333
Repair and maintenance expenses	54,297	33,520
Security expenses	47,331	23,213
Communication expenses	31,379	6,882
Taxes and other fee expenses	20,474	10,436
Other	229,906	93,226
	5,204,488	2,423,293

Marketing expenses	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	2,338,656	1,068,766
Rent and common area expenses	679,441	295,162
Depreciation and amortisation expenses	430,865	252,546
Energy expenses	566,303	236,847
Porterage and cleaning expenses	168,691	81,072
Information technology maintenance expenses	153,459	87,816
Advertising expenses	131,167	72,333
Repair and maintenance expenses	53,260	33,004
Security expenses	45,653	22,375
Taxes and other fee expenses	17,421	9,620
Communication expenses	28,848	6,057
Other	158,856	69,894
	4,772,620	2,235,492

General administrative expenses	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	327,304	150,328
Other	104,564	37,473
	431,868	187,801

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NOTE 11 - EXPENSE BY NATURE (Continued)

Expenses by nature in cost of sales for the periods 1 January - 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Cost of goods sold	20,598,393	9,120,521
Cost of service rendered	35,371	16,509
	20,633,764	9,137,030

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs comprise energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

NOTE 12 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 31 March 2023	1 January - 31 March 2022
Interest income on term sales	72,035	75,445
Other	25,057	26,942
	97,092	102,387

Other operating expenses	1 January - 31 March 2023	1 January - 31 March 2022
Interest expense on term purchases (*)	413,444	428,213
Litigation provision	12,029	9,665
Bad debt provision expense	5,700	8,692
Other (**)	61,819	814
	492,992	447,384

(*) Term purchases are discounted to the present value with the relevant government securities interest rates for each month, and as a result, forward purchase interest expenses are calculated. Average interest rate in 2023 is (9.71%); 2022 (18.24%)

(**) The part of TRY 54.649 consists of damages and aids that cannot be compensated by the insurance caused by the earthquake.

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NOTE 13 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 31 March 2023	1 January - 31 March 2022
Gain on sale of property, plant, and equipment	4,153	-
Currency protected deposit income	-	39,506
	4,153	39,506

Expense from investing activities	1 January - 31 March 2023	1 January - 31 March 2022
Losses from leasehold improvements of closed stores (Note 3)	1,596	2,888
	1,596	2,888

NOTE 14 - FINANCIAL INCOME

	1 January - 31 March 2023	1 January - 31 March 2022
Interest income on bank deposits	246,651	79,003
Foreign exchange gains	63,461	30,730
Financial income on derivatives	-	1,092
	310,112	110,825

NOTE 15 - FINANCIAL EXPENSE

	1 January - 31 March 2023	1 January - 31 March 2022
Interest expense on lease liabilities	227,165	136,897
Credit card commission expense	116,772	31,506
Interest expense on bank borrowings	109,658	145,609
Interest expense on employee termination benefits	29,872	-
Foreign exchange losses	12,366	14,161
Financial expense on derivatives	7,369	8,677
Other	12,574	2,183
	515,776	339,033

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NOTE 16 - TAX ASSETS AND LIABILITIES

	31 March 2023	31 December 2022
Corporate and income taxes payable	-	279,518
Less: Prepaid current income taxes	(156,178)	(421,482)
Taxes on income	(156,178)	(141,964)

	31 March 2023	31 December 2022
Deferred tax assets	1,175,851	1,339,348
Deferred tax liabilities	(192,621)	(176,781)
Deferred tax assets, net	983,230	1,162,567

General Information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 20% (2022: 23%).

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with TFRS. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of March 31, 2023, Turkey and Kazakhstan respectively 20% and 20% (2022: 20% and 20%).

The details of taxation on income for the periods ended 31 March 2023 and 31 March 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Current period income tax expense	-	(62,520)
Deferred tax income	(180,286)	39,835
Current period tax expense	(180,286)	(22,685)

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NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 March 2023 and 31 December 2022 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Deferred tax assets:				
Property, plant and equipment and intangible assets	3,084,586	3,233,328	626,471	651,148
Short-term provisions	784,934	999,651	156,875	199,819
Provision for employee termination benefits	699,154	1,279,290	139,831	255,858
Impact of TFRS 16	685,376	615,094	137,075	123,019
Inventories	559,190	528,383	111,838	105,677
Finance income not accrued from future sales	2,334	3,796	467	759
Other	15,418	15,111	3,294	3,068
Deferred tax assets	5,830,992	6,674,653	1,175,851	1,339,348
Deferred tax liabilities:				
Finance expense not accrued from future sales	(285,330)	(223,156)	(57,066)	(44,631)
Fair value changes of Financial investments	(540,245)	(524,212)	(135,061)	(131,053)
Fair value change of derivative financial instruments	(2,471)	(5,486)	(494)	(1,097)
Deferred tax liabilities	(828,046)	(752,854)	(192,621)	(176,781)
Total deferred tax assets, net			983,230	1,162,567

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NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

Movements of deferred tax assets and liabilities are as follows:

	2023	2022
Opening balance, 1 January	1,162,567	267,107
Deferred tax expense/(income) from continuing operations	(180,286)	58,882
Recognized on other comprehensive income	(4,625)	(113)
Currency translation differences	5,574	885
Closing balance, 31 March	983,230	326,761

NOTE 17 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The shareholders of the Company and their shareholdings stated at historical amounts at 31 March 2023 and 31 December 2022 are stated below:

	31 March 2023		31 December 2022	
	TRY	Share (%)	TRY	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	89,046	49.18	89,046	49.18
Total	181,054	100.00	181,054	100.00
Treasury shares (*)	(125,435)		(125,435)	

(*) In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TRY 2,962, corresponding to Kipa shares with a total nominal value of TRY 48,998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TRY 125,435 within the scope of separation funds.

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NOTE 18 – RELATED PARTY DISCLOSURES

a) Balances with related parties

As of 31 March 2023, and 31 December 2022, due from and due to related parties are as follows:

Trade receivables from related parties	31 March 2023	31 December 2022
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	10	2,930
Anadolu Efes Spor Kulübü	-	245
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	155
Other	336	1,996
	346	5,326

Trade payables to related parties	31 March 2023	31 December 2022
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.,	411,686	357,375
Coca Cola Satış ve Dağıtım A.Ş.,	343,176	275,389
Adel Kalemcilik Ticaret ve San, A.Ş.,	12,247	6,462
AEH Sigorta Acenteliği A.Ş.,	5,923	63,501
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San, ve Tic, A.Ş.,	4,983	9,375
Other	2,396	2,427
	780,411	714,529

b) Transactions with related parties

Significant transactions regarding purchases and sales with related parties for the periods ending on 31 March 2023 and 2022 are as follows:

Inventory purchases	1 January- 31 March 2023	1 January- 31 March 2022
Coca Cola Satış ve Dağıtım A.Ş.,	400,078	162,826
Anadolu Efes Paz, ve Dağıtım Ticaret A.Ş.,	345,458	192,370
Adel Kalemcilik Ticaret ve San, A.Ş.,	12,010	5,868
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San, ve Tic, A.Ş.,	14,562	6,403
	772,108	367,467

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NOTE 18 - RELATED PARTY DISCLOSURES (Continued)

Other transactions	1 January- 31 March 2023	1 January- 31 March 2022
Rent expenses	(4,509)	(1,610)
Other income	66	290
Other transactions, net	(4,443)	(1,320)

c) Key management compensation

The Group has determined key management personnel as chairman, members of board of directors, general manager, and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 31 March 2023 and 2022 is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Short-term benefits	56,181	24,983
	56,181	24,983

Key management compensation paid or payable consists of benefits, salaries, premiums, individual pension premiums, vehicle rents and SSI and employer shares.

NOTE 19 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the period by the weighted average number of ordinary shares outstanding during the related period. The Company has no diluted instruments.

	1 January - 31 March 2023	1 January - 31 March 2022
Net profit attributable to shareholders	559,952	158,397
Weighted average number of shares with Kr1 face value each(*000)	18,105,233	18,105,233
Earnings per share	3.09	0.87

There is no difference between basic and diluted earnings per share for any of the periods.

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NOTE 20 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. On 31 March 2023, if Euro had appreciated against TRY by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been high in the amount of TRY 254,781. (31 December 2022: TRY 127,717)

The profit before tax effect can be broken down in terms of currencies in such a way that that the change amounting to TRY 85,927 is due to the change in Euro and the change amounting to TRY 168,854 is due to US dollar. (31 December 2022: The effect of the change in the Euro is TRY 8,987, the effect of the change in the US Dollar is TRY 116,730.)

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NOTE 20 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 March 2023				31 December 2022			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY equivalent
Monetary financial assets	1,279,025	44,080	20,611	5,121	637,026	31,214	2,254	8,444
Other	170	9	-	-	168	9	-	-
Current assets	1,279,195	44,089	20,611	5,121	637,194	31,223	2,254	8,444
Total assets	1,279,195	44,089	20,611	5,121	637,194	31,223	2,254	8,444
Financial liabilities	-	-	-	-	7,181	12	349	-
Current liabilities	-	-	-	-	7,181	12	349	-
Non-monetary other liabilities	10,381	-	498	-	10,825	-	543	-
Non-current liabilities	10,381	-	498	-	10,825	-	543	-
Total liabilities	10,381	-	498	-	18,006	12	892	-

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NOTE 20 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 March 2023				31 December 2022			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY equivalent
Net asset/(liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	1,268,814	44,089	20,113	5,121	619,188	31,211	1,362	8,444
Net foreign currency asset/(liability) position of monetary items	1,279,025	44,080	20,611	5,121	637,026	31,214	2,254	8,444
Fair value hedge funds of foreign currency	-	-	-	-	351,125	-	17,614	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	58,595	3,059	-	-	399,153	21,347	-	-

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NOTE 20 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 31 March 2023 and 31 December 2022 is as follows:

31 March 2023

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	85,927	(85,927)
%20 change in USD exchange rate		
USD net asset/liability	168,854	(168,854)
Euro net effect	254,781	(254,781)

31 December 2022

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	8,987	(8,987)
%20 change in USD exchange rate		
USD net asset/liability	116,730	(116,730)
Euro net effect	125,717	(125,717)

NOTE 21 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

NOTE 22 - SUBSEQUENT EVENTS

The real estate owned by the Group and located in the Bayrampaşa Istanbul, on which the Bayrampaşa Distribution Center is located, was sold for a price of TRY 706.505.000 + VAT and a profit on the sale of tangible fixed assets of TRY 244.425.000 was realized. Conveyance of title in question was held on April 12, 2023.

In its meeting held on March 20, 2023, Migros’ Board of Directors resolved to propose distributing a cash dividend of gross TRY 2,606,9536 (net TRY 2,346,2582) per each share with 1 TRY nominal value amounting to a total of TRY 472,000 realizing a 260,70% gross dividend to the shares representing the paid-in capital of TRY 181,054 calculated for the period January-December 2022; which is to be paid starting from May 30, 2023. The proposal was approved by General Assembly on April 11, 2023.

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APPENDIX 1 - EBITDA

The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

	2023	2022	TFRS 16 Effect 2023	TFRS 16 Effect 2022	Before TFRS 16 2023	Before TFRS 16 2022
Revenue	27,183,374	12,271,397	-	-	27,183,374	12,271,397
Cost of goods sold (-)	(20,633,764)	(9,137,030)	60,370	40,338	(20,694,134)	(9,177,368)
Gross profit	6,549,610	3,134,367	60,370	40,338	6,489,240	3,094,029
General administrative expenses (-)	(431,868)	(187,801)	-	-	(431,868)	(187,801)
Marketing expenses (-)	(4,772,620)	(2,235,492)	100,337	62,899	(4,872,957)	(2,298,391)
Addition: Depreciation and amortisation expenses	430,865	252,546	239,851	151,172	191,014	101,374
EBITDA	1,775,987	963,620	400,558	254,409	1,375,429	709,211
Addition: Provision for employment termination benefit and unused vacation	40,307	111,420	-	-	40,307	111,420
EBITDA	1,816,294	1,075,040	400,558	254,409	1,415,736	820,631
Addition: Rent expense	-	-	-	-	998,608	497,986
EBITDAR	-	-	-	-	2,414,344	1,318,617

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

MİGROS TİCARET A.Ş.

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

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

(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

**APPENDIX 2 - CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE
EFFECT OF TFRS 16**

The effect of TFRS 16 standart on Group’s financial statements are presented below:

	31 March 2023	TFRS 16 EFFECT	BEFORE TFRS 16
ASSETS			
Current assets			
Prepaid expenses	479,745	855	478,890
Total current assets	23,008,490	855	23,007,635
Non-current assets:			
Prepaid expenses	171,986	(19,914)	191,900
Right of use assets	4,961,816	4,961,816	-
Deferred tax assets	983,230	136,142	847,088
Total non-current assets	17,335,270	5,078,044	12,257,226
Total assets	40,343,760	5,078,899	35,264,861
LIABILITIES			
Current liabilities			
Lease liabilities	1,407,452	1,407,452	-
Total current liabilities	29,698,989	1,407,452	28,291,537
Non-current liabilities			
Lease liabilities	4,156,629	4,156,629	-
Total non-current liabilities	5,902,838	4,156,629	1,746,209
Total liabilities	35,601,827	5,564,081	30,037,746
EQUITY			
Attributable to equity holders of parent	4,634,811	(485,182)	5,119,993
Accumulated losses/(income)	1,811,845	(432,062)	2,243,907
Net profit for the period	559,952	(53,120)	613,072
Total equity	4,741,933	(485,182)	5,227,115
TOTAL LIABILITIES AND EQUITY	40,343,760	5,078,899	35,264,861

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

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

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APPENDIX 2 - CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE
EFFECT OF TFRS 16 (Continued)

	31 March 2023	TFRS 16 EFFECT	BEFORE TFRS 16
PROFIT OR LOSS			
Revenue	27,183,374	-	27,183,374
Cost of sales (-)	(20,633,764)	60,370	(20,694,134)
Gross profit	6,549,610	60,370	6,489,240
General administrative expenses (-)	(431,868)	-	(431,868)
Marketing expenses (-)	(4,772,620)	100,337	(4,872,957)
Other operating income	97,092	-	97,092
Other operating expense (-)	(492,992)	-	(492,992)
Operating profit	949,222	160,707	788,515
Income from investing activities	4,153	-	4,153
Loss from investing activities	(1,596)	-	(1,596)
Operating income before finance expense	951,779	160,707	791,072
Financial income	310,112	-	310,112
Financial expense (-)	(515,776)	(227,165)	(288,611)
Net profit before tax from continuing operations	746,115	(66,458)	812,573
Tax expense from continuing operations	(180,286)	13,338	(193,624)
Current income tax	-	-	-
Deferred tax income	(180,286)	13,338	(193,624)
Net profit for the period	565,829	(53,120)	618,949

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