

MİGROS TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2023**

(ORIGINALLY ISSUED IN TURKISH)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023**

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**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS AS OF
30 SEPTEMBER 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	Unaudited 30 September 2023	Audited 31 December 2022
ASSETS			
Current assets:			
Cash and cash equivalents		14,810,983	7,678,469
Financial investments		2,572	388,086
Trade receivables		838,981	487,262
-Trade receivables from related parties	18	1,782	5,326
-Trade receivables from third parties		837,199	481,936
Other receivables		1,367,963	62,041
-Other receivables from third parties		1,367,963	62,041
Derivative instruments		-	2,454
Inventories	6	17,765,179	10,904,668
Prepaid expenses		466,105	443,527
Current income tax assets	16	-	141,964
Other current assets		54,127	14,844
Total current assets		35,305,910	20,123,315
Non-current assets:			
Financial investments		990,061	602,846
Other receivables		16,833	583,028
-Other receivables from third parties		16,833	583,028
Derivative instruments		-	3,031
Property, plant and equipment	3	8,670,930	6,965,964
Right of use assets	5	6,401,850	4,287,137
Intangible assets		2,791,249	2,570,374
-Goodwill		2,341,178	2,341,178
-Other intangible assets	4	450,071	229,196
Prepaid expenses		425,342	125,606
Deferred tax assets	16	1,392,387	1,162,567
Total non-current assets		20,688,652	16,300,553
Total assets		55,994,562	36,423,868

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

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	Notes	Unaudited 30 September 2023	Audited 31 December 2022
LIABILITIES			
Current liabilities:			
Short term borrowings		852,764	408,635
-Bank loans	7	852,764	408,635
Short term portion of long term borrowings		2,265,711	2,034,406
-Bank loans	7	696,844	825,390
-Lease liabilities		1,568,867	1,209,016
Trade payables		33,463,727	21,039,843
-Trade payables to related parties	18	1,768,384	714,529
-Trade payables to third parties		31,695,343	20,325,314
Payables related to employee benefits	9	1,787,977	752,207
Other payables		254,328	357,960
-Other payables to third parties		254,328	357,960
Deferred income		575,010	342,257
Current tax liabilities	16	292,338	-
Short term provisions		873,796	1,037,111
-Short term provisions for employee benefits	9	624,784	572,201
-Other short term provisions	8	249,012	464,910
Other current liabilities		10,222	37,858
Total non-current liabilities		40,375,873	26,010,277
Non-current liabilities:			
Long term borrowings		6,580,378	5,012,249
-Bank loans	7	1,158,033	1,406,748
-Lease liabilities		5,422,345	3,605,501
Other payables		40,437	32,234
-Other payables to third parties		40,437	32,234
Deferred income		306,698	67
Long term provisions		484,370	1,279,290
-Long term provisions for employee benefits	9	484,370	1,279,290
Total non-current liabilities		7,411,883	6,323,840
Total liabilities		47,787,756	32,334,117

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**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS AS OF
30 SEPTEMBER 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	Unaudited 30 September 2023	Audited 31 December 2022
EQUITY			
Share capital	17	181,054	181,054
Additional contribution to share capital		22,074	22,074
Repurchased shares	17	(125,435)	(125,435)
Other comprehensive income/(expense)			
not to be classified to profit or loss		638,403	1,044,536
-Defined benefit plans re-measurement (losses)		(731,479)	(731,479)
-Revaluation fund of property, plant and equipment		1,369,882	1,776,015
Other accumulated comprehensive income/expense			
to be classified to profit or loss		751,823	593,987
-Currency translation differences		163,756	200,828
-Gains on financial assets measured			
...at fair value through OCI		588,067	393,159
Restricted reserves		62,198	526,476
Accumulated gains/(losses)		2,255,657	(767,287)
Net income for the period		4,233,799	2,570,283
Non-controlling interest		187,233	44,063
Total equity		8,206,806	4,089,751
Total liabilities and equity		55,994,562	36,423,868

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MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE
INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 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 - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	10	101,856,407	41,721,863	50,053,890	21,819,125
Cost of sales (-)	11	(77,805,054)	(31,723,742)	(37,530,295)	(16,469,745)
Gross profit		24,051,353	9,998,121	12,523,595	5,349,380
General administrative expenses (-)	11	(1,643,037)	(686,686)	(643,267)	(252,138)
Marketing expenses (-)	11	(16,913,316)	(6,864,295)	(8,312,104)	(3,376,540)
Other operating income	12	710,695	469,592	361,994	147,575
Other operating expenses (-)	12	(2,273,513)	(1,111,113)	(1,609,694)	(688,585)
Operating profit		3,932,182	1,805,619	2,320,524	1,179,692
Income from investment activities	13	302,737	14,611	77,534	(2,840)
Expenses from investment activities (-)	13	(11,725)	(3,981)	(3,908)	(5)
Operating income before financial income		4,223,194	1,816,249	2,394,150	1,176,847
Financial income	14	2,170,858	937,853	475,742	227,867
Financial expense (-)	15	(1,970,948)	(859,121)	(1,094,219)	(387,962)
Net income before tax		4,423,104	1,894,981	1,775,673	1,016,752
Tax expense, (income) for the period		(157,592)	289,691	(360,872)	(204,758)
Income tax expense (-)	16	(458,052)	(190,904)	(437,454)	(211,802)
Deferred tax income	16	300,460	480,595	76,582	7,044
Net income for the period		4,265,512	2,184,672	1,414,801	811,994
Net income attributable to:					
- Non-controlling interest		31,713	10,478	8,874	5,273
- Equity holders of parent	19	4,233,799	2,174,194	1,405,927	806,721
Profit per share (TRY)	19	23.38	12.01	7.77	4.46

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**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD ENDED 1 JANUARY- 30 SEPTEMBER 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.)

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Net income for the period	4,265,512	2,184,672	1,414,801	811,994
Items that not to be reclassified to profit or loss				
<i>Revaluation of fund of property, plant and equipment</i>	-	-	2,583	744
Tax effect of items not to be reclassified to profit or loss				
<i>Tax effect of revaluation fund of property, plant and equipment</i>	46,528	1,281	(517)	(149)
Items to be reclassified to profit or loss				
-Other comprehensive income on financial assets at fair value through other comprehensive income	314,820	58,411	-	-
-Currency translation differences	(37,072)	1,533	8,063	1,658
Taxes on other comprehensive income that will be reclassified to profit or loss				
-Tax effect other comprehensive income on financial assets „at fair value through other comprehensive income	(119,912)	(55,810)	-	-
Other comprehensive income, after tax	204,364	5,415	10,129	2,253
Total comprehensive income	4,469,876	2,190,087	1,424,930	814,247
Allocation of total comprehensive income				
-Non-controlling interests	31,713	10,478	8,874	5,273
-Equity holders of parents	4,438,163	2,179,609	1,416,056	808,974

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2023 AND 2022

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

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	Share capital	Other capital reserves	Treasury shares	Additional contribution share capital	Defined benefit plans re-measurement (losses)/gains	Other comprehensive income / expense not to be reclassified to profit or loss Increase of revaluation fund of fixed assets	Other comprehensive income / expense to be reclassified to profit or loss Gains on financial assets at fair value comprehensive income	Foreign currency translation difference	Retained earnings Accumulated losses	Net income for the period	Attributable to equity holder of the parent	Non - controlling interests	Total equity
Balances at 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	-	-	-	(25,658)	-	-	108,280	(358,881)	-	-	-
Transactions with entities with non-controlling interests	-	-	-	-	-	-	-	-	34,476	-	34,476	36,556	71,032
Total comprehensive income	-	-	-	-	-	2,066	-	8,063	-	1,405,927	1,416,056	8,874	1,424,930
Net income for the period	-	-	-	-	-	-	-	-	-	1,405,927	1,405,927	8,874	1,414,801
Currency translation differences	-	-	-	-	-	-	-	8,063	-	-	8,063	-	8,063
Increase of revaluation fund of property, plant and equipment	-	-	-	-	-	2,066	-	-	-	-	2,066	-	2,066
Balances at 30 September 2022	181,054	526,476	(125,435)	22,074	1,118	690,416	-	57,053	(772,087)	1,405,927	1,986,596	45,430	2,032,026
Balances at 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	-	-	-	-	-	(452,661)	-	-	3,022,944	(2,570,283)	-	-	-
Transactions with entities with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	111,457	111,457
Dividends paid	-	(464,278)	-	-	-	-	-	-	-	-	(464,278)	-	(464,278)
Total comprehensive income	-	-	-	-	-	46,528	194,908	(37,072)	-	4,233,799	4,438,163	31,713	4,469,876
Net income for the period	-	-	-	-	-	-	-	-	-	4,233,799	4,233,799	31,713	4,265,512
Currency translation differences	-	-	-	-	-	-	-	(37,072)	-	-	(37,072)	-	(37,072)
Gain on revaluation and measurement	-	-	-	-	-	-	194,908	-	-	-	194,908	-	194,908
Increase of revaluation fund of property, plant and equipment	-	-	-	-	-	46,528	-	-	-	-	46,528	-	46,528
Balances at 30 September 2023	181,054	62,198	(125,435)	22,074	(731,479)	1,369,882	588,067	163,756	2,255,657	4,233,799	8,019,573	187,233	8,206,806

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2023
AND 2022**

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	Notes	1 January - 30 September 2023	1 January - 30 September 2022
Cash flows from operating activities:			
Net profit for the period		4,265,512	1,414,801
Adjustments related to reconciliation of net profit for the period		3,387,517	3,534,466
Adjustments for depreciation and amortisation expenses	11	1,500,040	848,801
Adjustments for impairment on receivables	12	7,612	10,853
Adjustments for inventory provisions	6	162,420	85,684
Adjustments for impairment on property, plant and equipment	13	11,725	3,004
Adjustments for provision for employee benefits	9	516,004	349,048
Adjustments for provision for litigation	12	65,346	38,805
Adjustments for other provisions		(223,671)	-
Adjustments for interest income	14	(1,284,133)	(325,363)
Adjustments for interest expense	15	1,157,124	880,833
Adjustments for deferred financing due to forward purchases expenses	12	2,091,150	1,546,278
Adjustments for unearned finance income from sales	12	(422,798)	(303,152)
Adjustments for unrealized foreign exchange losses related to bank borrowings	7	37,981	24,754
Adjustments for fair value losses arising from derivatives	14, 15	13,862	21,651
Adjustments for income tax expense	16	157,592	360,872
Loss on sale of property plant and equipment	13	(302,737)	(7,602)
Changes in net working capital		6,601,010	1,961,611
Adjustments for increase in trade receivables		(354,739)	(383,980)
Adjustments for increase in inventories		(7,022,931)	(4,205,282)
Adjustments for increase in other receivables related with operations		(1,325,325)	(1,221,443)
Adjustments for increase in trade payables		13,071,117	7,592,478
Adjustments for increase in other payables related with operations		2,232,888	179,838
Cash flows from operating activities		14,354,039	6,910,878
Employee benefits paid	9	(1,258,341)	(89,942)
Interest received		418,206	578,107
Interest paid		(2,738,383)	(1,602,170)
Taxes paid		(62,789)	(237,074)
Other provisions paid	8	(300,408)	(407,929)
Net cash provided by operating activities		10,412,324	5,151,870

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	Notes	1 January - 30 September 2023	1 January - 30 September 2022
Investing activities			
Cash outflows from the purchase of tangible and intangible assets	3,4	(3,014,199)	(898,822)
Cash inflows from the sale of tangible and intangible assets		788,200	36,743
Obtaining control of subsidiaries			
cash outflows for purchases		-	(104,500)
Cash flows from investing activities		(2,225,999)	(966,579)
Financing activities			
Cash inflows from financial liabilities	7	912,250	708,000
Cash outflows from repayments of borrowings	7	(960,741)	(834,882)
Cash outflows from repayment of derivative instruments		(8,376)	(2,726)
Interest received	14	1,284,133	325,363
Interest paid		(326,629)	(400,392)
Dividends paid		(464,278)	-
Cash outflows from payments of lease liabilities		(1,363,990)	(823,411)
Cash flows from financing activities		(927,631)	(1,028,048)
Effect of foreign currency translation differences on cash and cash equivalents		(126,180)	42,447
Net increase in cash and cash equivalents		7,132,514	3,199,690
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		14,810,983	6,832,031

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023**

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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 and subsidiaries. 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, media (marketing of media assets) and shopping mall management.

As of 30 September 2023, the Group has a total sales area of 1,882,297 m2 (31 December 2022: 1,796,075 m2) with a retail store area of 1,897,464 m2 and a wholesale store area of 15,167 m2, 3,178 retail stores and 27 wholesale stores, operates in a total of 3,205 (31 December 2022: 2,908) stores. As of the end of the period as of 30 September 2023, the total number of employees of the Group is 51,275. (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 1 November 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 regulatories 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	30 September 2023 (%)	31 December 2022 (%)
Ramstore Kazakhstan LLC	Kazakhstan	Kazakhstan	Shopping centre management	100.0	100.0
Mimeda Medya Platform A.Ş.	Turkey	Turkey	Media	100.0	100.0
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.	Turkey	Turkey	Services limited by e-money legislation	80.0	80.0
Paket Lojistik ve Teknoloji 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. (*)	Turkey	Turkey	Charging service	100.0	100.0

(*) It is not included in the scope of consolidation on the grounds of materiality.

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 companies of the Group operating in Turkey keep their accounting records and legal financial statements in accordance with the accounting and financial reporting standards (“CMB Financial Reporting Standards”) accepted by the Capital Markets Board (“CMB”), Turkish Commercial Code (“TTK”) and in Turkish Lira in accordance with the provisions of the Tax Legislation and the requirements of the Uniform Chart of Accounts published by the Ministry of Finance. The subsidiary operating abroad, on the other hand, prepares its accounting records and statutory financial statements in accordance with the laws and regulations of the country in which it operates.

The interim 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.

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

2.1 Basis of Presentation (Continued)

The interim condensed consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board's Communiqué Series II, No. 14.1 “Principles of Financial Reporting in the Capital Markets” (“Communiqué”) published in the Official Gazette dated 13 June 2013 and numbered 28676. Pursuant to Article 5, the Turkish Financial Reporting Standards, which were put into effect by the Public Oversight, Accounting and Auditing Standards Authority, and their annexes and comments are taken as basis.

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 interim 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 condensed 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 condensed consolidated financial statements as of 30 September 2023.

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

2.1 Basis of Presentation (Continued)

2.1.2 Changes in the accounting policies, estimates and errors

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 it is necessary and significant differences are disclosed.

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

To ensure consistency with the presentation of the consolidated financial statements of the interim period 1 January- 30 September 2023, in-store production expenses of TRY 20,958 reported in marketing expenses were classified under sales expenses in the consolidated income statement of the 01 January- 30 September 2022 period. Also, to ensure consistency with the presentation of the consolidated financial statements of the interim period 1 January- 30 September 2023, account interest income of TRY 277,336 reported under “Other Operating Income” was classified under “Financial Income” in the consolidated income statement of the 01 January- 30 September 2022 period.

2.1.3 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 30 September 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.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 September 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.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** ; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

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

2.2 New and Amended Turkish Financial Reporting Standards (Continued)

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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 at 30 September 2023 is as follows;

	1 January 2023	Additions (*)	Disposals	Impairment loss(*)	Transfers	Currency translation differences	30 September 2023
Cost							
Lands	1,319,758	-	(462,080)	-	-	262	857,940
Buildings	1,765,598	8,995	-	-	2,442	124,328	1,901,363
Leasehold improvements	1,557,923	312,594	-	(20,670)	181,410	-	2,031,257
Machinery and equipments	2,872,830	611,179	(7,617)	-	453,631	2,126	3,932,149
Motor vehicles	178,545	154,641	(27,481)	-	-	-	305,705
Furniture and fixtures	1,329,665	244,956	(1,005)	-	163,044	2,095	1,738,755
Construction in progress	376,544	1,303,446	-	-	(800,527)	-	879,463
	9,400,863	2,635,811	(498,183)	(20,670)	-	128,811	11,646,632
Accumulated depreciation							
Buildings	(118,389)	(41,037)	-	-	-	(40,999)	(200,425)
Leasehold improvements	(645,688)	(153,585)	-	8,945	-	-	(790,328)
Machinery and equipments	(1,033,066)	(201,982)	6,118	-	-	(2,606)	(1,231,536)
Motor vehicles	(39,260)	(43,809)	7,887	-	-	-	(75,182)
Furniture and fixture	(598,496)	(79,668)	775	-	-	(842)	(678,231)
	(2,434,899)	(520,081)	14,780	8,945	-	(44,447)	(2,975,702)
Net book value	6,965,964						8,670,930

(*) Impairment loss amounting to TRY 11,725 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 at 30 September 2022 is as follows;

	1 January 2022	Additions (*)	Disposals	Impairment loss (**)	Transfers	Currency translation differences	30 September 2022
Cost							
Lands	764,754	-	(14,800)	-	-	133	750,087
Buildings	842,943	3,816	(22,280)	-	1,951	56,652	883,082
Leasehold improvements	1,159,929	82,007	-	(3,697)	46,416	-	1,284,655
Machinery and equipments	1,881,148	202,075	(9,970)	-	217,198	5,284	2,295,735
Motor vehicles	12,700	71,300	(2,809)	-	4,640	2,775	88,606
Furniture and fixtures	1,014,631	92,005	(10,331)	-	60,105	1,070	1,157,480
Construction in progress	168,340	490,644	-	-	(330,310)	-	328,674
	5,844,445	941,847	(60,190)	(3,697)	-	65,914	6,788,319
Accumulated depreciation							
Buildings	(76,131)	(19,703)	1,302	-	-	(13,574)	(108,106)
Leasehold improvements	(588,814)	(69,525)	-	693	-	-	(657,646)
Machinery and equipments	(867,253)	(130,699)	7,673	-	-	(2,976)	(993,255)
Motor vehicles	(5,171)	(26,614)	13	-	-	-	(31,772)
Furniture and fixture	(556,650)	(55,537)	7,680	-	-	(913)	(605,420)
	(2,094,019)	(302,078)	16,668	693	-	(17,463)	(2,396,199)
Net book value	3,750,426						4,392,120

(*) As of 30 September 2022, additions include costs amounting to TRY 91,358 accumulated depreciation amounting to TRY 30,776 and depreciation expense amounting to TRY 18,865 due to subsidiaries included in the consolidation as of 30 September 2022.

(**) Impairment loss amounting to TRY 3,004 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 at 30 September 2023 is as follows;

	1 January 2023	Additions	Disposals	Transfers	Currency translation differences	30 September 2023
Cost						
Trademark	2,787	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	39,131
Rights	722,553	369,389	-	-	-	1,091,942
Other intangible assets	171,362	8,999	(12,832)	-	4,678	172,207
	935,833	378,388	(12,832)	-	4,678	1,306,067
Accumulated amortisation						
Rent agreements	(38,088)	(1,043)	-	-	-	(39,131)
Rights	(547,007)	(154,354)	-	-	-	(701,361)
Other intangible assets	(121,542)	(2,263)	10,772	-	(2,471)	(115,504)
	(706,637)	(157,660)	10,772	-	(2,471)	(855,996)
Net book value	229,196					450,071

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NOTE 4 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets period ended at 30 September 2022 is as follows;

	1 January 2022	Additions (*)	Disposals	Transfers	Currency translation differences	30 September 2022
Cost						
Trademark	2,787	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	39,131
Rights	568,068	52,153	-	-	2,372	622,593
Other intangible assets	170,167	427	-	-	-	170,594
	780,153	52,580	-	-	2,372	835,105
Accumulated amortisation						
Rent agreements	(37,132)	(717)	-	-	-	(37,849)
Rights	(413,673)	(58,609)	-	-	(2,134)	(474,416)
Other intangible assets	(120,329)	(905)	-	-	-	(121,234)
	(571,134)	(60,231)	-	-	(2,134)	(633,499)
Net book value	209,019					201,606

(*) As of 30 September 2022, additions include costs amounting to TRY 4,274, accumulated amortisation amounting to TRY 4,081 and amortisation expense TRY 2,306 due to subsidiaries included in the consolidation as of 30 September 2022.

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

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NOTE 5 - RIGHT OF USE ASSETS

For 30 September 2023 and 2022, movements of right of use assets are as follows:

Cost	1 January 2023	Additions	Disposals	30 September 2023
Buildings	6,473,505	3,091,363	(244,808)	9,320,060
	6,473,505	3,091,363	(244,808)	9,320,060
Accumulated Amortisation				
Buildings	(2,186,368)	(822,299)	90,457	(2,918,210)
	(2,186,368)	(822,299)	90,457	(2,918,210)
Net book value	4,287,137			6,401,850
Cost	1 January 2022	Additions (*)	30 September 2022	
Buildings		4,264,990	1,433,948	5,698,938
		4,264,990	1,433,948	5,698,938
Accumulated Amortisation				
Buildings		(1,479,524)	(500,729)	(1,980,253)
		(1,479,524)	(500,729)	(1,980,253)
Net book value		2,785,466		3,718,685

(*) As of 30 September 2022, cost amounting to TRY 10,056, accumulated depreciation amounting to TRY 3,347 and depreciation expense amounting to TRY 732 included in right-of-use asset additions as a result of companies included in the consolidation for the first time as of 30 September 2022.

Amortisation expenses related to right of use asset have been accounted under marketing expenses.

NOTE 6 - INVENTORIES

	30 September 2023	31 December 2022
Finished goods and commodities	17,671,861	10,869,197
Work in progress	284,575	151,804
Raw materials	151,370	79,645
Other	63,998	48,227
Less: Provision for impairment on inventory	(406,625)	(244,205)
	17,765,179	10,904,668

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NOTE 7 - FINANCIAL LIABILITIES

	30 September 2023		
	Effective interest rate (%)	In original currency	Total TRY equivalent
Short term borrowings			
Fixed interest rate - TRY	30.42	852,764	852,764
Total short term borrowings			852,764
Current portion of long term borrowings			
Fixed interest rate - TRY	21.85	635,046	635,046
Kazakhstan loan - Tenge	13.97	1,069,723	61,798
Total current portion of long term borrowings			696,844
Total short term borrowings			1,549,608
Long term borrowings			
Fixed interest rate - TRY	23.03	1,130,687	1,130,687
Kazakhstan loan - Tenge	13.97	473,359	27,346
Total long term borrowings			1,158,033
Total financial liabilities			2,707,641

The redemption schedule of borrowings with effective interest rate at 30 September 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 October 2023 - 30 September 2024	61,798	1,487,810	1,549,608
1 October 2024 - 30 September 2025	27,346	702,362	729,708
1 October 2025 - 30 September 2026	-	283,247	283,247
1 October 2026 - 14 December 2026	-	145,078	145,078
	89,144	2,618,497	2,707,641

The fair value of borrowings at 30 September 2023 is TRY 2,534,492.

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of borrowings at 30 September 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 October 2023 - 30 September 2024	58,098	1,139,544	1,197,642
1 October 2024 - 30 September 2025	29,363	767,436	796,799
1 October 2025 - 30 September 2026	-	341,023	341,023
1 October 2026 - 14 December 2026	-	235,408	235,408
	87,461	2,483,411	2,570,872

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 30 September 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 October 2023 - 30 September 2024	67,475	1,596,198	1,663,673
1 October 2024 - 30 September 2025	31,461	1,012,334	1,043,795
1 October 2025 - 30 September 2026	-	418,557	418,557
1 October 2026 - 14 December 2026	-	258,359	258,359
	98,936	3,285,448	3,384,384

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 30 September 2023 are in line with the provisions of the bank loan agreement.

The movement schedules of borrowings as of 30 September 2023 and 2022 are as follows;

	2023	2022
Beginning balance, as of January 1,	2,640,773	2,971,319
Proceeds of borrowings	912,250	708,000
Payments (-)	(960,741)	(834,882)
Foreign exchange losses	37,981	24,754
Interest accrual	77,378	12,951
<u>Change due to the effect of first time consolidation</u>	<u>-</u>	<u>21,015</u>
Ending balance, as of September 30,	2,707,641	2,903,157

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

	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

The redemption schedule of borrowings with effective interest rate at 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 at 31 December 2022 is TRY 2,382,017.

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of bank borrowings at 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 at 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

NOTE 8 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	30 September 2023	31 December 2022
Provision for litigation	159,571	151,798
Provision for personnel expenses	67,163	309,998
Provision for customer loyalty programs	22,278	3,114
	249,012	464,910

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

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
Beginning balance, as of January 1,	151,798	121,537
Increase during period	65,346	38,805
Payments (-)	(57,573)	(19,675)
Ending balance, as of September 30,	159,571	140,667

Collaterals, Pledges, Mortgages

30 September 2023:

	TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company’s legal personality	918,760	910,444	282	20
B. CPM given on behalf of fully consolidated subsidiaries	89,144	-	3,250	-
Total collaterals, pledges and mortgages	1,007,904	910,444	3,250	20
Proportion of the other CPM’s to equity (%)	-			

31 December 2022:

	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 (%)	-			

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

Contingent assets and liabilities

Guarantees given at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Letter of guarantees given	1,007,904	574,083
	1,007,904	574,083

Guarantees received at 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Guarantees obtained from customers	1,107,763	448,876
Mortgages obtained from customers	33,632	25,522
	1,141,395	474,398

NOTE 9 - EMPLOYEE BENEFITS

Payables within the scope of employee benefits as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Payables to personnel	1,053,027	425,106
Social security payables	734,950	327,101
	1,787,977	752,207

Employee benefits are as of 30 September 2023 and 31 December 2022 as follows:

	30 September 2023	31 December 2022
Provision for unused vacation	624,784	572,201
Provision for employment termination benefits	484,370	1,279,290
	1,109,154	1,851,491

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NOTE 9 - EMPLOYEE BENEFITS (Continued)

Movements of provision for unused vacation for the periods ended in 30 September 2023 and 2022 are as follows:

	2023	2022
Beginning balance, as of January 1,	572,201	187,690
Increase during period	344,501	205,150
Payments during period (-)	(291,918)	(16,396)
Ending balance, as of September 30,	624,784	376,444

Movements of provision for employee termination benefits for the periods ended in 30 September 2023 and 2022 are as follows:

	2023	2022
Beginning balance, as of January 1,	1,279,290	383,554
Provision during period	171,503	143,898
Payments during period (-)	(966,423)	(73,546)
Ending balance, as of September 30,	484,370	453,906

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.

In the interim condensed consolidated financial statements as of 30 September 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 23,489.83 effective from 1 July 2023 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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NOTE 10 - REVENUE

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Domestic sales	103,307,110	42,121,011	50,792,600	22,065,098
Other sales	279,817	165,683	93,660	63,554
Gross sales	103,586,927	42,286,694	50,886,260	22,128,652
Discounts and returns (-)	(1,730,520)	(564,831)	(832,370)	(309,527)
Sales revenue, net	101,856,407	41,721,863	50,053,890	21,819,125
Cost of sales (-)	(77,805,054)	(31,723,742)	(37,530,295)	(16,469,745)
Gross profit	24,051,353	9,998,121	12,523,595	5,349,380

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Retail sales revenue	99,571,789	40,869,602	48,734,169	21,231,599
Wholesale revenue	3,214,605	1,044,682	1,767,651	710,609
Rent income	520,716	206,727	290,780	122,890
	103,307,110	42,121,011	50,792,600	22,065,098

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NOTE 11 - EXPENSE BY NATURE

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel expenses	9,657,147	3,903,391	4,326,045	1,690,012
Rent and common area	2,598,759	1,079,033	1,228,623	539,267
Energy	1,603,320	658,770	1,015,908	491,046
Depreciation and amortisation	1,500,040	589,123	848,801	316,688
Porterage and cleaning	641,683	269,801	299,659	122,128
Advertising	679,874	300,245	203,253	45,376
Information technology maintenance	583,197	250,677	293,711	117,537
Repair and maintenance	289,252	144,223	141,703	64,922
Security	171,833	73,043	80,192	31,454
Communication	105,211	43,746	22,175	7,523
Taxes and other fees	88,000	30,485	33,722	11,028
Other	638,037	208,444	461,579	191,697
	18,556,353	7,550,981	8,955,371	3,628,678
Marketing expenses	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel expenses	8,371,318	3,361,545	3,831,730	1,504,406
Rent and common area	2,566,782	1,065,215	1,213,923	533,784
Energy	1,589,750	651,311	1,011,656	489,181
Depreciation and amortisation	1,500,040	589,123	848,801	316,688
Advertising	679,390	300,330	203,052	45,235
Porterage and cleaning	625,276	262,949	291,969	119,100
Information technology maintenance	545,294	230,671	277,332	110,906
Repair and maintenance	283,371	141,385	139,355	64,097
Security	164,624	69,263	77,290	30,341
Communication	96,625	39,987	19,675	6,558
Taxes and other fees	75,780	24,321	30,252	9,101
Other	415,066	128,195	367,069	147,143
	16,913,316	6,864,295	8,312,104	3,376,540

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NOTE 11 - EXPENSE BY NATURE (Continued)

General administrative expenses

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Personnel expenses	1,285,829	541,846	494,315	185,606
Other	357,208	144,840	148,952	66,532
	1,643,037	686,686	643,267	252,138

Expenses by nature in cost of sales for the periods 1 January - 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Cost of goods sold	74,525,062	28,511,259	37,458,346	16,437,423
Cost of service rendered	3,279,992	3,212,483	71,949	32,322
	77,805,054	31,723,742	37,530,295	16,469,745

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 - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest income on term sales	422,798	226,312	303,152	130,834
Competition board restructuring	194,127	194,127	-	-
Other	93,770	49,153	58,842	16,741
	710,695	469,592	361,994	147,575

Other operating expenses	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest expense on term purchases (*)	2,091,150	1,080,389	1,546,278	666,114
Litigation provision	65,346	10,926	38,805	13,209
Bad debt provision expense	7,612	-	10,853	1,271
Other (**)	109,405	19,798	13,758	7,991
	2,273,513	1,111,113	1,609,694	688,585

(*) 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 15.4%; (2022: 18.2%)

(**) The part of TRY 78,381 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 - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Gain on sale of property, plant and equipment	302,737	14,611	8,506	3,874
Subsidiary fair value gain	-	-	49,000	750
Currency protected deposit income	-	-	20,028	(7,464)
	302,737	14,611	77,534	(2,840)

Expense from investing activities

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Losses from leasehold improvements of closed stores (Note 3)	11,725	3,981	3,004	-
Losses on sale of property, plant and equipment	-	-	904	5
	11,725	3,981	3,908	5

NOTE 14 - FINANCIAL INCOME

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest income on bank deposits	1,284,133	723,170	325,363	166,385
Foreign exchange gains	886,725	214,683	147,648	60,768
Financial income on derivatives	-	-	2,731	714
	2,170,858	937,853	475,742	227,867

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NOTE 15 - FINANCIAL EXPENSES

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Interest expense on lease liabilities	757,167	284,027	457,280	169,074
Credit card commission expenses	592,586	351,041	140,087	54,488
Interest expense on bank borrowings	399,957	157,365	423,553	134,300
Interest expense on provision for employment termination benefits	89,615	29,872	-	-
Foreign exchange losses	55,712	24,596	34,370	3,126
Financial expense on derivatives	13,862	-	24,382	19,544
Other	62,049	12,220	14,547	7,430
	1,970,948	859,121	1,094,219	387,962

NOTE 16 - TAX ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Corporate and income taxes payable	456,966	279,518
Less: Prepaid current income taxes	(164,628)	(421,482)
Taxes on income	292,338	(141,964)

	30 September 2023	31 December 2022
Deferred tax assets	1,909,216	1,336,280
Deferred tax liabilities	(516,739)	(173,713)
Deferred tax assets, net	1,392,387	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 25% (2022:23%).

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NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

“Law No. 7456 on Amending the Application of Additional Motor Vehicle Tax, on Certain Laws and on Provision No. 375 to Compensate for the Economic Losses Arising From Earthquakes on 6 February 2023” was published in Official Gazette No. 32249 dated 15 July 2023. The corporate income tax rate is defined in article 21 of this law, as well as in this provision of the first paragraph of the 32nd article of Corporate Income Tax Law No. 5520: “Corporate tax is 20% of the corporate earnings. The corporate tax rate was increased to 25% for banks, companies in the scope of Law No. 6361, electronic payment and currency institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.”

The Group calculates its assets and liabilities related to deferred income by considering the temporary timing differences between taxable legal financial statements and financial statements prepared according to TFRS. As of 30 September 2023, the rate applied for the deferred tax assets and liabilities calculated according to the liability method for temporary differences occurring in future periods for Turkey and Kazakhstan are 25% and 20%, respectively (2022: 23% and 20%, respectively).

Tax Advantages Obtained Under the Investment Incentive System

Earnings from the Group's investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, as of September 30, 2023, the Group has recognized deferred tax assets amounting to TRY 7,351 (December 31, 2022: nil) which will be utilized in the foreseeable future. As a result of the recognition of the tax advantage as of 30 September 2023, deferred tax income amounting to TRY 7,351 has been recognized in the statement of profit or loss for the period 1 January- 30 September 2023.

Within the scope of the incentive certificates summarized above, a reduced corporate tax advantage of TRY 635 (September 30, 2022: TRY 1,755) has been used in the current period statutory tax provision.

R&D Incentives

The Group capitalizes R&D expenditures in its statutory books within the scope of Law No. 5746. In accordance with the provisions of the same law, the Group uses R&D discount exemption for the portion of the expenditures allowed by the law by calculating the R&D expenditures made by the Group within the framework of the relevant legislation.

As of September 30, 2023, the Group has used R&D discount exemption amounting to TRY 48,820 (September 30, 2022: TRY 13,819) against statutory tax.

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NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

The details of tax expense for the periods 1 January- 30 September 2023 and 2022 are as follows:

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Current period				
income tax expense	(458,052)	(190,904)	(437,454)	(211,802)
Deferred tax income	300,460	480,595	76,582	7,044
Current period tax expense	(157,592)	289,691	(360,872)	(204,758)

Deferred tax

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 30 September 2023 and 31 December 2022 using the currently enacted tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Deferred tax assets:				
Property, plant and equipment and intangible assets	4,497,930	3,233,328	1,126,164	651,148
Short term provisions	820,863	999,651	205,579	199,819
Inventories	1,133,100	528,383	283,275	105,677
TFRS 16 effect	690,303	615,094	172,576	123,019
Provision for employee termination benefits	472,412	1,279,290	119,435	255,858
Finance income not accrued from future sales	8,388	3,796	2,097	759
Deferred tax assets	7,622,996	6,659,542	1,909,126	1,336,280
Deferred tax liabilities:				
Finance expense not accrued from future sales	(876,900)	(223,156)	(217,412)	(44,631)
Financial investment fair value change	(836,550)	(524,212)	(250,965)	(131,053)
Fair value change of derivative financial instruments	-	(5,486)	-	(1,097)
Other	(184,184)	15,111	(48,362)	3,068
	(1,897,634)	(737,743)	(516,739)	(173,713)
Total deferred tax assets, net			1,392,387	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, as of January 1,	1,162,567	267,107
Deferred tax income from continuing operations	300,460	76,582
Recognized on other comprehensive income	(73,384)	(517)
Currency translation difference	2,744	(24)
Closing balance, as of September 30,	1,392,387	343,148

NOTE 17 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2023 and 31 December 2022 are stated below:

	30 September 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.

Dividend Distribution

Publicly traded companies make dividend distributions in accordance with the Capital Markets Board Communiqué on Dividends No. II-19.1 enacted on 01 February 2014.

Partnerships distribute profits with a decision from the general board, within the framework of profit distribution policies determined by the general assemblies and in accordance with related legislation provisions. As per the related Communiqué, a minimum distribution rate was not set. Companies pay dividends as specified in their articles of association or profit distribution policies. Also, dividends may be paid in equal or unequal instalments and dividend advances may be distributed in cash based on the profit in the interim financial statements.

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NOTE 17 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

If legal reserves and dividends determined for shareholders in articles of association or dividend distribution policies are not allocated as per the TCC, no other legal reserve can be allocated or transferred until the following year, and no dividend is distributed to beneficial interest certificate holders, members of the board of directors, employees of the partnership or those other than shareholders. Also, no dividend is distributed to such parties unless the dividends determined for the shareholders are not paid in cash.

In the general board meeting of 11 April 2023, the general board decision was made to pay non-resident shareholders who earn dividends via a workplace in Turkey or a permanent establishment a TRY 2.6069536 gross=net cash dividend of 260.69536% for shares with a nominal worth of TRY 1.00, to pay other shareholders a TRY 2.6069536 gross cash dividend of 260.69536% for shares with a nominal worth of TRY 1.00, a TRY 2.3462582 net cash dividend of 234.62582% out of other resources planned to be allocated. It was decided that this total payment of TRY 472 million (TRY 464 million excluding repurchased shares) shall be made in on 1 June 2023.

NOTE 18 – RELATED PARTY DISCLOSURES

a) Balances with related parties

As of 30 September 2023 and 31 December 2022, due from and due to related parties are as follows:

Trade receivables from related parties	30 September 2023	31 December 2022
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	1,325	2,930
Anadolu Sağlık Merkezi İktisadi İşletmesi	266	-
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	155
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	3	245
Other	188	1,996
	1,782	5,326
Trade payables to related parties	30 September 2023	31 December 2022
Coca Cola Satış ve Dağıtım A.Ş.	874,298	275,389
Efes Pazarlama ve Dağıtım Ticaret A.Ş.	809,951	357,375
Adel Kalemcilik Ticaret ve San. A.Ş.	64,732	6,462
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	15,889	9,375
AEH Sigorta Acenteliği A.Ş.	2,113	63,501
Other	1,401	2,427
	1,768,384	714,529

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NOTE 18 – RELATED PARTY DISCLOSURES (Continued)

b) Transactions with related parties

Significant transactions regarding purchases and sales with related parties for the periods ending on 30 September 2023 and 2022 are as follows:

Inventory purchases

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Coca Cola Satış ve Dağıtım A.Ş.,	1,972,834	954,717	874,602	429,855
Efes Paz. ve Dağıtım Ticaret A.Ş.,	1,641,354	796,023	882,648	403,235
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San, ve Tic, A.Ş.,	61,451	26,601	16,820	6,002
Adel Kalemcilik Ticaret ve San, A.Ş.,	82,962	70,987	26,474	21,750
	3,758,601	1,848,328	1,800,544	860,842

Other transactions

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Rent expenses	(14,588)	(5,547)	(7,858)	(6,073)
Rent revenue	-	-	1,725	-
Other income	66	-	788	50
Other transactions, net	(14,522)	(5,547)	(5,345)	(6,023)

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 periods 1 January - 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Short term benefits	194,398	90,068	90,435	40,276
	194,398	90,068	90,435	40,276

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

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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.

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Net profit attributable to shareholders	4,223,799	2,174,194	1,405,927	806,721
Weighted average number of shares with Kr1 face value each('000)	18,105,233	18,105,233	18,105,233	18,105,233
Earnings per share	23.38	12.01	7.77	4.46

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

NOTE 20 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Exchange Rate Risk

The Group is exposed to foreign exchange risk primarily arising from it's financial assets denominated in foreign currencies and fluctuations in the foreign exchange rates. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. As of 30 September 2023, if both Euro and US dollar currencies would have 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 and US dollar would have been TRY 464,819 higher. (31 December 2022: TRY 125,717) TRY 143,400 of the period profit effect is the effect of the change in Euro and TRY 321,419 is the effect of the change in USD. (31 December 2022: Effect of change in Euro TRY 8,987, effect of change in USD 116,730).

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

	FOREIGN CURRENCY POSITION							
	30 September 2023				31 December 2022			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY equivalent
Monetary financial assets	2,338,232	58,712	24,698	13,901	637,026	31,214	2,254	8,444
Other	-	-	-	-	168	9	-	-
Current assets	2,338,232	58,712	24,698	13,901	637,194	31,223	2,254	8,444
Total assets	2,338,232	58,712	24,698	13,901	637,194	31,223	2,254	8,444
Trade payables	237	9	-	-	7,182	12	349	-
Current liabilities	237	9	-	-	7,182	12	349	-
Non-monetary other liabilities	-	-	-	-	10,825	-	543	-
Non-current liabilities	-	-	-	-	10,825	-	543	-
Total liabilities	237	9	-	-	18,006	12	892	-

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

	FOREIGN CURRENCY POSITION							
	30 September 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	2,337,995	58,703	24,698	13,901	619,188	31,211	1,363	8,444
Net foreign currency asset/(liability) position of monetary items	2,337,995	58,703	24,698	13,901	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	313,615	13,769	-	-	399,153	21,347	-	-

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

Foreign currency sensitivity analysis as of 30 September 2023 and 31 December 2022 is as follows:

30 September 2023

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	143,400	(143,400)
20% change in US dollar exchange rate		
US dollar net asset/liability	321,419	(321,419)
Net effect	464,819	(464,819)

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 US dollar exchange rate		
US dollar net asset/liability	116,730	(116,730)
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

None.

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.

For the periods ended January 1 - September 30, 2023 and 2022, EBITDA and EBITDAR tables are as follows;

	2023	2022	TFRS 16 Effect 2023	TFRS 16 Effect 2022	Before TFRS 16 2023	Before TFRS 16 2022
Revenue	101,856,407	50,053,890	-	-	101,856,407	50,053,890
Cost of goods sold (-)	(77,805,054)	(37,530,295)	196,494	124,634	(78,001,548)	(37,654,929)
Gross profit	24,051,353	12,523,595	196,494	124,634	23,854,859	12,398,961
General administrative expenses (-)	(1,643,037)	(643,267)	-	-	(1,643,037)	(643,267)
Marketing expenses (-)	(16,913,316)	(8,312,104)	345,197	198,048	(17,258,513)	(8,510,152)
Addition: Depreciation and Amortisation expenses	1,500,040	848,801	822,299	500,729	677,741	348,072
EBITDA	6,995,040	4,417,025	1,363,990	823,411	5,631,050	3,593,614
Addition: Provision for employment termination benefit and unused vacation	163,228	259,106	-	-	163,228	259,106
EBITDA	7,158,268	4,676,131	1,363,990	823,411	5,794,278	3,852,720
Addition: Rent expense	-	-	-	-	3,672,319	1,865,365
EBITDAR					9,466,597	5,718,085

For the periods ended July 1 - September 30, 2023 and 2022, EBITDA and EBITDAR tables are as follows;

	2023	2022	TFRS 16 Effect 2023	TFRS 16 Effect 2022	Before TFRS 16 2023	Before TFRS 16 2022
Revenue	41,721,863	21,819,125	-	-	41,721,863	21,819,125
Cost of goods sold (-)	(31,723,742)	(16,469,745)	77,457	42,951	(31,801,199)	(16,512,696)
Gross profit	9,998,121	5,349,380	77,457	42,951	9,920,665	5,306,429
General administrative expenses (-)	(686,686)	(252,138)	-	-	(686,686)	(252,138)
Marketing expenses (-)	(6,864,295)	(3,376,540)	126,169	72,407	(6,990,464)	(3,448,947)
Addition: Depreciation and Amortisation expenses	589,123	316,688	314,643	180,780	274,480	135,908
EBITDA	3,036,263	2,037,390	518,269	296,138	2,517,994	1,741,252
Addition: Provision for employment termination benefit and unused vacation	(59,425)	(6,233)	-	-	(59,425)	(6,233)
EBITDA	2,976,838	2,031,157	518,269	296,138	2,458,569	1,735,019
Addition: Rent expense	-	-	-	-	1,488,975	766,796
EBITDAR					3,947,544	2,501,815

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:

	30 September 2023	TFRS 16 Effect	Before TFRS 16
ASSETS			
Current assets			
Prepaid expenses	466,105	(52,630)	518,735
Total current assets	35,305,910	(52,630)	35,358,540
Non-current assets			
Prepaid expenses	425,342	(118,654)	543,996
Right of use assets	6,401,850	6,401,850	-
Deferred tax assets	1,392,387	172,381	1,220,006
Total non-current assets	20,688,652	6,455,577	14,233,075
Total assets	55,994,562	6,402,947	49,591,615
LIABILITIES			
Current liabilities			
Lease liabilities	1,568,867	1,568,867	-
Total current liabilities	40,375,873	1,568,867	38,807,006
Non-current liabilities			
Lease liabilities	5,422,345	5,422,345	-
Total non-current liabilities	7,411,883	5,422,345	1,989,538
Total liabilities	47,787,756	6,991,212	40,796,544
EQUITY			
Attributable to equity holders of parent			
Accumulated losses	8,019,573	(588,265)	8,607,838
Net profit for the period	2,255,657	(432,062)	2,687,719
	4,233,799	(156,203)	4,390,002
Total equity	8,206,806	(588,265)	8,795,071
TOTAL LIABILITIES AND EQUITY	55,994,562	6,402,947	49,591,615

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

	30 September 2023	TFRS 16 Effect	Before TFRS 16
PROFIT OR LOSS			
Revenue	101,856,407	-	101,856,407
Cost of sales (-)	(77,805,054)	196,494	(78,001,548)
Gross profit	24,051,353	196,494	23,854,859
General administrative expenses (-)	(1,643,037)	-	(1,643,037)
Marketing expenses (-)	(16,913,316)	345,475	(17,258,791)
Other operating income	710,695	-	710,695
Other operating expense (-)	(2,273,513)	9,418	(2,282,931)
Operating profit	3,932,182	551,387	3,380,795
Income from investing activities	302,737	-	302,737
Loss from investing activities (-)	(11,725)	-	(11,725)
Operating income before finance income	4,223,194	551,387	3,671,807
Financial income	2,170,858	-	2,170,858
Financial expense (-)	(1,970,948)	(757,167)	(1,213,781)
Net profit before tax from continuing operations	4,423,104	(205,780)	4,628,884
Tax expense from continuing operations	(157,592)	49,577	(207,169)
Income tax expense	(458,052)	-	(458,052)
Deferred tax income	300,460	49,577	243,883
Net profit for the period	4,265,512	(156,203)	4,421,715

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