MİGROS TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

MİGROS TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
ASSETS			
Current assets:			
Cash and cash equivalents	3	12,354,850	12,652,044
Financial investments	4	462,505	639,461
Trade receivables	5	369,985	802,876
-Trade receivables from related parties	*24*	*1,700*	*8,776*
-Trade receivables from third parties	*5*	*368,285*	*794,100*
Other receivables		2,127,289	102,227
-Other receivables from third parties	*6*	*2,127,289*	*102,227*
Derivative instruments		-	4,044
Inventories	7	21,928,796	18,540,676
Prepaid expenses	8	563,507	624,640
Current income tax assets	22	-	233,918
Other current assets		68,841	24,765
Total current assets		**37,875,773**	**33,624,651**
Non-current assets:			
Financial investments	4	1,155,953	993,327
Other receivables		19,125	960,673
-Other receivables from third parties	*6*	*19,125*	*960,673*
Derivative instruments		-	4,994
Property, plant and equipment	9	20,294,541	16,740,828
Right of use assets	12	16,226,038	14,347,385
Intangible assets		14,772,254	14,459,414
-Goodwill	*11*	*13,693,582*	*13,693,582*
-Other intangible assets	*10*	*1,078,672*	*765,832*
Prepaid expenses	8	1,785,797	488,926
Total non-current assets		**54,253,708**	**47,995,547**
Total assets		**92,129,481**	**81,620,198**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
LIABILITIES			
Current liabilities:			
Short term borrowings		400,491	673,320
-Bank loans	*13*	*400,491*	*673,320*
Short term portion of long term borrowings		2,578,344	3,352,152
-Bank loans	*13*	*752,264*	*1,360,020*
-Lease liabilities	*12*	*1,826,080*	*1,992,132*
Trade payables		37,390,443	34,667,981
-Trade payables to related parties	*24*	*1,256,444*	*1,177,351*
-Trade payables to third parties	*5*	*36,133,999*	*33,490,630*
Payables related to employee benefits	15	1,640,198	1,239,434
Other payables		696,015	589,821
-Other payables to third parties	*6*	*696,015*	*589,821*
Deferred income	8	920,507	563,947
Current tax liabilities	22	117,792	-
Short term provisions		1,151,749	1,708,879
-Short term provisions for employee benefits	*15*	*937,748*	*942,833*
-Other short term provisions	*14*	*214,001*	*766,046*
Other current liabilities		-	62,380
Total non-current liabilities		**44,895,539**	**42,857,914**
Non-current liabilities:			
Long term borrowings		7,291,143	8,258,833
-Bank loans	*13*	*866,415*	*2,317,941*
-Lease liabilities	*12*	*6,424,728*	*5,940,892*
Other payables		44,417	53,113
-Other payables to third parties	*6*	*44,417*	*53,113*
Deferred income		375,220	110
Long term provisions		1,195,346	2,107,925
-Long term provisions for employee benefits	*15*	*1,195,346*	*2,107,925*
Deferrex tax liabilities	*22*	2,073,679	834,952
Total non-current liabilities		**10,979,805**	**11,254,933**
Total liabilities		**55,875,344**	**54,112,847**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira (“TRY”) unless otherwise indicated.)

EQUITY	**Notes**	**Audited 31 December 2023**	**Audited 31 December 2022**
Attributable to equity holders of parent		**36,024,318**	**27,434,747**
Share capital	23	181,054	181,054
Share capital adjustment differences	23	2,271,207	2,271,207
Treasury shares	23	(596,745)	(596,745)
Other comprehensive income/(expense) not to be classified to profit or loss		198,246	(194,604)
-Defined benefit plans re-measurement losses		*(1,642,524)*	*(1,207,122)*
-Revaluation fund of property, plant and eqiupment		*1,840,770*	*1,012,518*
Other accumulated comprehensive income to be classified to profit or loss		953,548	1,033,192
-Currency translation differences		*306,438*	*385,372*
-Gains on financial assets measured at fair value through other compherensive income		*647,110*	*647,820*
Other reserves		991,873	1,655,625
Retained earnings		23,196,439	13,945,213
Net income for the year		8,828,696	9,139,805
Non-controlling interest		**229,819**	**72,604**
Total equity		**36,254,137**	**27,507,351**
Total liabilities and equity		**92,129,481**	**81,620,198**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	**Audited 1 January - 31 December 2023**	**Audited 1 January - 31 December 2022**
Revenue	16	181,674,337	140,480,068
Cost of sales (-)	16	(147,671,404)	(114,210,332)
Gross Profit		**34,002,933**	**26,269,736**
General administrative expenses (-)	17	(2,952,469)	(1,990,936)
Marketing expenses (-)	17	(34,030,292)	(25,263,412)
Other operating income	18	1,371,880	995,770
Other operating expenses (-)	18	(5,002,113)	(4,833,803)
Operating loss		**(6,610,061)**	**(4,822,645)**
Income from investment activities	19	376,576	58,943
Expenses from investment activities (-)	19	(24,474)	(359,531)
Operating loss before financial income/(expense)		**(6,257,959)**	**(5,123,233)**
Financial income	20	3,952,994	1,526,583
Financial expense (-)	21	(3,728,280)	(3,215,716)
Monetary gains		16,825,164	15,944,918
Net profit before tax from continuing operation		**10,791,919**	**9,132,552**
Tax expense/(income) from continuing operations		**(1,886,524)**	**22,982**
Income tax expense (-)	22	(694,672)	(663,000)
Deferred tax expense/(income)	22	(1,191,852)	685,982
Net profit for the year		**8,905,395**	**9,155,534**
Net profit attributable to:			
- Non-controlling interest		76,699	15,729
- Equity holders of parent	25	8,828,969	9,139,805
Profit per share ("TRY") from contiuning operations	25	48,76	50,48

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Audited 1 January - 31 December 2023	**Audited 1 January - 31 December 2022**
Net profit for the year	**8,905,395**	**9,155,534**
Items that not to be reclassified to profit or loss	**541,764**	**(429,965)**
Revaluation of fund of property, plant and equipment	1,122,300	1,078,938
Defined benefit plans remeasurement losses	(580,536)	(1,508,903)
Tax effect of items not to be reclassified to profit or loss	**(37,493)**	**172,579**
Tax effect of revaluation fund of property, plant and equiptment	(182,627)	(129,202)
Tax effect of defined benefits plan remeasurement losses	145,134	301,781
Items to be reclassified to profit or loss	**(79,948)**	**1,116,530**
- Other comprehensive income on financial assets at fair value through other comprehensive income	(1,014)	863,760
Currency translation differences	(78,934)	252,770
Tax effect of items to be reclassified to profit or loss	**304**	**(215,940)**
Tax effect other comprehensive income on financial assets at fair value through other comprehensive income	304	(215,940)
Other comprehensive income, after tax	**424,627**	**643,204**
Total comprehensive income	**9,330,022**	**9,798,738**
Allocation of total comprehensive income		
-Non-controlling interests	76,699	15,729
-Equity holders of parents	9,253,323	9,783,009

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

					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		Retained earnings				
	Share capital	Share capital adjustment differences	Other reserves	Treasury shares	Defined benefit plans revaluation and measurement losses	Increase of revaluation fund of property plant and equipment	Gains on financial assets at fair value through other comprehensive income	Currency translation differences	Retained earnings	Net profit for the year	Attributable to equity holders of the parents	Non controlling interests	Total equity
Balances as of 1 January 2022	**181,054**	**2,271,207**	**928,550**	**(596,745)**	**-**	**62,782**	**-**	**132,602**	**14,558,331**	**-**	**17,591,781**	**-**	**17,591,781**
Transfers	-	-	673,075	-	-	-	-	-	(673,075)	-	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	-	-	-	59,957	-	59,957	56,875	116,832
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,207,122)**	**949,736**	**647,820**	**252,770**	**-**	**9,139,805**	**9,783,009**	**15,729**	**9,798,738**
Net income for the year	-	-	-	-	-	-	-	-	-	9,139,805	9,139,805	15,729	9,155,534
Foreign currency translation differences	-	-	-	-	-	-	-	252,770	-	-	252,770		252,770
Gain on revaluation and measurement	-	-	-	-	(1,207,122)	-	647,820	-	-	-	(559,302)		(559,302)
property, plant and equipment	-	-	-	-	-	949,736	-	-	-	-	949,736	-	949,736
Balances as of 31 December 2022	**181,054**	**2,271,207**	**1,655,625**	**(596,745)**	**(1,207,122)**	**1,012,518**	**647,820**	**385,372**	**13,945,213**	**9,139,805**	**27,434,747**	**72,604**	**27,507,351**
Balances as of 1 January 2023	**181,054**	**2,271,207**	**1,655,625**	**(596,745)**	**(1,207,122)**	**1,012,518**	**647,820**	**385,372**	**13,945,213**	**9,139,805**	**27,434,747**	**72,604**	**27,507,351**
Transfers	-	-	-	-	-	(111,421)	-	-	9,251,226	(9,139,805)	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	80,156	80,156
Dividend paid	-	-	(663,752)	-	-	-	-	-	-	-	(663,752)	-	(663,752)
Total comprehensive income	**-**	**-**	**-**	**-**	**(435,402)**	**939,673**	**(710)**	**(78,934)**	**-**	**8,828,696**	**9,253,323**	**76,699**	**9,330,022**
Net income for the year	-	-	-	-	-	-	-	-	-	8,828,696	8,828,696	76,699	8,905,395
Foreign currency translation differences	-	-	-	-	-	-	-	(78,934)	-	-	(78,934)		(78,934)
Gain on revaluation and measurement	-	-	-	-	(435,402)	-	(710)	-	-	-	(436,112)	-	(436,112)
Revaluation fund of property, plant and equipment	-	-	-	-	-	939,673	-	-	-	-	939,673	-	939,673
Balances as of 31 December 2023	**181,054**	**2,271,207**	**991,873**	**(596,745)**	**(1,642,524)**	**1,840,770**	**647,110**	**306,438**	**23,196,439**	**8,828,696**	**36,024,318**	**229,819**	**36,254,137**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
Cash flows from operating activities:			
Net profit for the year		**8,905,395**	**9,155,534**
Adjustments related to reconciliation of net profit for the year		**12,212,184**	**7,724,314**
Adjustments for depreciation and amortisation expenses	17	6,200,922	4,745,376
Adjustments for impairment on receivables	5	8,472	19,394
Adjustments for inventory provisions	7	53,505	(10,125)
Adjustments for impairment on property, plant and equipment	19	24,474	337,071
Adjustments for provision for employee benefits	15	1,253,013	920,398
Adjustments for provision for litigation	14	87,555	103,992
Adjustments for other provisions	14	(446,722)	512,876
Adjustments for interest income	20	(2,470,801)	(1,172,911)
Adjustments for interest expense	21	2,010,449	2,530,533
Adjustments for deferred financing due to forward purchases expenses	18	4,726,936	4,095,532
Adjustments for unearned finance income from sales	18	(885,468)	(763,411)
Adjustments for unrealized foreign exchange losses	13	50,934	34,399
Adjustments for fair value losses arising from derivatives	20,21	15,983	32,888
Adjustments for income tax expense/(income)	22	1,886,524	(22,982)
Gain on sale of property plant and equipment	19	(365,940)	22,460)
Adjustments for monetary loss/(gain)		62,348	(3,661,176)
Changes in net working capital		**271,026**	**1,827,221**
Adjustments for increase in trade receivables		452,077	(249,908)
Adjustments for increase in inventories		(3,441,625)	(4,118,687)
Adjustments for increase in other receivables related with operations		(4,118,403)	(5,172,856)
Adjustments for increase in trade payables		3,752,135	8,472,605
Adjustments for increase in other payables related with operations		3,626,842	2,896,067
Cash flows from operating activities		**21,388,605**	**18,707,069**
Employee benefits paid	15	(1,883,443)	(214,241)
Interest received		910,313	760,212
Interest paid		(5,756,609)	(3,835,619)
Taxes paid		(297,545)	(775,697)
Other provisions paid		(382,892)	(901,780)
Net cash provided by operating activities		**13,978,429**	**13,696,182**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
Investing activities			
Cash outflows from the purchase of tangible and intangible assets	9,10	(6,408,186)	(4,101,034)
Cash inflows from the sale of tangible and intangible assets		1,313,810	134,505
Obtaining control of subsidiaries cash outflows for purchases		(204,450)	(214,752)
Cash flows from investing activities		**(5,298,826)**	**(4,181,281)**
Financing activities			
Proceeds from borrowings	13	1,298,330	1,656,259
Cash outflows from repayments of borrowings	13	(1,943,312)	(1,868,826)
Cash outflows from repayment of derivative instruments		(11,909)	(16,060)
Interest received	20	2,470,801	1,172,911
Interest paid		(665,593)	(1,043,414)
Dividends paid		(663,752)	-
Cash outflows from payments of rent agreements		(2,465,164)	(2,242,838)
Cash flows from financing activities		**(1,980,599)**	**(2,341,968)**
Monetary loss on cash and cash equivalents		(7,021,296)	(4,610,942)
Effect of foreign currency translation differences on cash and cash equivalents		**25,098**	**258,325**
Net increase in cash and cash equivalents		**(297,194)**	**2,820,316**
Cash and cash equivalents at the begining of the year	**3**	**12,652,044**	**9,831,728**
Cash and cash equivalents at the end of the year	**3**	**12,354,850**	**12,652,044**

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 December 2023, the Group has a total sales area of 1,930,340 m2 (31 December 2022: 1,796,075 m2) with a retail store area of 1,914,329 m2 and a wholesale store area of 16,011 m2, 3,335 retail stores and 28 wholesale stores, operates in a total of 3,363 (31 December 2022: 2,908) stores. As of the end of the year as of 31 December 2023, the total number of employees of the Group is 50,915. (31 December 2022: 45,303). Retailing is the Group's core business, accounting for approximately 97% (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 consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 18 March 2024 and signed by General Manager, and 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.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

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 December 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 retaling	93.0	93.0
Migen Enerji ve Elektrikli Şarj Hizmetleri A.Ş. (*)	Turkey	Turkey	Charging service	100.0	100.0
CRC Danışmanlık ve Organizasyon A.Ş. (**)	Turkey	Turkey	Packaged food production	50.0	-

(*) It is not included in the scope of consolidation on the grounds of materiality.
(**) The share corresponding to 30% of the paid capital of CRC Danışmanlık ve Organizasyon A.Ş. was taken over by Migros Ticaret A.Ş. and the share corresponding to 20% was taken over by Digital Platform Gıda Hizmetleri A.Ş. on 26 December 2023.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards applied

Statement of Compliance with TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No: 28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

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

2.1 Basis of Presentation (Continued)

In addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

Migros and its subsidiaries, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira ("TRY") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code ("TCC") and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The foreign subsidiaries keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

2.1.2 Changes in the accounting policies, estimates and errors

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

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. (Note 27)

Group companies

The results and financial position of foreign operations 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.

<u>Going Concern</u>

The consolidated financial statements have been prepared assuming that the Company and consolidated subsidiaries will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.2 Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of December 31, 2023.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficient	Three year Compound Interest rate
31.12.2023	1.859,38	1.000	268%
31.12.2022	1.128,45	1.647	156%
31.12.2021	686,95	2.706	74%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 "Impairment of Assets" and IAS 2 "Inventories" are applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

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

2.2 Financial reporting in hyperinflationary economy (Continued)

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

The outline of the TAS 29 indexing operations is as follows:

• All items other than those shown with current purchasing power as of the balance sheet date are indexed using the relevant price index coefficients. Amounts from previous years are also indexed in the same way.

• Monetary asset and liability items are not subject to indexation because they are expressed in purchasing power at the current balance sheet date. Monetary items are cash and items to be received or paid in cash.

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 it is necessary and significant differences are disclosed.

2.3 Summary of significant accounting policies

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group, when necessary. The accounting policies applied to the preperation of consolidated financial statements are summarized is as follows:

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements of the Group include Migros, Mimeda, Moneypay, Dijital Platform, Paket Lojistik and Ramstore Kazakhstan LLC. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

2.3 Summary of significant accounting policies (Continued)

Intra-group transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a basis within other operating income or other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Revenue

The Group records revenue when fullfills performance obligation while transferring committed service or good to their customer. An asset is transferred when (or as) the control of an asset is transferred to the customer.

The Group records revenue accordance with the following 5 main principles:

- Determination of customer contracts
- Determination of performance obligation on contracts
- Determination of transaction fee on contracts
- Allocation of transaction price to performance obligation in contracts
- Revenue recognation when each performance obligation is fullfilled

The specific accounting policies for the Group's main types of revenue are explained below:

Sales of goods – Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when the performance obligation is fulfilled. Retail sales are usually made against a cash or credit card payment.

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

2.3 Summary of significant accounting policies (Continued)

Within the scope of the Group customer loyalty program, customers who use loyalty cards earn points from their purchases. For these earned points, the probability of using them in the following periods is estimated and the relevant amount is recorded as sales discount.

Sales of Goods – Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Control transfer does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied.

Rent revenue

The Group recognises rent income on accrual basis based on the agreement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Borrowing costs are not included in inventory cost. Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of inventories. An inventory difference provision for the period covering the latest inventory count date and the balance sheet date has been included into the inventory impairment item.

Property, plant and equipment

Revaluation Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists. With respect to TAS 16 "Property, Plant and Equipment", the Group has decided to choose revaluation model for lands and buildings by using the fair values determined in the valuation reports of Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. ("Nova Taşınmaz Değerleme") as of 31 December 2023. The first fair value application was adopted as of 31 December 2017.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

2.3 Summary of significant accounting policies (Continued)

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfers from the revaluation fund to retained earnings are made unless the asset is derecognised.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
When a property, plant and equipment is disposed of or no future economic benefits are expected from its use or sale, it is derecognised. The gain or loss resulting from the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is included in the profit or loss statement.

Cost method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists.

Properties in the course of construction for production, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Legal fees are also included in the cost.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful lives (Year)
Buildings	25-50
Leasehold improvements	Over period of lease (*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	5-8

(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the useful life of the leased property where the useful life is longer than the lease term, and over the useful life if it is shorter.

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

2.3 Summary of significant accounting policies (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the consolidated profit and loss statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Derecognition of property, plant and equipment

A property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets

Goodwill

Goodwill arises when purchasing subsidiaries and the amount of the transferred consideration, the amount of non-controlling interests in the acquiree and the fair value of the identifiable net assets in the acquiree, the excess of the fair value difference at the acquisition date of the equity interests in the acquiree previously held by the acquirer. If the total transferred consideration, recognized non-controlling interests and previously held interests measured at fair value are less than the fair value of the net assets of the acquired subsidiary, for example in a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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

2.3 Summary of significant accounting policies (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. The carrying amount of goodwill is compared with its recoverable value, which is the higher of its value in use and fair value less costs to sell. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and is not reversed in subsequent periods

Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements. The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group. A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

Rent agreements

Lease agreements are determined by the Group as identifiable intangible assets and consist of the lease agreements taken over from the stores it has purchased and the parts of the purchase price of the purchased stores exceeding the fair value of the purchased assets. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores except for the rental price at the beginning of the contract are presented under other intangible assets. These amounts are amortized throughout the lease and accounted for in marketing and sales expenses.

Computer softwares (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

Internally-generated intangible assets and development expenditures

Maintenance and research costs of computer software are expensed as they occur. Development costs for designing and testing identifiable and unique computer software controlled by the Group are recognized as intangible assets if the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

2.3 Summary of significant accounting policies (Continued)

The cost of the software includes all of the costs directly attributable to the software (such as software development labor costs and the share of software overhead) required by management to create, produce, and prepare the software in order for it to function as intended. Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development-related expenses that were initially recognized as an expense cannot be recognized as an asset at a later date.

Computer software development expenses are capitalized and to be subject to depreciation over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset. This difference is recognised in profit or loss when the asset is derecognised.

Non-current assets held for sale

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. When the fair value is less than the carrying cost, an impairment loss is recognized as an expense in the consolidated income statement for the period.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

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

2.3 Summary of significant accounting policies (Continued)

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

Impairment

The Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. The Group's financial instruments at fair value through profit or loss consist of forward contracts and interest rate swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. The Group measures such assets at their fair values. Gains or losses arising from the related financial assets are recognized in other comprehensive income except foreign exchange gain or loss and impairment loss. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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

2.3 Summary of significant accounting policies (Continued)

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.3 for further information about the group's accounting for trade receivables and impairment policies.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

2.3 Summary of significant accounting policies (Continued)

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. As disclosed in Note 25, the Group's earnings per share are calculated in accordance with "Earning Per Share" ("TAS 33").

Income as per share stated in the consolidated statement of profit or loss is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

Events after the reporting period

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise (Note 30)

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits in the notes.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. Contingent assets are disclosed in the notes of the consolidated financial statements, if there is a high probability that resources with economic benefits will flow to the entity.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.3 Summary of significant accounting policies (Continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees,
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

2.3 Summary of significant accounting policies (Continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

<u>The Group as lessor</u>

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

2.3 Summary of significant accounting policies (Continued)

The Group applies the derecognition and impairment requirements in TFRS 9 to the net lease investment. The Group regularly reviews the estimated uncommitted residual values used in the calculation of the gross lease investment and in case of a decrease in the estimated uncommitted residual value, the Group revises the distribution of income over the lease term and reflects the reductions in the accrued amounts directly to the financial statements.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

Related parties

Parties are considered related to the Group if;

a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company,

b) the party is an associate of the Company,
c) the party is a joint venture in which the Company is a venture,
d) the party is member of the key management personnel of the Company or its parent,
e) the party is a close member of the family of any individual referred to in (a) or (d),
f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e),
g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liability is calculated using the legalized or substantially legalized tax rate as of the date of the consolidated financial statements.

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

2.3 Summary of significant accounting policies (Continued)

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax rates which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset or liability of the assets and liabilities except for goodwill or business combinations are not calculated for temporary timing differences arising from the initial recognition and affecting both trading and financial profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits/Employee termination benefits

The provision for employment termination benefits represents the present value of the estimated total provision for the future probable liabilities of the Group arising from the retirement of the personnel in accordance with the Turkish Labor Law and the laws applicable in the countries in which the subsidiaries operate. Pursuant to the laws governing working life in Turkey and the Turkish Labor Law, the Group is required to collectively pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, who voluntarily leaves the job, is dismissed, dies or retires and reaches the retirement age. Provision allocated by using defined benefit plans' current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise.

Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

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

2.3 Summary of significant accounting policies (Continued)

Cash flows from operating activities represent the cash flows of the Group generated from retail and wholesale activities and lease income.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 3).

Offsetting

A financial asset or liability can be offset and the net amount shown on the balance sheet only if the entity has a legal right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Dividend

The dividend distributed to the shareholders of the Company is reflected as a liability in the financial statements of the Group on the date it is approved by the shareholders of the Company. When entitled to receive dividends, it is recognized as income in the financial statements.

Paid in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Share premium represents differences resulting from the sales of the Group's subsidiaries' and investments valued by using equity method shares at a price exceeding the nominal value of those shares or differences between the nominal value and the fair value of shares issued for acquired companies bu the Group (Note 23).

Deferred finance income/expenses

Deferred finance income/expenses represent imputed finance income and expenses on credit sales and purchases. Such income and expenses calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under other operating income and expenses.

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

2.4 Comparative information and restatement of prior period financial statements

The Group’s consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained. In case of changes and errors in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the prior 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 if it is related to future periods, both in the period when the change is made and prospectively.

In the Group's comparative financial statements as of December 31, 2023, there are no changes or errors in accounting policies and accounting estimates, and no material changes in significant accounting estimates.

2.5 Critical accounting estimates and assumptions

The preparation of the consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

(a) Goodwill impairment test

Impairment tests; It is done by comparing the present values of cash flows calculated within the framework of long-term plans for each cash-generating unit for goodwill, and the values found using the income method for brands, with the relevant carrying values.

As explained in related accounting policy, the Group performs impairment tests on goodwill annually as of 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These value-in-use calculations include discounted after-tax cash flow projections, and these projections determined in TRY are based on five-year long-term plans approved by Migros Ticaret management. Estimated cash flows beyond the five-year period are calculated without considering any growth rate. In value-in-use calculations, the annual discount rate is 16.0% (2022: 11.3%). The discount rate used is the post-tax discount rate and includes risks specific to the Group (Note 11).

No impairment was identified as a result of the impairment tests performed as of 31 December 2023.

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

(b) Impairment on leasehold improvements

As explained in related accounting policy, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executes an impairment estimate on the leasehold improvements on stores where it is a lessee by considering the continuity of each store.

(c) Extension option in lease contracts

The lease obligation is determined by taking into account the extension options in the contracts. Most of the extension options included in the long-term lease contracts consist of applicable extension options by the Group. The Group reassesses the extension options in the lease term based on the medium-term business plans in the last year of the lease term and, if necessary, adds the extension right prospectively to the contract period. If the conditions change significantly, the assessment is reviewed by the Group.

(d) Explanations on fair value determination

As of the presentation of the consolidated financial statements as of 31 December 2023, the Group has excluded the cost model from the application methods in TAS 16 and chose the revaluation model for the presentation of land and buildings at their fair values. Revaluation studies of lands, building and investment properties have been performed by Nova Taşınmaz Değerleme, which is CMB accredited professional valuation Companies.

Lands and buldings in assets of the Group, which are located in Turkey, have been revaluated in 31 December 2023 by Nova Taşınmaz Değerleme, using "Sample comparison approach analysis", and "Income approach".

"Income approach" method has been used in the valuation reports dated 31 December 2023 prepared by TSKB Gayrimenkul Değerleme to determine the fair market value of the land and buildings in the Group's assets and located in Kazakhstan.

As a result of revaluation study made by the experts, positive difference for lands and building amounting to TRY 1,122,300 is accounted as TRY 939,673 after net-off tax and minority effect "Revaluation Funds" of Property, plant and equipment under equity.

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

2.6 New and Revised Turkish Financial Reporting Standards

Explanations regarding the effects of the new TAS/ TFRS on financial statements:

a) Standards, amendments, and interpretations applicable as of 31 December 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 ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook 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 31 December 2023:

- **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.

- **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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 New and Revised Turkish Financial Reporting Standards (Continued)

- **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.

- **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 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 the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2023	**31 December 2022**
Cash	375,114	341,370
Banks	8,715,588	7,656,243
-demand deposit (*)	1,576,923	1,292,412
-time deposit	7,138,665	6,363,831
Cheques in collection	393	916
Credit card receivables	3,263,755	4,653,515
	12,354,850	**12,652,044**

(*) The Group transfers the cash in its stores registers to the bank on a daily basis. In accordance with the bank agreements, transfered cash amounts have temporary blockages for a certain year of time and available for use at the end of this year. As of 31 December 2023, a cash amount of TRY 296,183 in bank accounts is temporarily blocked due to the mentioned cash transfer. (2022: TRY 802,418).

Weighted average effective interest rate on TRY denominated time deposits as of 31 December 2023 is 43.9% (2022: 24.1%).

Credit card receivables with a maturity of less than one month are discounted at 31 December 2023 with annual rate of 42.9% (2022: 10.8%).

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The maturity analysis of time deposits at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
1 - 30 days	7,138,665	6,363,831
Over 90 days (*)	36,087	7,736
	7,174,752	**6,371,567**

(*) Time deposits with a maturity of more than 90 days are recognized in the financial investments account (Note 4).

NOTE 4 - FINANCIAL INVESTMENTS

Financial assets

	31 December 2023	31 December 2022
Currency protected deposits (*)	417,052	578,559
Time deposit (**)	36,087	7,736
Investment fund	9,366	53,166
	462,505	**639,461**

(*) The interest rates for currency protected deposit accounts are 40.0% (2022: 13.5% and 21.0%)

(**) Related amount indicating the bank deposits with over 90 days maturity recognised as cash fund by the Group.

Financial assets carried at fair value through other comprehensive income

	31 December 2023	31 December 2022
Long term financial assets carried at fair value through other comprehensive income/loss	1,059,775	985,913
Subsidiaries	96,178	7,414
	1,155,953	**993,327**

	31 December 2023		31 December2022	
	TL	Share (%)	TL	Share (%)
Colendi Holdings Limited	1,059,775	4.88	985,913	4.88
CRC Danışmanlık ve Organizasyon A.Ş.	88,764	50.00	-	-
Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.	7,414	100.00	7,414	100.00
Total	**1,155,953**		**993,327**	

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	31 December 2023	**31 December 2022**
Receivables from tenants and wholesale activities	379,613	773,505
Doubtful trade receivables	163,496	207,527
Notes receivable	19,772	26,850
Due from related parties (Note 24)	1,700	8,776
Less: Provisions for doubtful receivables	(163,496)	(207,527)
Less: Finance income not accrued on term sales	(31,100)	(6,255)
	369,985	**802,876**

The maturity of trade receivables is generally less than one month, and they were discounted with the annual rate of 42.9% as of 31 December 2023 (2022: 10.8%).

Movement of provision for doubtful receivables is as follows:

	2023	**2022**
Beginning of the year, 1 January	**207,527**	**275,758**
Current year charge (Note 18)	8,472	19,394
Collections and provisions released	(8,015)	(8,506)
Currency translation differences	41,355	29,655
Monetary gain	(85,843)	(108,774)
End of the year, 31 December	**163,496**	**207,527**

Trade payables:	**31 December 2023**	**31 December 2022**
Sellers	36,651,293	33,280,022
Trade payables to related parties (Note 24)	1,256,444	1,177,351
Expense accruals	878,251	576,480
Finance cost not accrued on term purchases	(1,395,545)	(365,872)
	37,390,443	**34,667,981**

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 42.9% as of 31 December 2023 (2022: 10.6%).

Explanations on the nature and level of risks in trade receivables and payables are included in Note 26.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

	31 December 2023	31 December 2022
Value added tax receivables ("VAT")	1,991,300	-
Receivables from personnel	101,043	91,742
Receivables from insurance companies	34,946	10,485
	2,127,289	**102,227**

Other long-term receivables

	31 December 2023	31 December 2022
Deposits and guarantees given	19,125	21,042
Value added tax receivables ("VAT")	-	939,631
	19,125	**960,673**

Other short-term payables

	31 December 2023	31 December 2022
Other taxes and funds payable	506,478	474,461
Value added tax payables ("VAT")	138,144	98,257
Other	51,393	17,103
	696,015	**589,821**

Other long-term payables

	31 December 2023	31 December 2022
Deposits and guarantees received	44,417	53,113
	44,417	**53,113**

NOTE 7 - INVENTORIES

	31 December 2023	31 December 2022
Finished goods and commodities	21,821,285	18,482,232
Work in progress	324,134	250,132
Raw materials	170,219	131,233
Other	69,047	79,463
Less: Provision for impairment on inventory	(455,889)	(402,384)
	21,928,796	**18,540,676**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 7 – INVENTORIES (Continued)

Movement of impairment on inventory is as follows:

	2023	2022
Beginning of the year, 1 January	**402,384**	**412,509**
Charge for the year	585,213	721,201
Provisions released (-)	(531,708)	(731,326)
End of the year, 31 December	**455,889**	**402,384**

NOTE 8 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	31 December 2023	31 December 2022
Prepaid insurance expenses	125,025	186,118
Prepaid rent expenses	79,157	119,350
Advances given	81,153	147,814
Other prepaid expenses	278,172	171,358
	563,507	**624,640**

Long-term prepaid expenses

	31 December 2023	31 December 2022
Advances given for property, plant and equipment	1,031,967	110,739
Prepaid rent expenses	513,475	300,767
Other	240,355	77,420
	1,785,797	**488,926**

Short-term liabilities from customer contracts

	31 December 2023	31 December 2022
Customer cheques	556,235	491,371
Deferred income	299,103	72,576
Advances received	65,169	-
	920,507	**563,947**

Long-term deferred income

	31 December 2023	31 December 2022
Deferred income	375,220	110
	375,220	**110**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments years ended at 31 December 2023 is as follows;

	1 January 2023	**Additions**	**Disposals**	**Revaluation (*)**	**Transfers**	**Currency translation differences**	**31 December 2023**
Cost							
Lands	2,174,607	68,111	(761,383)	416,232	16,573	(6,345)	1,907,795
Buildings	2,942,892	37,081	-	697,103	122,199	(54,584)	3,744,691
Leasehold improvements	9,903,436	942,541	(4,742)	(29,920)	368,007	(17,979)	11,161,343
Machinery and equipments	12,393,021	1,600,865	(442,405)	-	1,047,104	(8,821)	14,589,764
Motor vehicles	375,319	289,946	(70,427)	-	-	-	594,838
Furniture and fixtures	6,026,772	647,380	(199,437)	-	288,101	(167)	6,762,649
Construction in progress	674,575	2,146,206	-	-	(1,841,984)	(23,823)	954,974
	34,490,622	**5,732,130**	**(1,478,394)**	**1,083,415**	**-**	**(111,719)**	**39,716,054**
Accumulated depreciation							
Buildings	(229,194)	(85,549)	-	-	-	27,774	(286,969)
Leasehold improvements	(6,815,238)	(714,401)	-	14,410	-	8,677	(7,506,552)
Machinery and equipments	(7,022,032)	(953,508)	351,070	-	-	1,312	(7,623,158)
Motor vehicles	(99,821)	(88,949)	24,173	-	-	-	(164,597)
Furniture and fixture	(3,583,509)	(415,091)	158,159	-	-	204	(3,840,237)
	(17,749,794)	**(2,257,498)**	**533,402**	**14,410**	**-**	**37,967**	**(19,421,513)**
Net book value	**16,740,828**						**20,294,541**

(*) Impairment loss amounting to TRY 15,510 consists of leasehold improvements of the stores closed in 2023 (Note:19).

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments year ended at 31 December 2022 is as follows;

	1 January 2022	Additions	Disposals	Revaluation (*)	Transfers	Currency translation differences	31 December 2022
Cost							
Lands	2,069,975	-	(40,059)	104,309	-	40,382	2,174,607
Buildings	2,281,610	67,079	(60,306)	655,319	30,830	(31,640)	2,942,892
Leasehold improvements	9,197,963	555,382	-	(6,092)	170,786	(14,603)	9,903,436
Machinery and equipments	10,684,109	1,159,034	(134,729)	-	693,444	(8,837)	12,393,021
Motor vehicles	52,238	313,769	(915)	-	10,227	-	375,319
Furniture and fixtures	5,536,445	449,336	(129,985)	-	172,752	(1,776)	6,026,772
Construction in progress	501,507	1,262,817	-	-	(1,078,039)	(11,710)	674,575
	30,323,847	**3,807,417**	**(365,994)**	**753,536**	**-**	**(28,184)**	**34,490,622**
Accumulated depreciation							
Buildings	(206,065)	(61,128)	1,226	-	-	36,773	(229,194)
Leasehold improvements	(6,444,628)	(377,328)	-	1,142	-	5,576	(6,815,238
Machinery and equipments	(6,353,045)	(789,479)	115,395	-	-	5,097	(7,022,032)
Motor vehicles	(21,864)	(78,502)	545	-	-	-	(99,821)
Furniture and fixture	(3,383,892)	(292,925)	91,863	-	-	1,445	(3,583,509)
	(16,409,494)	**(1,599,362)**	**209,029**	**1,142**	**-**	**48,891**	**(17,749,794)**
Net book value	**13,914,353**				**-**		**16,740,828**

(*) Impairment amounting to TRY 4,950 consists of leasehold improvements of the stores closed in 2022 and fair value changes in lands and buildings (Note 19).

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - INTANGIBLE ASSETS

Movement of intangible assets for the periods ending 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	Disposals (-)	Currency translation differences	31 December 2023
Cost					
Trademark	7,544	-	-	-	7,544
Rent agreements	105,916	-	-	-	105,916
Rights	2,152,079	651,355	-	-	2,803,434
Other intangible …assets	1,445,706	24,701	(14,709)	6,636	1,462,334
	3,711,245	**676,056**	**(14,709)**	**6,636**	**4,379,228**
Accumulated amortisation					
Rent agreements	(102,701)	(3,215)	-	-	(105,916)
Rights	(1,632,824)	(355,918)	-	-	(1,988,742)
Other intangible …assets	(1,209,888)	(4,265)	11,831	(3,576)	(1,205,898)
	(2,945,413)	**(363,398)**	**11,831**	**(3,576)**	**(3,300,556)**
Net book value	**765,832**				**1,078,672**

	1 January 2022	Additions	Currency translation differences	31 December 2022
Cost				
Trademark	7,544	-	-	7,544
Rent agreements	105,916	-	-	105,916
Rights	1,861,373	286,656	4,050	2,152,079
Other intangible … assets	1,438,745	6,961	-	1,445,706
	3,413,578	**293,617**	**4,050**	**3,711,245**
Birikmiş itfa payları				
Rent agreements	(100,506)	(1,575)	(620)	(102,701)
Rights	(1,283,390)	(345,246)	(4,188)	(1,632,824)
Other intangible … assets	(1,207,855)	(2,033)	-	(1,209,888)
	(2,591,751)	**(348,854)**	**(4,808)**	**(2,945,413)**
Net book value	**821,827**			**765,832**

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

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOT 11 - GOODWILL

	2023	2022
Beginning of the year, 1 January	13,693,582	13,499,219
Additions	-	194,363
End of the year, 31 December	**13,693,582**	**13,693,582**

Impairment tests for goodwill:

The whole amount of goodwill is related to the acquisition of Migros, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TRY budgets approved by the Group management covering an five year period.

Subsequent projected cash flows over a five year period were calculated without regard to any growth rate, and the analysis predicted that the existing profitability structure would be preserved.

In the calculations made as of 31 December 2023, the future cash flows calculated with balance sheet date prices are discounted with an average of 16.0%. The discount rate used is the after-tax discount rate and includes risks specific to the Group. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 1% (such as 15.0 % or 17.0% instead of 16.0%) causes a decrease/increase of TRY 2,302,872 (2022: TRY 1,304,841) in the fair value calculations for which sales costs are deducted, as of 31 December 2023. Within the context of analysis performed by the Group Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

NOTE 12 - RIGHT OF USE ASSETS

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

Cost	**1 January 2023**	**Additions**	**Disposals**	**31 December 2023**
Buildings	23,194,313	6,074,840	(839,002)	28,430,151
	23,194,313	**6,074,840**	**(839,002)**	**28,430,151**
Accumulated Amortisation				
Buildings	(8,846,928)	(3,580,026)	222,841	(12,204,113)
	(8,846,928)	**(3,580,026)**	**222,841**	**(12,204,113)**
Net book value	**14,347,385**			**16,226,038**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - RIGHT OF USE ASSETS (Continued)

Cost	**1 January 2022**	**Additions**	**Disposals**	**31 December 2022**
Buildings	18,781,169	4,585,949	(172,805)	23,194,313
	18,781,169	**4,585,949**	**(172,805)**	**23,194,313**
Accumulated Amortisation				
Buildings	(6,093,993)	(2,790,492)	37,557	(8,846,928)
	(6,093,993)	**(2,790,492)**	**37,557**	**(8,846,928)**
Net book value	**12,687,176**			**14,347,385**

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

Short-term lease liabilities

	31 December 2023	**31 December 2022**
Lease liabilities	1,826,080	1,992,132
	1,826,080	**1,992,132**

Long-term lease liabilities

	31 December 2023	**31 December 2022**
Lease liabilities	6,424,728	5,940,892
	6,424,728	**5,940,892**

Liabilities from long-term lease transactions as of 31 December 2023:

	1 to 2 years	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
TRY	946,209	880,035	779,713	672,852	3,145,919	6,424,728
	946,209	**880,035**	**779,713**	**672,852**	**3,145,919**	**6,424,728**

Liabilities from long-term lease transactions as of 31 December 2022:

	1 to 2 years	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
TRY	902,921	880,690	841,247	616,256	2,699,778	5,940,892
	902,921	**880,690**	**841,247**	**616,256**	**2,699,778**	**5,940,892**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 13 - BORROWINGS

	31 December 2023		
	Effective interest rate (%)	**In original currency**	**Total TRY equivalent**
Short term borrowings			
Fixed interest rate - TRY	23.45%	400,491	400,491
Total short term borrowings		**400,491**	**400,491**
Current portion of long term borrowings			
Fixed interest rate - TRY	21.47%	508,776	508,776
Floating interest rate - TRY	29.22%	168,284	168,284
Kazakhstan loan - Tenge	13.97%	1,156,638	75,204
Total current portion of long term borrowings			**752,264**
Total short term borrowings			**1,152,755**
Long term borrowings			
Fixed interest rate - TRY	28.70%	498,644	498,644
Floating interest rate - TRY	29.22%	354,465	354,465
Kazakhstan loan - Tenge	13.97%	204,646	13,306
Total long term borrowings			**866,415**
Total financial liabilities			**2,019,170**

The redemption schedule of borrowings with effective interest rate at 31 December 2023 is as follows:

	Tenge loan TRY equivalent	**TRY Loan**	**Total TRY equivalent**
1 January 2024 - 31 December 2024	75,204	1,077,551	1,152,755
1 January 2025 - 31 December 2025	13,306	689,581	702,887
1 January 2026 - 14 December 2026	-	163,528	163,528
	88,510	**1,930,660**	**2,019,170**

The fair value of borrowings at 31 December 2023 is TRY 1,902,908.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 13 – BORROWINGS (Continued)

The redemption schedule of principal amounts of borrowings at 31 December 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 January 2024 - 31 December 2024	65,389	823,968	889,357
1 January 2025 - 31 December 2025	16,700	822,919	839,619
1 January 2026 - 14 December 2026	-	235,408	235,408
	82,089	**1,882,295**	**1,964,384**

The redemption schedule of contractual cash outflows of borrowings at 31 December 2023 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 January 2024 - 31 December 2024	73,618	1,186,910	1,260,528
1 January 2025 - 31 December 2025	17,887	1,008,467	1,026,354
1 January 2026 - 14 December 2026	-	281,309	281,309
	91,505	**2,476,686**	**2,568,191**

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

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

	2023	2022
Beginning of the year, 1 January	**4,351,281**	**8,042,547**
Proceeds of borrowings	1,298,330	1,656,259
Payments (-)	(1,943,312)	(1,868,826)
Foreign exchange losses	50,934	34,399
Interest accrual	13,763	(4,418)
Effect of subsidiaries included in the consolidation for the first time	-	22,060
Monetary gain	(1,751,826)	(3,530,740)
End of the year, 31 December	**2,019,170**	**4,351,281**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 13 - BORROWINGS (Continued)

	31 December 2022		
	Effective interest rate (%)	**In original currency**	**Total TRY equivalent**
Short term borrowings			
Fixed interest rate - TRY	14.86%	180,201	180,201
Floating interest rate - TRY	18.14%	493,119	493,119
Total short term borrowings			**673,320**
Current portion of long term borrowings			
Fixed interest rate - TRY	18.75%	1,279,925	1,279,925
Kazakhstan loan - Tenge	13.97%	1,201,621	80,095
Total current portion of long term borrowings			**1,360,020**
Total short term borrowings			**2,033,340**
Long term borrowings			
Fixed interest rate - TRY	18,18%	2,233,786	2,233,786
Kazakhstan loan - Tenge	13.97%	1,262,528	84,155
Total long term borrowings			**2,317,941**
Total financial liabilities			**4,351,281**

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	80,095	1,953,245	2,033,340
1 January 2024 - 31 December 2024	67,035	1,331,364	1,398,399
1 January 2025 - 31 December 2025	17,120	678,744	695,864
1 January 2026 - 14 December 2026	-	223,678	223,678
	164,250	**4,187,031**	**4,351,281**

The fair value of borrowings at 31 December 2022 is TRY 3,924,921.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 13 - BORROWINGS (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	78,294	1,471,510	1,549,804
1 January 2024 - 31 December 2024	67,035	1,238,318	1,350,353
1 January 2025 - 31 December 2025	17,120	933,668	950,788
1 January 2026 - 14 December 2026	-	387,890	387,890
	162,449	**4,076,386**	**4,238,835**

The redemption schedule of contractual cash outflows of borrowings at 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total TRY equivalent
1 January 2023 - 31 December 2023	97,224	2,113,350	2,210,574
1 January 2024 - 31 December 2024	75,471	1,744,310	1,819,781
1 January 2025 - 31 December 2025	18,338	1,062,825	1,081,163
1 January 2026 - 14 December 2026	-	463,521	463,521
	191,033	**5,384,006**	**5,575,039**

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	**31 December 2023**	**31 December 2022**
Provision for litigation	144,766	250,122
Provision for personnel expenses	65,070	510,793
Provision for customer loyalty programs	4,132	5,131
	214,001	**766,046**

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 year are as follows:

	2023	**2022**
Beginning of the year, 1 January	**250,122**	**200,260**
Increase during year	87,555	103,992
Payments (-)	(92,278)	(41,679)
Monetary gain	(100,600)	(12,451)
End of the year, 31 December	**144,799**	**250,122**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

31 December 2023:

	TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company's legal personality	1,620,976	1,612,660	282	20
B. CPM given on behalf of fully consolidated subsidiaries	88,510	-	3,227	-
Total collaterals, pledges and mortgages	**1,709,486**	**1,612,660**	**3,509**	**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	781,686	760,973	651	20
B. CPM given on behalf of fully consolidated subsidiaries	164,248	-	5,331	-
Total collaterals, pledges and mortgages	**945,934**	**760,973**	**5,982**	**20**

Contingent assets and liabilities

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

	31 December 2023	31 December 2022
Letter of guarantees given	1,709,486	945,934
	1,709,486	**945,934**

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

	31 December 2023	31 December 2022
Guarantees obtained from customers	1,688,301	739,626
Mortgages obtained from customers	35,261	42,053
	1,723,562	**781,679**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Payables to personnel	889,350	700,460
Social security payables	750,848	538,974
	1,640,198	**1,239,434**

	31 December 2023	31 December 2022
Provision for employment termination benefits	1,195,346	2,107,925
Provision for unused vacation	937,748	942,833
	2,133,094	**3,050,758**

Movement of provision for unused vacation for the years ended in 31 December 2023 and 2022 is as follows:

	2023	2022
Beginning of the year, 1 January	**942,833**	**508,024**
Provision for the year	810,171	779,206
Used in year (-)	(430,994)	(40,336)
Monetary gain	(384,262)	(304,061)
End of the year, 31 December	**937,748**	**942,833**

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 consolidated financial statements as of 31 December 2023 and 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.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS (Continued)

The following actuarial assumptions were used in the calculation of the total liability:

	2023	**2022**
Discount rate (%)	3,00	0,00
Turnover rate to estimate the probability of retirement (%)	69,6-91,7	69,7-91,7

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 35,058.58 effective from 1 January 2023 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

The movement of the severance pay provision account for the years ended as of 31 December 2023 and 2022 is presented below:

	2023	**2022**
Beginning of the year, 1 January	**2,107,925**	**1,038,173**
Provision during year	290,068	51,189
Interest cost	152,774	90,003
Actuarial loss	580,536	1,508,902
Payments (-)	(1,452,449)	(173,905)
Monetary gain	(483,508)	(406,438)
End of the year, 31 December	**1,195,346**	**2,107,925**

NOTE 16 - REVENUE

	1 January - 31 December 2023	**1 January - 31 December 2022**
Domestic sales	184,055,410	142,596,619
Other sales	659,116	225,086
Gross sales	**184,714,526**	**142,821,705**
Discounts and returns (-)	(3,040,189)	(2,341,637)
Sales revenue, net	**181,674,337**	**140,480,068**
Cost of sales (-)	(147,671,404)	(114,210,332)
Gross profit	**34,002,933**	**26,269,736**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 – REVENUE (Continued)

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

	1 January - 31 December 2023	1 January - 31 December 2022
Retail sales revenue	177,807,199	136,960,882
Wholesale revenue	5,332,055	4,835,396
Rent income	916,156	800,341
	184,055,410	**142,596,619**

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	17,410,822	12,055,050
Depreciation and amortisation expenses	6,200,922	4,745,376
Rent and common area expenses	4,697,418	3,502,566
Energy expenses	2,672,251	2,642,435
Advertising expenses	1,357,318	724,382
Porterage and cleaning expenses	1,122,974	811,060
Information technology maintenance expenses	1,045,414	865,744
Repair and maintenance expenses	618,306	411,115
Security expenses	318,109	215,059
Communication expenses	205,426	113,265
Taxes and other fee expenses	159,770	92,804
Other	1,174,031	1,075,492
	36,982,761	**27,254,348**

Marketing expenses	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	15,165,452	10,551,096
Depreciation and amortisation expenses	6,200,922	4,745,376
Rent and common area expenses	4,639,161	3,454,459
Energy expenses	2,653,279	2,631,605
Advertising expenses	1,356,396	724,382
Porterage and cleaning expenses	1,092,886	790,480
Information technology maintenance expenses	966,215	790,651
Repair and maintenance expenses	606,400	404,452
Security expenses	304,746	207,074
Communication expenses	188,361	105,889
Taxes and other fee expenses	134,379	80,727
Other	722,095	777,221
	34,030,292	**25,263,412**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - EXPENSES BY NATURE (Continued)

General administrative expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	2,245,370	1,503,954
Other	707,099	486,982
	2,952,469	**1,990,936**

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

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of goods sold	146,557,768	113,990,931
Cost of service rendered	1,113,636	219,401
	147,671,404	**114,210,332**

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 18 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income on term sales	885,468	763,411
Competition board restructuring	243,915	-
Other	242,497	232,359
	1,371,880	**995,770**

Other operating expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Interest expense on term purchases (*)	4,726,936	4,095,532
Litigation provision	87,555	613,562
Bad debt provision expense	8,472	19,394
Other	179,150	105,315
	5,002,113	**4,833,803**

(*) Forward purchases are discounted to the assumed cash value with the relevant GDS interest rates separately for each month, and as a result, forward purchase interest expenses are calculated. Average interest rates 2023: 19.3% (2022: 16.3%)

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 19 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities

	1 January - 31 December 2023	1 January - 31 December 2022
Gain on sale of property, plant, and equipment	365,940	-
Currency protected deposit income	10,636	58,943
	376,576	**58,943**

Expense from investing activities

	1 January - 31 December 2023	1 January - 31 December 2022
Losses from leasehold improvements of closed stores	15,510	4,950
Impairment of property, plant, and equipment	8,964	332,121
Losses on sale of property, plant, and equipment	-	22,460
	24,474	**359,531**

NOTE 20 - FINANCIAL INCOME

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income on bank deposits	2,470,801	1,172,911
Foreign exchange gains	1,482,193	349,506
Financial income on derivatives	-	4,166
	3,952,994	**1,526,583**

NOTE 21 - FINANCIAL EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Interest expense on lease liabilities	1,353,884	1,252,242
Credit card commision expenses	1,396,529	433,496
Interest expense on bank borrowings	656,565	1,278,291
Interest expense on provision for employment termination benefits	152,774	90,003
Foreign exchange losses	68,225	80,318
Financial expense on derivatives	15,983	37,054
Other	84,320	44,312
	3,728,280	**3,215,716**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Corporate and income taxes payable	520,839	460,570
Less: Prepaid current income taxes	(403,047)	(694,488)
Current tax liabilities /(assets)	**117,792**	**(233,918)**

	31 December 2023	31 December 2022
Deferred tax assets	1,092,953	781,496
Deferred tax liabilities	(3,166,632)	(1,616,448)
Deferred tax liabilities, net	**(2,073,679)**	**(834,952)**

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%).

"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 31 December 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 December 31, 2023, the Group has recognized deferred tax assets amounting to TRY 8,001 (31 December 2022: nil) which will be utilized in the foreseeable future. As a result of the recognition of the tax advantage as of 31 December 2023, deferred tax income amounting to TRY 8,001 has been recognized in the statement of profit or loss for the period 1 January- 31 December 2023.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

Within the scope of the incentive certificates summarized above, a reduced corporate tax advantage of TRY 8,185 (31 December 2022: TRY 1,627) 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 December 31, 2023, the Group has used R&D discount exemption amounting to TRY 102,651 (December 31, 2022: TRY 32,841) against statutory tax.

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

	1 January - 31 December 2023	**1 January - 31 December 2022**
Current year tax expense (-)	(694,672)	(663,000)
Deferred tax expense/(income)	(1,191,852)	685,982
Current year tax expense	**(1,886,524)**	**22,982**

	1 January - 31 December 2023	**1 January - 31 December 2022**
Profit before tax	10,791,919	9,132,552
Calculated tax income according to parent company tax rate (25%) (2022:23%)	(2,697,980)	(2,100,487)
Expected tax expense of the Group	**(2,697,980)**	**(2,100,487)**
Effect of non-deductable expenses	(79,723)	(305,443)
Exemption for R&D and other discounts	117,281	60,010
Tax effect of other income exempt from tax	151,702	132,414
Effect of temporary differences which no deferred tax assets are recognised	(1,315,374)	(236,740)
Effective tax rate difference	-	116,449
Revaluation effect of property, plant and equipment and intangible asset	1,829,957	1,985,813
Other differences	107,613	370,966
The Group's expense/(income)	**(1,886,524)**	**22,982**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

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 December 2023 and 2022 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Deferred tax assets:				
Provision for employee termination benefits	1,183,387	2,701,711	297,205	421,585
Short term provisions	1,180,558	1,647,155	295,470	329,248
Finance income not accrued from future sales	31,100	6,255	7,775	1,251
Inventories	1,401,544	297,906	350,386	59,582
Other	575,820	(150,255)	142,117	(30,170)
			1,092,953	**781,496**
Deferred tax liabilities:				
Property, pland and equipment	(3,106,028)	(444,994)	(559,085)	(71,199)
TFRS 16	(8,169,669)	(6,269,829)	(2,042,417)	(1,253,965)
Financial investment fair value change	(720,814)	(1,079,700)	(216,244)	(215,940)
Finance expense not accrued from future sales	(1,395,545)	(367,699)	(348,886)	(73,540)
Fair value change of derivative financial instruments	-	(9,021)	-	(1,804)
			(3,166,632)	**(1,616,448)**
Total deferred tax assets, net			**(2,073,679)**	**(834,952)**

Movements of deferred tax assets and liabilities are as follows:

	2023	**2022**
Beginning of the year, 1 January	**(834,952)**	**(1,461,967)**
Deferred tax income from continuing operations	(1,191,852)	685,982
Recognized on other comprehensive income	(37,493)	(43,361)
- *Remeasurement losses from defined benefit plans*	*144,830*	*301,781*
- *Property plant and equipment revaluation increases*	*(182,627)*	*(129,202)*
- *Financial investment fair value difference*	*304*	*(215,940)*
Currency translation differences	(9,382)	(15,606)
End of the year, 31 December	**(2,073,679)**	**(834,952)**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

	31 December 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%
Nominal paid capital	**181,054**	**100.00%**	**181,054**	**100.00%**
Share capital adjustment differences (*)	2,271,207		2,271,207	
Adjusted share capital	**2,452,261**		**2,452,261**	
Treasury shares	**(596,745)**		**(596,745)**	

(*) Share capital adjustment differences refer to the difference between the total amounts of cash and cash equivalent additions to capital adjusted in accordance with TFRS published by the KGK and their pre-adjustment amounts. Capital adjustment differences have no use other than being added to capital.

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 Communique, 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.

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 3.726979 gross=net cash dividend of 372.6979% for shares with a nominal worth of TRY 1.00, to pay other shareholders a TRY 3.726979 gross cash dividend of 372.6979% for shares with a nominal worth of TRY 1.00, a TRY 3.726979 net cash dividend of 335.42811% out of other resources planned to be allocated. It was decided that this total payment of TRY 674.8 million (TRY 663.8 million excluding repurchased shares) shall be made in.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

As of December 31, 2023, and 2022, breakdown of the equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows.

	31 December 2023		
	PPI Indexed Legal Records	**CPI Indexed Records**	**Amounts followed in Accumulated Profit/ Loss**
Share capital adjustment differences	3,294,881	2,271,206	1,203,675
Other reserves	2,094,156	991,954	1,102,202

As of January 1, 2022, the amount of accumulated losses without inflation accounting is TRY 914.843, while the amount of accumulated profit inflation accounting applied is TRY 14.558.331.

As of December 31, 2022, the amount of accumulated loss without inflation accounting is TRY 767.287, while the amount of accumulated profit with inflation accounting applied is TRY 13.945.213.

NOTE 24 – RELATED PARTY DISCLOSURES

a) Balances with related parties

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

Trade receivables from related parties

	31 December 2023	**31 December 2022**
Anadolu Sağlık Merkezi İktisadi İşletmesi (ASM)	652	-
Anadolu Etap Penkon Gıda ve İçecek Ürünleri San. ve Tic. A.Ş.	145	-
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş. (1)	-	4,828
Anadolu Motor Üretim ve Pazarlama A.Ş. (1)	-	255
Other	903	3,693
	1,700	**8,776**

Trade payables to related parties

	31 December 2023	**31 December 2022**
Efes Pazarlama ve Dağıtım Ticaret A,Ş, (1)	643,843	588,858
Coca Cola Satış ve Dağıtım A,Ş, (1)	492,227	453,767
Adel Kalemcilik Ticaret ve San, A,Ş, (1)	45,609	10,648
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San, ve Tic, A,Ş, (1)	36,300	15,446
AG Anadolu Grubu Holding A,Ş, (1)	24,272	-
AEH Sigorta Acenteliği A,Ş, (1)	1,610	104,633
Diğer	12,583	3,999
	1,256,444	**1,177,351**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

b) Transactions with related parties

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

Inventory purchases

	1 January - 31 December 2023	1 January - 31 December 2022
Coca Cola Satış ve Dağıtım A,Ş, (1)	3,193,017	2,344,290
Efes Pazarlama ve Dağıtım Ticaret A,Ş, (1)	2,737,012	2,274,061
Adel Kalemcilik Ticaret ve San, A,Ş, (1)	121,524	51,069
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San, ve Tic, A,Ş, (1)	128,061	63,381
	6,179,614	**4,732,801**

(1) AG Anadolu Grubu Holding group companies

b) Transactions with related parties

Other transactions

	1 January - 31 December 2023	1 January - 31 December 2022
Rent expenses	(23,778)	(20,229)
Other income	99	639
Other transactions, net	**(23,679)**	**(19,590)**

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 years ended 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Short term benefits	353,801	250,063
	353,801	**250,063**

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

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 25 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the related period.

	1 January - 31 December 2023	1 January - 31 December 2022
Net profit attributable to shareholders	8,828,696	9,139,805
Weighted average number of shares with Kr1 face value each(‘000)	18,105,233	18,105,233
Earnings per share	**48,76**	**50,48**

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

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short-term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The interest position table of the Group as of 31 December 2023 and 2022 is as follows:

Financial instruments with fixed interest rate	31 December 2023	31 December 2022
Time deposits	7,591,804	6,950,126
Financial liabilities	1,496,421	3,858,162
Lease liabilities	8,250,808	7,933,024

Financial instruments with floating interest rate	31 December 2023	31 December 2022
Financial liabilities	522,749	493,119

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Non derivative financial liabilities:

2023	Net book value	Contractual cash outflows	Less than 3 months	3months- 12 months	1 years- 5 years
Financial payables	2,019,170	2,566,783	583,661	675,458	1,307,664
Trade payables	37,390,443	38,563,942	30,468,899	8,095,043	-
Other payables	2,380,630	2,380,630	1,640,198	696,015	44,417
	41,790,243	**43,511,355**	**32,692,758**	**9,466,516**	**1,352,081**

Non derivative financial liabilities:

2022	Net book value	Contractual cash outflows	Less than 3 months	3 months- 12 months	1 years- 5 years
Financial payables	4,351,281	5,575,040	678,446	1,532,129	3,364,465
Trade payables	34,667,981	35,033,854	28,532,867	6,500,987	-
Other payables	1,882,368	1,882,368	1,829,255	-	53,113
	40,901,630	**42,491,262**	**31,040,568**	**8,033,116**	**3,417,578**

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

As of 31 December 2023 and 2022, the details of credit and receivables risk are as follows. In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	Trade Receivables			
2023	**Third party**	**Related party**	**Other receivables**	**Deposits in bank**
Maximum risk exposed credit risk as of reporting date (A+B+C+D)	**368,285**	**1,700**	**2,146,414**	**9,168,727**
-Secured portion of maximum credit risk bu guarantees etc.	79,225	-	-	-
A. Net book value of financial assets either are not due or not impaired	330,974	1,700	2,146,414	9,168,727
Secured portion bu guarantees etc.	78,793	-	-	-
B. Net book value of the expired or not impaired financial assets	-	-	-	-
- Secured portion bu guarantees etc.	-	-	-	-
C. Net bok value of assets that are overdue but not impaired	37,311	-	-	-
Secured portion bu guarantees etc.	432	-	-	-
D. Net book value of assets that are impaired	-	-	-	-
overdue (gross book value)	163,496	-	-	-
impairment (-)	(163,496)	-	-	-
Secured portion bu guarantees etc.	-	-	-	-

	Trade Receivables			
2022	**Third party**	**Related party**	**Other receivables**	**Deposits in bank**
Maximum risk exposed credit risk as of reporting date (A+B+C+D)	**794,100**	**8,776**	**1,062,900**	**8,242,538**
-Secured portion of maximum credit risk bu guarantees etc.	174,429	-	-	-
A. Net book value of financial assets either are not due or not impaired	756,762	8,776	1,062,900	8,242,538
Secured portion bu guarantees etc.	173,389	-	-	-
B. Net book value of the expired	-	-	-	-
Secured portion bu guarantees etc.	-	-	-	-
C. Net bok value of assets that are overdue but not impaired	37,338	-	-	-
Secured portion bu guarantees etc.	1,040	-	-	-
D. Net book value of assets that are impaired	-	-	-	-
overdue (gross book value)	207,527	-	-	-
impairment (-)	(207,527)	-	-	-
Secured portion bu guarantees etc.	-	-	-	-

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of the reporting date, there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets.

Aging of the receivables which are overdue but not impaired

	31 December 2023	31 December 2022
Between 0-1 month	2,609	3,806
Between 1-3 month	446	334
Between 3-12 month	29,285	26,642
Between 1-5 years	4,971	6,556
	37,311	**37,338**

Capital risk

Net debt ratio as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Total liabilities	55,875,344	54,112,847
Less: Cash and cash equivalents	(12,807,989)	(13,238,339)
Net debt	43,067,355	40,874,508
Equity attributable to holders of parent	36,024,318	27,434,747
Equity + net debt	79,091,673	68,309,255
	54.45%	**59.84**%

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Exchange Rate Risk

The Group is exposed to foreign exchange risk primarily arising from financial assets denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. As of 31 December 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 511,535 higher. (31 December 2022: TRY 204,780)

The profit before tax effect can be broken down in terms of currencies in such a way that that the change amounting to TRY 152,407 is due to the change in Euro and the change amounting to TRY 359,128 is due to US dollar. (31 December 2022: The effect of the change in the Euro is 12,515 TRY, the effect of the change in the US Dollar is TRY 192,265.)

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 December 2023				31 December 2022			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY equivalent
Monetary financial assets	2,575,544	61,006	23,394	17,603	1,049,647	31,214	2,254	13,913
Other	-	-	-	-	277	9	-	-
Current assets	**2,575,544**	**61,006**	**23,394**	**17,603**	**1,049,924**	**31,223**	**2,254**	**13,913**
Total assets	**2,575,544**	**61,006**	**23,394**	**17,603**	**1,049,924**	**31,223**	**2,254**	**13,913**
Trade payables	265	9	-	-	11,832	12	349	-
Current liabilities	**265**	**9**	**-**	**-**	**11,832**	**12**	**349**	**-**
Financial liabilities	-	-	-	-	-	-	-	-
Non-monetary other liabilities	-	-	-	-	17,837	-	543	-
Non-current liabilities	**-**	**-**	**-**	**-**	**17,837**	**-**	**543**	**-**
Total liabilities	**265**	**9**	**-**	**-**	**29,669**	**12**	**892**	**-**

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 December 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	**2,575,279**	**60,997**	**23,394**	**17,603**	**1,020,255**	**31,211**	**1,362**	**13,913**
Net foreign currency asset/(liability) position of monetary items	**2,575,279**	**60,997**	**23,394**	**17,603**	**1,037,815**	**31,202**	**1,905**	**13,913**
Fair value hedge funds of foreign currency	417,052	14,167	-	-	578,559	-	17,614	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	563,589	15,330	-	-	766,946	21,347	-	-

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

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

31 December 2023

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
20% change in Euro exchange rate		
Euro net asset/liability	152,407	(152,407)
20% change in US dollar exchange rate		
US dollar net asset/liability	359,128	(359,128)
Net effect	**510,875**	**(510,875)**

31 December 2022

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
20% change in Euro exchange rate		
Euro net asset/liability	12,515	(12,515)
20% change in US dollar exchange rate		
US dollar net asset/liability	192,265	(192,265)
Net effect	**204,780**	**(204,780)**

NOTE 28 - 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 indirecty (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).

(Amounts expressed in thousands of TRY based on the purchasing power of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

The fair value hierarchy for the assets and liabilities measured at fair value as of 31 December 2023 and 2022 is as follows:

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Lands	-	-	1,907,795	1,907,795
Buildings	-		3,457,722	3,457,722
Derivative instruments	-	-	-	-
Long term financial investments	-	1,155,953	-	1,155,953
	-	**1,155,953**	**5,365,517**	**6,521,470**

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Lands	-	-	2,174,607	2,174,607
Buildings	-	-	2,713,698	2,713,698
Derivative instruments	-	9,038	-	9,038
Long term financial investments	-	993,327	-	993,327
	-	**1,002,365**	**4,888,305**	**5,890,670**

NOTE 29 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm for the years 1 January - 31 December 2023 and 2022 are as follows:

	2023	**2022**
Audit and assurance fee	3,745	2,310
Tax consulting fee	2,222	1,412
Other non-audit services fee	712	1,181
	6,679	**4,903**

NOTE 30 – EVENTS AFTER THE REPORT

Shares corresponding to 18.3% of the paid-in capital of Paket Lojistik ve Teknoloji A.Ş. ("Paket Taxi"), which provides logistics services to the Group's online operations in which it has a 75.0% share, belong to its subsidiary Digital Platform Gıda Hizmetleri A.Ş., which provides services in the field of online retailing was acquired from the other shareholders of Paket Taxi.

As a result of the said share transfer, the Group's direct and indirect shareholding rate in Paket Taxi increased to 92.1%

APPENDIX 1 - 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 December 2023	TFRS 16 Effect	Before TFRS 16
ASSETS			
Current assets			
Prepaid expenses	563,507	(49,137)	612,644
Total current assets	**37,875,773**	**(49,137)**	**37,924,910**
Non-current assets			
Prepaid expenses	1,785,797	(16,421)	1,802,218
Right of use assets	16,226,038	16,226,038	-
Total non-current assets	**54,253,708**	**16,209,617**	**38,044,091**
Total assets	**92,129,481**	**16,160,480**	**75,969,001**
LIABILITIES			
Current liabilities			
Lease liabilities	1,826,080	1,826,080	-
Total current liabilities	**44,895,539**	**1,826,080**	**43,069,459**
Non-current liabilities			
Lease liabilities	6,424,728	6,424,728	-
Deferred tax liabilities	2,073,679	1,773,522	300,157
Total non-current liabilities	**10,979,805**	**8,198 ,250**	**2,781,555**
Total liabilities	**55,875,344**	**10,024,330**	**45,851,014**
EQUITY			
Attributable to equity holders of parent	**36,024,318**	**6,136,150**	**29,888,168**
Retained earnings	23,196,439	3,104,120	20,092,319
Net profit for the year	8,828,696	3,032,030	5,796,666
Total equity	**36,254,137**	**6,136,150**	**30,117,987**
TOTAL LIABILITIES AND EQUITY	**92,129,481**	**16,160,480**	**75,969,001**

APPENDIX 1 - CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE EFFECT OF TFRS 16 (Continued)

	31 December 2023	TFRS 16 Effect	Before TFRS 16
PROFIT OR LOSS			
Revenue	181,674,337	-	181,674,337
Cost of sales (-)	(147,671,404)	355,860	(148,027,264)
Gross profit	**34,002,933**	**355,860**	**33,647,073**
General administrative expenses (-)	(2,952,469)	-	(2,952,469)
Marketing expenses (-)	(34,030,292)	(1,474,777)	(32,555,515)
Other operating income	1,371,880	-	1,371,880
Other operating expense (-)	(5,002,113)	19,805	(5,021,918)
Operating loss	**(6,610,061)**	**(1,099,112)**	**(5,510,949)**
Income from investing activities	376,576	-	376,576
Loss from investing activities (-)	(24,474)	-	(24,474)
Operating loss before finance income/(expense)	**(6,257,959)**	**(1,099,112)**	**(5,158,847)**
Financial income	3,952,994	-	3,952,994
Financial expense (-)	(3,728,280)	(1,353,884)	(2,374,396)
Monetary gain	16,825,164	6,497,307	10,327,857
Net profit before tax from continuing operations	**10,791,919**	**4,044,311**	**6,747,608**
Tax expense from continuing operations	**(1,886,524)**	**(1,012,281)**	**(874,243)**
Income tax expense (-)	(694,672)	-	(694,672)
Deferred tax expense	(1,191,852)	(1,012,281)	179,571
Net profit for the year	**8,905,395**	**3,032,030**	**5,873,365**

APPENDIX 2 - 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 year, employee termination benefit provision expense, unusued 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	181,674,337	140,480,068	-	-	181,674,337	140,480,068
Cost of goods sold (-)	(147,671,404)	(114,210,332)	355,860	336,426	(148,027,264)	(114,546,758)
Gross profit	**34,002,933**	**26,269,736**	**355,860**	**336,426**	**33,647,073**	**25,933,310**
General administrative expenses (-)	(2,952,469)	(1,990,936)	-	-	(2,952,469)	(1,990,936)
Marketing expenses (-)	(34,030,292)	(25,263,412)	(1,470,722)	(884,080)	(32,559,570)	(24,379,332)
Addition: Depreciation and Amortisation expenses	6,200,922	4,745,376	3,580,026	2,790,492	2,620,896	1,954,884
EBITDA	**3,221,094**	**3,760,764**	**2,465,164**	**2,242,838**	**755,930**	**1,517,926**
Addition: Provision for employment termination benefit and unused vacation	652,055	616,154	-	-	652,055	616,154
EBITDA	**3,873,149**	**4,376,918**	**2,465,164**	**2,242,838**	**1,407,985**	**2,134,080**

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