

(Convenience translation of the interim consolidated financial statements  
originally issued in Turkish)

# **BİM BİRLEŞİK MAĞAZALAR A.Ş.**

**Interim consolidated financial statements as of and  
for the period ended September 30, 2021**

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(Convenience translation of the interim consolidated financial statements originally issued in Turkish)  
**BİM Birleşik Mağazalar A.Ş.**

**Interim Consolidated Balance Sheets**  
**as of September 30, 2021 and December 31, 2020**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Not reviewed September 30, 2021	Audited December 31, 2020
<b>Current assets</b>		<b>12.082.625</b>	11.135.793
Cash and cash equivalents	4	1.626.103	1.112.693
Financial investments	5	2.155.926	2.663.781
Trade receivables		2.875.865	2.615.234
- Trade receivables from third parties	7	2.875.865	2.615.234
Other receivables	8	45.676	13.554
- Other receivables from related parties		368	233
- Other receivables from third parties		45.308	13.321
Inventory	9	5.145.823	4.228.394
Prepaid expenses	14	116.847	395.512
Other current assets	16	116.385	106.625
<b>Non-current assets</b>		<b>14.745.312</b>	12.294.499
Financial investments	5	523.420	523.420
Other receivables		11.840	9.775
- Other receivables from third parties		11.840	9.775
Property, plant and equipment	10	7.307.896	6.230.953
Intangible assets	11	43.360	43.461
The right of use assets	12	6.520.650	5.398.800
Prepaid expenses	14	115.786	61.103
Deferred tax assets	25	222.360	26.987
<b>Total assets</b>		<b>26.827.937</b>	23.430.292

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

**Interim Consolidated Balance Sheets**  
**as of September 30, 2021 and December 31, 2020**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**LIABILITIES**

	Notes	Not reviewed September 30, 2021	Audited December 31, 2020
<b>Current liabilities</b>		<b>13.887.297</b>	<b>11.020.795</b>
<b>Short-term liabilities</b>	6	<b>1.603.013</b>	1.377.627
- Bank loans		90.867	131.421
- Lease liabilities		1.512.146	1.246.206
<b>Trade payables</b>		<b>10.319.430</b>	8.894.471
- Trade payables due to related parties	28	977.383	804.124
- Trade payables due to third parties	7	9.342.047	8.090.347
<b>Other payables</b>		<b>1.032.528</b>	246
- Other payables due to related parties		1.032.240	-
- Other payables due to third parties		288	246
<b>Deferred income</b>	14	<b>68.981</b>	44.407
<b>Payables related to employee benefits</b>		<b>96.609</b>	74.606
<b>Short term provisions</b>		<b>117.032</b>	87.339
- Provision for employee benefits	13	53.678	41.533
- Other short-term provisions	13	63.354	45.806
<b>Current income tax liabilities</b>	25	<b>180.684</b>	243.713
<b>Other current liabilities</b>	16	<b>469.020</b>	298.386
<b>Non-current liabilities</b>		<b>6.083.465</b>	<b>5.233.810</b>
<b>Long - term liabilities</b>	6	<b>5.829.517</b>	4.715.679
- Lease liabilities		5.829.517	4.715.679
<b>Non - current provisions</b>		<b>253.948</b>	241.859
- Provision for employee benefits	15	253.948	241.859
<b>Deferred tax liabilities</b>	25	-	276.272
<b>Equity</b>		<b>6.857.175</b>	<b>7.175.687</b>
<b>Paid-in share capital</b>	17	<b>607.200</b>	607.200
<b>Treasury Shares</b>	17	<b>(374.708)</b>	(374.708)
<b>Other comprehensive income/(expense) not to be reclassified to profit or loss</b>		<b>2.181.012</b>	1.906.697
- Property and equipment revaluation fund	10,17	1.986.199	1.711.884
- Actuarial loss on defined benefit plans		(152.820)	(152.820)
- Fair value changes in available-for-sale financial assets		347.633	347.633
<b>Other comprehensive income/(expense) to be reclassified to profit or loss</b>		<b>182.226</b>	134.177
- Foreign currency translation difference		182.226	134.177
<b>Restricted reserves</b>		<b>1.252.098</b>	893.850
<b>Retained earnings</b>		<b>576.047</b>	1.401.656
<b>Net income for the period</b>		<b>2.293.740</b>	2.606.815
<b>Equity holders of the parent</b>		<b>6.717.615</b>	<b>7.175.687</b>
<b>Non – controlling interests</b>		<b>139.560</b>	-
<b>Total liabilities</b>		<b>26.827.937</b>	<b>23.430.292</b>

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

(Convenience translation of the interim consolidated financial statements originally issued in Turkish)  
**BİM Birleşik Mağazalar A.Ş.**

**Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For The Period Ended September 30, 2021 and 2020**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Not reviewed January 1- September 30, 2021	Not reviewed. July 1- September 30, 2021	Not reviewed January 1- September 30, 2020	Not reviewed July 1- September 30, 2020
<b>PROFIT OR LOSS</b>					
Revenue	18	50.122.131	17.457.239	40.186.226	13.560.111
Cost of sales(-)	18	(40.763.058)	(14.175.180)	(32.932.838)	(11.048.820)
<b>GROSS PROFIT</b>		<b>9.359.073</b>	<b>3.282.059</b>	7.253.388	2.511.291
Marketing expenses (-)	19	(5.542.256)	(1.947.696)	(4.140.870)	(1.463.443)
General administrative expenses (-)	19	(770.195)	(271.858)	(586.276)	(189.607)
Other operating income	21	109.250	39.227	75.013	37.576
Other operating expense (-)	21	(14.022)	(6.383)	(12.543)	(7.745)
<b>OPERATING PROFIT</b>		<b>3.141.850</b>	<b>1.095.349</b>	2.588.712	888.072
Income from investing activities	24	244.791	73.131	54.804	27.790
Expense from investing activities	24	(608)	1.634	(3.519)	(1.188)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>3.386.033</b>	<b>1.170.114</b>	2.639.997	914.674
Financial income	22	163.600	76.882	217.670	110.448
Financial expense (-)	23	(678.447)	(254.548)	(568.387)	(185.764)
<b>PROFIT BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>2.871.186</b>	<b>992.448</b>	2.289.280	839.358
- Current tax expense	25	(758.470)	(229.826)	(565.926)	(191.079)
- Deferred tax income	25	195.876	129.727	58.242	5.495
<b>PROFIT FROM CONTINUED OPERATIONS</b>		<b>2.308.592</b>	<b>892.349</b>	1.781.596	653.774
<b>NET INCOME FOR THE PERIOD</b>		<b>2.308.592</b>	<b>892.349</b>	1.781.596	653.774
<b>Profit for the period attributable to</b>					
Equity holders of the parent		2.293.740	884.020	1.781.596	653.774
Non controlling interest		14.852	8.329	-	-
<b>Earnings per share</b>					
Earnings per share from continued operations (Full TRY)	26	3,81	1,47	2,94	1,08
<b>Other comprehensive gain/(loss)</b>					
<b>Items not to be reclassified to profit/(loss)</b>		<b>274.315</b>	<b>274.315</b>	(36.551)	-
Gain/(losses) on revaluation of property, plant and equipment, net		274.315	274.315	-	-
Fair value changes in available-for-sale financial assets		-	-	(36.551)	-
<b>Items to be reclassified to profit /(loss):</b>		<b>56.694</b>	<b>3.492</b>	71.458	47.704
Currency translation difference		56.694	3.492	71.458	47.704
<b>Other comprehensive income/(loss)</b>		<b>331.009</b>	<b>277.807</b>	34.907	47.704
<b>Total comprehensive income</b>		<b>2.639.601</b>	<b>1.170.156</b>	1.816.503	701.478
<b>Total comprehensive income attributable to</b>					
Non – controlling interest		23.497	10.385	-	-
Owners of the Company		2.616.104	1.159.771	1.816.503	701.478

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

(Convenience translation of the interim consolidated financial statements originally issued in Turkish)

**BİM Birleşik Mağazalar A.Ş.**

**Interim Consolidated Statement of Changes in Equity For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Not reviewed											
	Other comprehensive income not to be reclassified to profit or loss					Other comprehensive income to be reclassified to profit or loss	Retained earnings					
	Paid-in share capital	Repurchase shares	Restricted reserves	Fair value changes in available-for-sale financial assets	Property, plant and equipment revaluation fund	Actuarial loss on defined benefit plans	Foreign currency translation differences	Retained earnings	Net income for the period	Equity attributable to parent	Non controlling interest	Total Equity
Balance at January 1, 2020	607.200	-	431.098	313.519	785.683	(117.556)	68.101	924.368	1.224.877	4.237.290	-	4.237.290
Transfers	-	-	88.044	-	-	-	-	1.136.833	(1.224.877)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	1.781.596	1.781.596	-	1.781.596
Other comprehensive income	-	-	-	(36.551)	-	-	71.458	-	-	34.907	-	34.907
<b>Total comprehensive income</b>	-	-	-	<b>(36.551)</b>	-	-	<b>71.458</b>	-	<b>1.781.596</b>	<b>1.816.503</b>	-	<b>1.816.503</b>
Divident paid (Note 17)	-	-	-	-	-	-	-	(303.600)	-	(303.600)	-	(303.600)
Increase/decrease due to acquisition of treasury shares	-	(374.708)	374.708	-	-	-	-	(374.708)	-	(374.708)	-	(374.708)
Other	-	-	-	(18.763)	-	-	-	18.763	-	-	-	-
<b>Balance at September 30, 2020</b>	<b>607.200</b>	<b>(374.708)</b>	<b>893.850</b>	<b>258.205</b>	<b>785.683</b>	<b>(117.556)</b>	<b>139.559</b>	<b>1.401.656</b>	<b>1.781.596</b>	<b>5.375.485</b>	<b>-</b>	<b>5.375.485</b>
<b>Balance at January 1, 2021</b>	<b>607.200</b>	<b>(374.708)</b>	<b>893.850</b>	<b>347.633</b>	<b>1.711.884</b>	<b>(152.820)</b>	<b>134.177</b>	<b>1.401.656</b>	<b>2.606.815</b>	<b>7.175.687</b>	<b>-</b>	<b>7.175.687</b>
Transfers	-	-	358.248	-	-	-	-	2.248.567	(2.606.815)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	2.293.740	2.293.740	14.852	2.308.592
Other comprehensive income	-	-	-	-	274.315	-	48.049	-	-	322.364	8.645	331.009
<b>Total comprehensive income</b>	-	-	-	-	<b>274.315</b>	-	<b>48.049</b>	-	<b>2.293.740</b>	<b>2.616.104</b>	<b>23.497</b>	<b>2.639.601</b>
Dividend paid (Note 17)	-	-	-	-	-	-	-	(3.620.516)	-	(3.620.516)	-	(3.620.516)
Share ratio changes in subsidiaries in	-	-	-	-	-	-	-	-	-	-	-	-
Loss of control (*)	-	-	-	-	-	-	-	546.340	-	546.340	116.063	662.403
<b>Balance at September 30,2021</b>	<b>607.200</b>	<b>(374.708)</b>	<b>1.252.098</b>	<b>347.633</b>	<b>1.986.199</b>	<b>(152.820)</b>	<b>182.226</b>	<b>576.047</b>	<b>2.293.740</b>	<b>6.717.615</b>	<b>139.560</b>	<b>6.857.175</b>

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

**Interim Consolidated Cash Flow Statement  
For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Not reviewed January 1- September 30, 2021	Not reviewed January 1- September 30, 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4.173.565</b>	<b>4.079.395</b>
Profit for the period		2.308.592	1.781.596
Adjustments to reconcile profit for the period		2.163.426	1.876.624
Depreciation and amortization	10,11,12	1.303.455	1.015.372
Provisions for impairments		12.181	3.245
- Provisions for impairments of inventories	9	12.181	3.073
- Allowance for doubtful receivables	8	-	172
Adjustments related to provisions		132.267	82.318
- Adjustments related to provision for employment termination benefits	13,15	114.719	78.026
- Adjustments related to the legal provisions	13	13.331	4.331
- Adjustments related to other provisions	13	4.217	(39)
Adjustments related to financial income and expense		435.517	478.021
- Adjustments related to financial expenses	23	587.443	527.477
- Adjustments related to deferred financial expense from future purchases.		(151.926)	(49.456)
Adjustments related to the financing income and other financial instruments		(242.992)	(192.036)
Adjustments for tax expense	25	562.594	507.684
Gain/(loss) on sale of property and equipment	24	608	3.519
Other adjustments related cash flows arising from investing and financing activities		(17.985)	(788)
Adjustments related to gain/(loss)		(22.219)	(20.711)
<b>Changes in net working capital</b>		<b>563.136</b>	<b>919.793</b>
Increases/decreases in inventories		(929.610)	(1.403.237)
Increases/decreases in trade receivables		(260.674)	(671.151)
Increases/decreases in other assets		(53.033)	(4.493)
Increases/decreases in trade payables		1.576.885	2.435.552
Increases/decreases in other payables		42	39
Increases/decreases other net working capital		229.526	563.083
<b>Net cash generated from operating activities</b>		<b>5.035.154</b>	<b>4.578.013</b>
Income taxes paid	25	(812.680)	(470.595)
Other cash inflow/outflow		43	8
Employee benefits paid	15	(48.952)	(28.031)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(159.167)</b>	<b>(1.920.047)</b>
Cash inflows for sale of shares or debt instruments of other businesses or funds		-	155.000
Cash inflows for sale of minority shares of subsidiary		689.894	-
Proceeds from sale of tangible and intangible assets		21.588	18.275
Cash outflows from purchases of tangible and intangible assets	10,11	(1.598.961)	(844.315)
- Purchases of tangible assets		(1.590.081)	(835.341)
- Purchases of intangible assets		(8.880)	(8.974)
Participation (profit) share and cash inflows from other financial instruments		748.936	(1.217.677)
Cash advances given and liabilities		(20.624)	(32.118)
Dividends received		-	788
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3.533.166)</b>	<b>(1.565.289)</b>
Cash inflows (outflows) from financial liabilities	6	(40.554)	19.820
Cash outflows from payments of rent agreements	6	(1.086.496)	(906.801)
Dividend paid	17	(2.406.116)	(303.600)
Cash inflows/(outflows) related to the company's own shares and receivables based on other equity instruments		-	(374.708)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>481.232</b>	<b>594.059</b>
<b>D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>30.267</b>	<b>(23.243)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>511.499</b>	<b>570.816</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>1.112.404</b>	<b>1.154.508</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)</b>	4	<b>1.623.903</b>	<b>1.725.324</b>

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

## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

#### **1. Organization and nature of operations of the Group**

BİM Birleşik Mağazalar Anonim Şirketi ("BİM" or "the Company") was established on 31 May 1995 and commenced its operations in September 1995. The registered address of the Group is Ebubekir Cad. No: 73 Sancaktepe, İstanbul.

The Company is engaged in operating retail stores through its retail shops throughout Turkey, which sell an assortment of approximately 800 items, including a number of private labels. The Company is publicly traded in Istanbul Stock Exchange (ISE) since July 2005.

The Company established a new company named BIM Stores SARL on 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 July 2009. As of May 4, 2021, the shares of BIM Stores SARL representing 35% of its capital were sold to Blue Investment Holding. Full control of BIM continues and the relevant minority share amounts are stated in the interim financial statements and footnote 27. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of September 30, 2021.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of September 30, 2021.

GDP Gıda Paketleme ve Sanayi ve Ticaret A.Ş. ("GDP Gıda"), which is a 100% subsidiary to provide the supply and packaging of various foodstuffs, especially rice and pulses became a legal entity and started its activities with the completion of the registration procedures in 2017. GDP Gıda financial statements are consolidated by using the full consolidation method as of September 30, 2021.

Dost Global Danışmanlık A.Ş. ("Dost Global"), which is a 100% subsidiary to reach a more efficient organizational structure within the scope of the foreign investments of the Company was founded 8 January 2020. Dost Global interim financial statements are consolidated by using the full consolidation method as of September 30, 2021.

Es Global Gıda Sanayi ve Ticaret A.Ş, which is a 100% subsidiary to produce especially some biscuits and confectionery products sold in the stores of the Company was founded in September, 2021. Es Global Gıda Sanayi ve Ticaret A.Ş. financial statements are consolidated by using the full consolidation method as of September 30, 2021.

Hereinafter, the Company and its consolidated subsidiaries together will be referred to as "the Group".

#### Approval of interim financial statements:

Shareholder structure of the Group is stated in Note 17. Board of Directors has approved the interim financial statements and delegated authority for publishing it on November 8, 2021.

Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issues.

For the periods ended September 30, 2021 and 2020, the period-end number of employees in accordance with their categories is shown below:

	<b>September 30, 2021</b>	September 30, 2020
Office personnel	<b>3.590</b>	3.394
Warehouse personnel	<b>6.178</b>	5.835
Store personnel	<b>57.872</b>	49.139
<b>Total</b>	<b>67.640</b>	58.368

As of September 30, 2021, the Group operates in 10.330 stores (December 31, 2020: 9.365).



## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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## **2. Basis of preparation of financial statements**

### **2.1 Basis of presentation**

The interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory interim financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

The interim consolidated financial statements are presented in accordance with formats that are determined in "Announcement regarding TAS Taxonomy" and "Financial Statement Examples and Instructions" by Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") on April 15, 2019.

Companies are free to prepare their interim financial statements as a full set or summary in accordance with TAS 34 Interim Financial Reporting. In this context, the Company preferred to prepare a full set of financial statements in the interim periods.

#### *Going concern assumption*

The interim consolidated financial statements including the accounts of the Group have been prepared assuming that the Group 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.

### **2.2 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the interim consolidated financial statements as at September 30, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

#### **i) *The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:***

#### **Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16**

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after January 1 2021. Earlier application is permitted and must be disclosed.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.2 The new standards, amendments and interpretations (Cont'd)**

#### ***Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform***

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

#### ***Relief from discontinuing hedging relationships***

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

#### ***Separately identifiable risk components***

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

#### ***Additional disclosures***

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Group.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.2 The new standards, amendments and interpretations (Cont'd)**

#### **Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond September 30, 2021**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

The Group is in the process of assessing the impact of the amendments on financial position.

#### **ii) Standards issued but not yet effective and not yet adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim consolidated financial statements and disclosures, when the new standards and interpretations become effective.

#### **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

#### **Amendments to TFRS 3 – Reference to the Conceptual Framework**

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position the Group.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.2. The new standards, amendments and interpretations (Cont'd)**

###### **Amendments to TAS 16 – Proceeds before intended use**

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after January 1 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Group is in the process of assessing the impact of the amendments on financial position.

###### **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position.

###### **TFRS 17 - The new Standard for insurance contracts**

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after January 1 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position

###### **Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.2. The new standards, amendments and interpretations (Cont'd)**

###### **Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA.

Overall, the Group expects no significant impact on its balance sheet and equity.

###### **Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Overall, the Group expects no significant impact on its balance sheet and equity.

###### **Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Overall, the Group expects no significant impact on its balance sheet and equity.

###### **Annual Improvements – 2018–2020 Cycle**

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.2 The new standards, amendments and interpretations (Cont'd)**

- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1 2022. Earlier application is permitted for all.

The Company Group is in the process of assessing the impact of the amendments on financial position.

### **2.3. Statement of compliance to TAS**

The Group prepared its interim consolidated financial statements for the period ended September 30, 2021 in accordance with the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including the mandatory disclosures.

### **2.4. Presentation and functional currency**

The individual interim financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the interim consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. The functional currency of the Company's subsidiary, BIM Stores SARL, is Moroccan Dirham ("MAD").

In the interim consolidated financial statements, MAD amounts presented in the balance sheet for assets and liabilities are translated into Turkish Lira at the TRY which is the functional and reporting currency of the Company, 1 TRY = 1,0172 MAD and 1 TRY = 1,0154 exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,0960 MAD rate is taken as the basis. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The functional currency of the Company's other subsidiary, BIM Stores LLC is Egyptian Pound ("EGP"). In the interim consolidated interim financial statements, EGP amounts presented in the balance sheet for assets and liabilities are translated into Turkish Lira at the TRY which is the functional and reporting currency of the Company, 1 TRY = 1,7709 EGP and 1 TRY = 1,7787 EGP exchange rates respectively and in the conversion of the income statement, the average exchange rate occurred during the period, 1 TRY = 1,9134 EGP rate is taken as the basis.. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

### **2.5 Basis of consolidation**

The interim consolidated financial statements comprise the interim financial statements of the parent company BİM and its subsidiaries prepared for the period ended September 30, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

## **Notes To The Interim Consolidated Financial Statements**

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.5 Basis of consolidation (Cont'd)**

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

##### **i) Subsidiaries:**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity.

##### **ii) Non – controlling interest:**

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

##### **iii) Partial share purchase and sale transactions with non-controlling interests**

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.5 Basis of consolidation (Cont'd)**

###### **iv) Eliminations:**

During the preparation of the carve-out interim consolidated financial statements, unrealized gains and losses arising from intra-group transactions between entities included in the carve-out interim consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

##### **2.6 Comparatives and restatement of prior periods' financial statements**

Intercompany balances and transactions between BİM and its subsidiaries, including unrealized intercompany profits and losses are eliminated. Interim consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The interim financial statements of the Group for the current period are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. Comparative information is reclassified in the current period in order to comply with the presentation of the interim financial statements.

#### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

#### **Accounting estimates**

The preparation of interim financial statements in accordance with TAS require the Group management to make estimates and assumptions that affect certain reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in income statement in the periods in which they become known.

Significant estimates used in the preparation of these interim financial statements and the significant judgments with the most significant effect on amounts recognized in the interim financial statements are mainly related with accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property, plant and equipment and intangibles, determination of the interest rates used to discount cashflows and the lease period used in the calculation of the right of use of assets and lease liabilities, provision for income taxes.

##### **2.7 Changes in accounting policies**

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the interim financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.



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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies**

#### **Revenue recognition**

Revenue is recognized on accrual basis over the amount obtained or the current value of the amount to be obtained when the delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is reasonably assured. Revenue is recognized when customers obtain control of the goods. The cycle of control takes place at a certain time of time. Net sales represent the invoiced value of goods less any sales returns. Retail sales are done generally with cash or credit cards and the control is transferred to customers at the same time and revenue is recognized at the time of sale.

#### Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- Identification of contracts with customers,
- Definition of performance obligations in contracts,
- Determination of transaction price in contracts,
- Distribution of transaction fee to performance obligations, and
- Revenue recognition.

#### Financial income

Profit shares income from participation banks are recognized in accrual basis.

#### Dividend income

Dividend income from investments. Dividend payables are recognized in the period that the profit distribution is declared.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in transit and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **Trade receivables**

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 15 days term (December 31, 2020: 13 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice.

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.8 Summary of significant accounting policies (Cont'd)**

###### **Trade receivables (Cont'd)**

Estimate is made for the doubtful provision when the collection of the trade receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Group has preferred to apply "simplified approach" defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

###### **Inventories**

Inventories are valued at the lower of cost or net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method.

Rebates which generate from sales from ordinary operations are deducted from cost of inventories and associated with cost of sales.

Net realizable value is the estimated selling price less estimated costs necessary to realize sale.

###### **Right-of-Use Assets and Lease Liabilities**

###### ***Group - lessee***

The Group's leases are mainly consisting of retail stores and vehicles. At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,
- The right to direct the use of the identified asset. The Company has the right to direct the use of an identified asset throughout the period of use only if either
  - a) The Group has the right to direct how and for what purpose the asset is used throughout the period of use
  - b) the relevant decisions about how and for what purpose the asset is used are predetermined and.

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### *Right of use asset*

At the commencement date, the Group shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received
- c) any initial direct costs incurred by the Group
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset,

To apply a cost model, the Company shall measure the right-of-use asset at cost:

- a) less any accumulated depreciation and accumulated impairment losses and
- b) adjusted for any remeasurement of the lease liability.

The Group shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset. The average useful lives of right-to-use assets are as follows:

	<b>Duration (Year)</b>
Buildings	10
Vehicles	4

The Company shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

#### *Lease Liability*

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the financing rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group shall measure the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payment made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### *Extension and early termination options*

Lease contracts are made for average 10 annual periods. The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are applicable by the Group. The Group determines the lease term by the extension of the lease, if such extension and early termination options are at the Group's discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Group.

#### *Practical expedient*

The Group applied a single discount rate to a rental portfolio with similar features. Initial direct costs were not included in the measurement of the right to use at the date of initial application. If the contract includes options to extend and terminate the contract, the lease term is determined and the management's evaluations are used.

## **Property, plant and equipment**

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. Group revaluates the amounts of their lands and buildings every 3 years unless there is a change in the circumstances. All other property and equipment is stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property are initially credited to revaluation reserve in shareholders' equity net of the related deferred tax. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property and equipment revaluation reserve directly in equity; all other decreases are charged to the income statement.

Depreciation is provided on cost or revalued amount of property and equipment except for land and construction in progress on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	<b>Duration (Years)</b>
Land improvements	5
Buildings	25
Leasehold improvements	10
Machinery and equipment	4 - 10
Vehicles	5 - 10
Furniture and fixtures	5 - 10

## **Notes To The Interim Consolidated Financial Statements**

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.8 Summary of significant accounting policies (Cont'd)**

##### **Property, plant and equipment (Cont'd)**

The economic useful life, the present value and the depreciation method are regularly reviewed for possible effects of changes in estimates, the method used and the period of depreciation are closely aligned with the economic benefits to be gained from the related asset and are recognized on a prospective basis.

When a revaluated asset is sold, revaluation reserve account is transferred to retained earnings.

##### *Special Costs*

The economic useful life for special costs is in line with the average duration of the lease contracts which is 10 years.

##### **Intangible assets**

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible asset.

The Group does not have any intangible assets with indefinite useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Impairment of non-financial assets**

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income.

The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted. For the purposes of assessing impairment, assets are grouped by regions which are determined operationally (cash-generating units).

## **Notes To The Interim Consolidated Financial Statements**

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### **Financial assets**

##### **Classification**

The group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Financial assets measured at amortized cost*

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Trade receivables, cash and cash equivalents, lease certificate and investment funds are classified in this category

##### *Financial assets measured at fair value through other comprehensive income*

Financial assets measured at fair value through other comprehensive income are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

##### *Financial assets measured at fair value through profit or loss*

Financial assets at fair value through profit or loss consist of "financial asset", which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short run, irrespective of the reason of acquisition, and kept for trading purposes. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the consolidated statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realized or unrealized profit and losses are recognised under "income from investing income/expense".

#### **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets measured at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets measured at amortized cost are subsequently carried at amortised cost using the effective interest method.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise not to be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.8 Summary of significant accounting policies (Cont'd)**

###### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

###### **Recognition and derecognition of financial assets and liabilities**

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell.

###### **Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset is impaired.

###### *Financial assets measured at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### **Trade payables**

Trade payables which generally have an average of 64 days term (December 31, 2020: 58 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

#### **Gift cards recognition**

The gift cards that the Group sells to customers are classified under deferred income. Revenue is recognised when these gift cards are used by the customers.

#### **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

#### **Foreign currency transactions**

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	<b>US Dollars/TRY (full)</b>	<b>EUR /TRY (full)</b>	<b>GBP/TRY (full)</b>
September 30, 2021	8,8433	10,3135	11,9292
December 31, 2020	7,3405	9,0079	9,9438

#### **Earnings per share**

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

#### **Events after balance sheet date**

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the interim financial statements. Post year/period-end events that are not adjusting events are disclosed in the notes when material.



## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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## **2. Basis of preparation of financial statements (Cont'd)**

### **2.8 Summary of significant accounting policies (Cont'd)**

#### **Provisions, contingent assets and contingent liabilities**

##### *i) Provisions*

Provisions are recognized when the Group has a present obligation (legal or constructive) 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

##### *ii) Contingent assets and liabilities*

A contingent asset is not recognised in the interim financial statements but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the interim financial statements but they are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable.

#### **Related parties**

a) A person or a close member of that person's family is related to a reporting entity if that person:

- i) Has control or joint control over the reporting entity,
- ii) Has significant influence over the reporting entity, or,
- iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

- i) The entity and the reporting entity are members of the same group,
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- iii) Both entities are joint ventures of the same third party,
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- vi) The entity is controlled or jointly controlled by a person identified in (a),
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### **Income taxes**

##### **Current Income Taxes and Deferred Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In such case, the tax is recognized in shareholders' equity or other comprehensive income.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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#### **2. Basis of preparation of financial statements (Cont'd)**

##### **2.8 Summary of significant accounting policies (Cont'd)**

##### **Income taxes (Cont'd)**

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

##### **Statement of Cash Flows**

The Group prepares statements of cash flows as an integral part of its of interim financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. 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.

##### **Employee Benefits**

###### **a) Defined benefit plans:**

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. As detailed in Note 15, the employee benefit liability is provided for in accordance with TAS 19 "Employee Benefits" and is based on an independent actuarial study.

Actuarial gains and losses that calculated by professional actuaries, are recognized in the actuarial gain/loss fund regarding employee termination benefits in the equity. Recognized gains and losses shall not be transferred to comprehensive statement of income in the following periods. Reserve for employee termination benefits is recognized to interim financial statements that calculated with the discount rate estimated by professional actuarial.

###### **b) Unused vacation**

Unused vacation rights accrued in the consolidated interim financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

## Notes To The Interim Consolidated Financial Statements

### As At and For The Period Ended September 30, 2021

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#### 3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Group makes strategic decisions as a whole over the operations of the Group as the Group operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in TFRS 8 and segment reporting is not applicable.

#### 4. Cash and cash equivalents

	September 30, 2021	December 31, 2020
Cash on hand	291.851	358.499
Banks		
- Demand deposits	315.587	352.660
- Profit share deposits	922.059	291.942
Cash in transit	96.606	109.592
	<b>1.626.103</b>	<b>1.112.693</b>
Less: Accrual for profit share	(2.200)	(289)
<b>Cash and cash equivalents for cash flow</b>	<b>1.623.903</b>	<b>1.112.404</b>

As of September 30, 2021 and December 31, 2020 there is no restricted cash. As of September 30, 2021, total profit share deposits are in TRY, US Dollars and EUR (December 31, 2020: TRY) and the gross rates profit share from participation banks are 18,08% for TRY, 1,42% for US Dollars per annum (December 31, 2020: for TRY gross %16,75, %1,62 for US Dollars and %0,99 for EUR per annum). Since the profit share deposits are not used for investment purposes by the Group, are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, profit share deposits are classified as cash and cash equivalents.

#### 5. Financial assets

##### a) Short-term financial assets

As of September 30, 2021 and December 31, 2020 Group's short-term financial investments, consisting out of lease certificates and real estate investment funds which are less than one-year maturity are detailed in the table below with their amortized cost value.

	September 30, 2021	December 31, 2020
Lease certificate (*)	2.155.926	2.147.426
Real estate investment fund	-	516.355
	<b>2.155.926</b>	<b>2.663.781</b>

(\*) As of September 30, 2021, lease certificates are denominated in TRY and the simple gross annual rate of return is 19% on average (December 31, 2020: TRY, gross annual 14,38%).

## Notes To The Interim Consolidated Financial Statements

### As At and For The Period Ended September 30, 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

#### 5. Financial assets (Cont'd)

##### b) Long-term financial assets

Financial investments amounting to TRY 523.420 as of September 30, 2021 are detailed below (December 31, 2020: TRY 523.420).

##### i) Subsidiaries:

The details of subsidiaries and associates financial investment of the Group are as below:

Name of subsidiary	Share (%)	September 30, 2021	Share (%)	December 31, 2020
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. ("İdeal Standart") (*)	100	12.590	100	12.590
		<b>12.590</b>		<b>12.590</b>

(\*) İdeal Standart is carried at cost with the consideration of possible value and the financial results are not included in the scope of consolidation since the Group does not have any significant effect on the financial results of the Group; as of September 30, 2021, the total assets and liabilities of the current year are not more than 1% of the total assets and ceiling of the Group in the current year. Cost value of the financial investment reflects its fair value.

##### ii) Financial assets measured at fair value through other comprehensive income:

The details of financial assets measured at fair value through other comprehensive income and fair values of the Group are as below:

Name of subsidiary	Share (%)	September 30, 2021	Share (%)	December 31, 2020
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	510.830	11,5	510.830
		<b>510.830</b>		<b>510.830</b>

(\*) As of December 31, 2020 the fair value of available-for-sale financial asset is calculated by using discounted cash flow analysis method with discount rate used as 21,1% and the final growth rate used as 9.6%

#### 6. Financial liabilities

##### a) Bank Loans

As of September 30, 2021 the Group has short-term interest-free financial debt from banks amounting to TRY 90.867. These financial liabilities were closed on October 1, 2021 (December 31, 2020: TRY 131.421).

##### b) Lease Liabilities

Short-term portion of long-term liabilities	September 30, 2021	December 31, 2020
Lease liabilities	<b>1.512.146</b>	1.246.206
	<b>1.512.146</b>	<b>1.246.206</b>
Long-term lease liabilities	September 30, 2021	December 31, 2020
Lease liabilities	<b>5.829.517</b>	4.715.679
	<b>5.829.517</b>	<b>4.715.679</b>
<b>Total borrowings</b>	<b>7.341.663</b>	<b>5.961.885</b>

**Notes To The Interim Consolidated Financial Statements**

**As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**6. Financial liabilities (Cont'd)**

**b) Lease Liabilities (Cont'd)**

As of the report date, the maturity dates of the financial liabilities are as follows:

	September 30, 2021	December 31, 2020
Shorter than 3 months	498.715	314.538
3 - 12 month	1.013.431	931.668
More than 12 months	5.829.517	4.715.679
	<b>7.341.663</b>	<b>5.961.885</b>

Fair values are determined by using average effective annual financing rates.

	September 30, 2021	September 30, 2020
<b>Opening – January 1</b>	<b>5.961.885</b>	<b>4.264.567</b>
Cash outflows from payments of lease liabilities (-)	(1.086.495)	(906.801)
Additions	1.706.600	1.560.415
Changes in financial expenses accrual	587.442	527.477
Exchange rate differences	17.985	4.316
Changes in accruals arises from disposals	16.740	25.027
Foreign currency translation differences	137.506	161.984
<b>Closing – September 30</b>	<b>7.341.663</b>	<b>5.636.985</b>

**7. Trade receivables and payables**

**a) Trade receivables from third parties**

	September 30, 2021	December 31, 2020
Credit card receivables	2.875.865	2.615.234
	<b>2.875.865</b>	<b>2.615.234</b>

As of September 30, 2021 the average term of credit card receivables is 15 days (December 31, 2020: 13 days).

**b) Trade payables due to third parties**

	September 30, 2021	December 31, 2020
Trade payables	9.479.383	8.173.781
Unaccrued rediscount expense (-)	(137.336)	(83.434)
	<b>9.342.047</b>	<b>8.090.347</b>

As of September 30, 2021 the average term of trade payables is 64 days (December 31, 2020: 58 days). As of September 30, 2021 letters of guarantee, cheques and notes are amounting to TRY 336.982 and mortgages are amounting to TRY 16.360 (December 31, 2020: TRY 390.401 letters of guarantee, cheques and notes TRY 13.546 mortgages).

**Notes To The Interim Consolidated Financial Statements**

**As At and For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**8. Other receivables**

**a) Other receivables from related parties**

	September 30, 2021	December 31, 2020
Receivables from related parties	368	233
	<b>368</b>	<b>233</b>

**b) Other receivables from third parties**

	September 30, 2021	December 31, 2020
Other receivables	45.308	13.321
Doubtful receivables	11.505	11.548
Less: Allowance for doubtful receivables	(11.505)	(11.548)
	<b>45.308</b>	<b>13.321</b>

Current period movement of allowance for doubtful receivables is as follows:

	September 30, 2021	September 30, 2020
Balance at the beginning of the period – January 1	11.548	11.370
Allowance for doubtful receivables	-	181
Collection in current year	(43)	(8)
<b>Balance at the end of the period – September 30</b>	<b>11.505</b>	<b>11.543</b>

**9. Inventories**

	September 30, 2021	December 31, 2020
Trade goods, net	5.134.299	4.214.854
Other	23.705	19.788
Allowance for impairment on inventory (-)	(12.181)	(6.248)
	<b>5.145.823</b>	<b>4.228.394</b>

Cost of inventories amounting to TRY 42.711.293 (September 30, 2020: TRY 33.801.157) was recognized under cost of sales.

The movement of impairment for inventories in 2021 and 2020 is as follows:

	September 30, 2021	September 30, 2020
Balance at the beginning of the period – January 1	6.248	2.509
Allowance cancellations	(6.248)	(2.509)
Allowance for impairment	12.181	3.073
<b>Balance at the end of the period – September 30</b>	<b>12.181</b>	<b>3.073</b>

As of September 30, 2021 an allowance for impairment amounting to TRY 12.181 (December 31, 2020: TRY 6.248) has been made for trade goods.

## Notes To The Interim Consolidated Financial Statements

### As At and For The Period Ended September 30, 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

#### 10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation for the periods ended September 30, 2021 and 2020 are as follows:

	January 1, 2021	Additions	Disposals	Transfers	Currency translation differences	September 30, 2021
<b>Cost or revalued amount</b>						
Land	1.353.235	87.964	(1)	-	4.879	1.446.077
Land improvements	21.645	3.169	(38)	1	-	24.777
Buildings	2.099.605	64.906	(65)	154.917	3.234	2.322.597
Machinery and equipment	2.022.969	478.749	(37.862)	21.916	54.480	2.540.252
Vehicles	373.422	96.665	(8.090)	1.881	8.480	472.358
Furniture and fixtures	754.000	223.928	(27.008)	9.810	13.804	974.534
Leasehold improvements	1.740.619	394.315	(14.416)	20.554	73.192	2.214.264
Construction in progress	91.837	240.385	-	(209.079)	(390)	122.753
	<b>8.457.332</b>	<b>1.590.081</b>	<b>(87.480)</b>	<b>-</b>	<b>157.679</b>	<b>10.117.612</b>
<b>Less : Accumulated depreciation</b>						
Land improvements	(13.887)	(2.313)	33	-	-	(16.167)
Land	-	(99.746)	(3)	-	(73)	(99.822)
Machinery and equipment	(850.163)	(162.834)	27.813	-	(41.915)	(1.027.099)
Vehicles	(211.152)	(51.655)	5.545	-	(6.065)	(263.327)
Furniture and fixtures	(418.314)	(96.682)	24.258	-	(8.752)	(499.490)
Leasehold improvements	(732.863)	(133.893)	8.205	-	(45.260)	(903.811)
	<b>(2.226.379)</b>	<b>(547.123)</b>	<b>65.851</b>	<b>-</b>	<b>(102.065)</b>	<b>(2.809.716)</b>
<b>Net book value</b>	<b>6.230.953</b>					<b>7.307.896</b>

	January 1, 2020	Additions	Disposals	Transfers	Currency translation differences	September 30, 2020
<b>Cost or revalued amount</b>						
Land	848.638	11.998	(2)	-	7.059	867.693
Land improvements	18.988	1.836	(13)	77	-	20.888
Buildings	1.490.946	27.748	(5)	65.858	5.121	1.589.668
Machinery and equipment	1.560.375	297.070	(23.956)	9.676	73.356	1.916.521
Vehicles	306.548	48.402	(5.253)	564	12.057	362.318
Furniture and fixtures	577.200	110.201	(13.289)	2.239	18.377	694.728
Leasehold improvements	1.330.996	218.390	(13.717)	10.162	102.393	1.648.224
Construction in progress	44.193	119.696	(6.294)	(92.604)	171	65.162
	<b>6.177.884</b>	<b>835.341</b>	<b>(62.529)</b>	<b>(4.028)</b>	<b>218.534</b>	<b>7.165.202</b>
<b>Less : Accumulated depreciation</b>						
Land improvements	(11.283)	(1.961)	21	-	-	(13.223)
Land	(129.354)	(65.040)	-	-	(678)	(195.072)
Machinery and equipment	(660.056)	(124.440)	17.409	-	(52.594)	(819.681)
Vehicles	(156.549)	(40.984)	3.899	-	(8.353)	(201.987)
Furniture and fixtures	(336.966)	(65.939)	12.926	-	(10.714)	(400.693)
Leasehold improvements	(554.504)	(99.858)	6.514	-	(55.069)	(702.917)
	<b>(1.848.712)</b>	<b>(398.222)</b>	<b>40.769</b>	<b>-</b>	<b>(127.408)</b>	<b>(2.333.573)</b>
<b>Net book value</b>	<b>4.329.172</b>					<b>4.831.629</b>

As of September 30, 2021, depreciation expense amounting to TRY 501.354 (January 1- September 30, 2020: TRY 373.673 ) were recognized in marketing expenses and TRY 45.769 (January 1- September 30, 2020: TRY 24.549) in general and administrative expenses for the period January 1- September 30, 2021. The land and buildings were revalued and reflected to interim financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred incomtax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

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### **As At and For The Period Ended September 30, 2021**

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#### **10. Property, plant and equipment (Cont'd)**

If the Group does not adopt the revaluation model in accordance with TAS 16, the net book values of the items of property and equipment as of September 30, 2021 and December 31, 2020 are as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Buildings	<b>2.820.919</b>	1.275.603
Land	<b>339.912</b>	257.026
	<b>3.160.831</b>	1.532.629

#### **Fair values of land and buildings**

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at September 30, 2021. The revaluation surplus, as of December 31, 2020 net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

#### **Valuation techniques used to derive level 2 fair values**

Sale or purchase costs or tax deductions are not taken into account in assumption of Level 2 fair value of land and buildings. The most common valuation techniques used is market comparable method, and for some land and buildings cost and income approach including discounted cash flow analysis are also used. Comparable value per square meter is determined based on assumptions such as bargaining share and adjustment for location in market comparable method.

#### **Market comparable method**

A property's fair value is estimated based on comparison of sales and market data of similar or comparable properties. The revaluated property is compared with the sales of similar properties in the market or asked price and bid price.

#### **Discounted cash flow method**

Value assumption is conducted through discount method by taking into account the data of expenditure and revenue belong to the revaluated property. The reduction is associated with value and revenue converting the amount of revenue to value assumption. Either the ratio of proceeds or/and discount should be taken into consideration. Within this approach, Direct Capitalization of Income and Cash Flow Analysis are applied predominantly. During the application of Direct Capitalization of Income, rental data belong to the similar real estate in the same region where the property based in has been used. Unless enough data for probable ratio of capitalization is attained, the method aforementioned has not been applied on.

#### **Cost approach**

Instead of purchase of property, the probability of construction of the same of the property or another property provides the same benefit is taken into account. In practice the estimated value includes the amortization of old and less functional properties in case new one's cost exceeds the potential price to be paid for revaluation of the property.

It determines how transaction will be traded in the market and the approach and methods will be used in estimation of fair value of land and building. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into the valuation approach is price per square meter.

In the market comparable method, one of the methods applied during the valuation, room for negotiation has been considered and reconciliation has done for the positive and negative features of property with respect to the precedents.



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#### 10. Property, plant and equipment (Cont'd)

##### Valuation processes of the group

The Group's finance department reviews the fair value of land and buildings for reporting purposes. On an annual basis, the Group engages external, independent and CMB licensed valuation firm.

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumstances. The valuation of land and buildings was performed as of December 31, 2020.

The fair values of the land and buildings (administrative building, warehouses and stores) of the Group have been determined by a real estate appraisal company who has CMB license, holds a recognised and relevant professional qualification and has recent experience in the location and category of the land and buildings.

The movement of revaluation fund of land and buildings owned by the Group are shown in the following table:

	January 1- September 30, 2021	January 1- September 30, 2020
Balance at the beginning of the period - January 1	1.711.884	785.683
Revaluation increase	-	-
Deferred tax arising from revaluation increase	274.315	-
<b>Balance at the end of the period - September 30,</b>	<b>1.986.199</b>	<b>785.683</b>

With the regulation in Article 11 of the Law No. 7326 published in the Official Gazette on June 9, 2021, the opportunity to revalue real estates and other depreciable fixed assets in the balance sheets of enterprises. With the related arrangement, deferred tax asset has been created in the statement of financial position based on the revaluation transactions for fixed assets in the statutory books. The portion of this asset corresponding to the buildings, which are shown at their fair values in the financial statements, is recorded in the "property and equipment revaluation fund" in other comprehensive income, and the portion belonging to other fixed assets is recorded as deferred tax income in the profit or loss statement. (Note: 25)

##### Pledges and mortgages on assets

As of September 30, 2021 and December 31, 2020, there is no pledge or mortgage on property and equipment of the Group.

#### 11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended September 30, 2021 and 2020 are as follows:

	January 1, 2021	Additions	Disposals	Transfers	Currency translation differences	September 30, 2021
<b>Cost</b>						
Right	86.009	8.880	(902)	-	1.312	95.299
Other intangible assets	306					306
	<b>86.315</b>	<b>8.880</b>	<b>(902)</b>	<b>-</b>	<b>1.312</b>	<b>95.605</b>
<b>Accumulated amortization</b>						
Right	(42.553)	(8.771)	334	-	(943)	(51.933)
Other intangible assets	(301)	(11)	-	-	-	(312)
	<b>(42.854)</b>	<b>(8.782)</b>	<b>334</b>	<b>-</b>	<b>(943)</b>	<b>(52.245)</b>
<b>Net book value</b>	<b>43.461</b>					<b>43.360</b>

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### As At and For The Period Ended September 30, 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

#### 11. Intangible assets (Cont'd)

	January 1, 2020	Additions	Disposals	Transfers	Currency translation differences	September 30, 2020
<b>Cost</b>						
Right	69.643	8.974	(196)	4.028	1.228	83.677
Other intangible assets	295	-	-	-	-	295
	69.938	8.974	(196)	4.028	1.228	83.972
<b>Accumulated amortization</b>						
Right	(31.269)	(7.911)	162	-	(1.098)	(40.116)
Other intangible assets	(249)	(19)	-	-	-	(268)
	(31.518)	(7.930)	162	-	(1.098)	(40.384)
<b>Net book value</b>	38.420					43.588

As of September 30, 2021 amortisation expense amounting to TRY 8.048 (January 1- September 30, 2020: TRY 7.441) has been charged in marketing expenses and TRY 734 (January 1- September 30, 2020: TRY 489) in general and administrative expenses.

The intangible assets are amortized over estimated useful life which is 5 years. Major part of the rights is software licenses.

#### 12. Right of Use Assets

The movements of right use of assets and the related accumulated depreciation for the period ended September 30, 2021 and 2020 as follows:

	January 1, 2021	Additions	Disposals	Currency translation differences	September 30, 2021
Building	6.686.917	1.865.576	(202.934)	173.306	8.522.865
Vehicles	184.996	61.492	(9.058)	3.460	240.890
	6.871.913	1.927.068	(211.992)	176.766	8.763.755
<b>Less: Accumulated amortization</b>					
Building	(1.392.628)	(704.284)	39.528	(62.557)	(2.119.941)
Vehicles	(80.485)	(43.266)	3.763	(3.176)	(123.164)
	(1.473.113)	(747.550)	43.291	(65.733)	(2.243.105)
<b>Net book value</b>	5.398.800				6.520.650

For the period ended September 30, 2021, TRY 703.550 (September 30, 2020, TRY 576.212) of amortization expenses is recognized under selling and marketing expenses and TRY 44.000 (September 30, 2020 TRY 33.008) is recognized under general administrative expenses.

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**12. Right of Use Assets (Cont'd)**

	January 1, 2020	Additions	Disposals	Currency translation differences	September 30, 2020
Building	4.545.674	1.659.785	(160.291)	226.195	6.271.363
Vehicles	103.089	76.548	(9.953)	4.478	174.162
	4.648.763	1.736.333	(170.244)	230.673	6.445.525
<b>Less: Accumulated amortization</b>					
Building	(600.704)	(576.538)	20.177	(58.206)	(1.215.271)
Vehicles	(37.111)	(32.682)	4.620	(2.699)	(67.872)
	(637.815)	(609.220)	24.797	(60.905)	(1.283.143)
<b>Net book value</b>	4.010.948				5.162.382

**13. Provisions, contingent assets and liabilities**

**a) Short term provisions for employee benefits**

Unused vacation amounting to TRY 53.678 is shown on the current provisions for employee benefits amounting in the Group account of short-term provisions for the period ended September 30, 2021 (December 31, 2020: TRY 41.533).

Current period movement of short-term unused vacation provision is as follows:

	January 1- September 30, 2021	January 1- September 30, 2020
Balance at the beginning of the period – January 1	41.533	24.507
Used in the period	(41.533)	(24.507)
Provision of unused vacation	53.678	35.379
<b>Balance at the end of the period - September 30</b>	<b>53.678</b>	<b>35.379</b>

**b) Other short-term provisions**

	September 30, 2021	December 31, 2020
Legal provisions (*)	50.550	37.219
Other	12.804	8.587
<b>Total</b>	<b>63.354</b>	<b>45.806</b>

(\*) As of September 30, 2021 and December 31, 2020, the total amount of outstanding lawsuits filed against the Group, TRY 76.790 and TRY 62.538 (in historical terms), respectively. The Group recognized provisions amounting to TRY 50.550 and TRY 37.219 for the related periods, respectively.

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**13. Provisions, contingent assets and liabilities (Cont'd)**

Current period movement of provision for lawsuits is as follows:

	January 1- September 30, 2021	January 1- September 30, 2020
Balance at the beginning of the period – January 1	37.219	35.153
Provisions required	13.331	4.331
<b>Balance at the end of the period – September 30</b>	<b>50.550</b>	<b>39.484</b>

**Letter of guarantees, mortgages and pledges given by the Group**

As of September 30, 2021 and December 31, 2020, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	September 30, 2021				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	43.905	41.687	250.870		
<i>Guarantee</i>	43.905	41.687	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
<b>Total</b>	<b>43.905</b>	<b>41.687</b>	<b>250.870</b>	<b>-</b>	<b>-</b>

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**As At and For The Period Ended September 30, 2021**

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**13. Provisions, contingent assets and liabilities (Cont'd)**

	December 31, 2020				
	Total TRY equivalent	TRY	US Dollars	EUR	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	<b>133.817</b>	<b>131.975</b>	<b>250.870</b>	-	-
<i>Guarantee</i>	<i>133.817</i>	<i>131.975</i>	<i>250.870</i>	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
<b>Total</b>	<b>133.817</b>	<b>131.975</b>	<b>250.870</b>	<b>-</b>	<b>-</b>

**Insurance coverage on assets**

As of September 30, 2021 and December 31, 2020, insurance coverage on assets of the Group is TRY 8.324.715 and TRY 4.936.413 respectively.

**14. Prepaid Expenses and Deferred Income**

**a) Short term prepaid expenses**

	September 30, 2021	December 31, 2020
Order advances given to third parties for inventories	<b>82.231</b>	238.767
Order advances given to related parties (Note 28)	<b>3.666</b>	119.913
Other	<b>30.950</b>	36.832
	<b>116.847</b>	395.512

**b) Long term prepaid expenses**

	September 30, 2021	December 31, 2020
Advances given for property, plant and equipment	<b>70.600</b>	49.976
Other	<b>45.186</b>	11.127
	<b>115.786</b>	61.103

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**14. Prepaid Expenses and Deferred Income (Cont'd)**

**c) Deferred Income**

	September 30, 2021	December 31, 2020
Gift cards income	68.981	44.354
Other	-	53
	<b>68.981</b>	<b>44.407</b>

**15. Employee termination benefits**

	September 30, 2021	December 31, 2020
Provision for employee termination benefits	253.948	241.859
	<b>253.948</b>	<b>241.859</b>

The amount payable consists of one month's salary limited to a maximum of full TRY 8.284,51 for each period of service as of September 30, 2021 (December 31, 2020: full TRY 7.117,17). The retirement pay provision ceiling is revised semiannually, and full TRY 8.284,51 which is effective from July 1, 2021, is taken into consideration in the calculation of provision for employment termination benefits (effective from July 1, 2020: full TRY 7.117,17). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) is accounted in the statement of comprehensive income under "Actuarial gain/loss from defined benefit plans".

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. Consequently, in the accompanying consolidated interim financial statements as of September 30, 2021 and December 31, 2020 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by using real discount rate of 4,0% by assuming an annual inflation rate of 9% (December 31, 2020: 9%) and a discount rate of 13,0% (December 31, 2020: 13,0 %). The anticipated rate of termination benefits not paid as a result of voluntary leaves is also taken into consideration.

The following tables summarize the components of net benefit expense recognized in the comprehensive statement of income and amounts recognized in the balance sheet:

	January 1- September 30, 2021	January 1- September 30, 2020
Current service cost (Note 20)	39.211	28.784
Interest cost of employee termination benefit (Note 23)	21.830	13.863
<b>Total</b>	<b>61.041</b>	<b>42.647</b>

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**15. Employee termination benefits (Cont'd)**

Changes in the carrying value of defined benefit obligation are as follows:

	January 1- September 30, 2021	January 1- September 30, 2020
Balance at the beginning of the period – January 1	241.859	180.114
Interest cost of employee termination benefit	21.830	13.863
Current service cost	39.211	28.784
Payments made in the current period	(48.952)	(28.031)
<b>Balance at the end of the period - September 30,</b>	<b>253.948</b>	<b>194.730</b>

**16. Other assets and liabilities**

**a) Other current assets**

	September 30, 2021	December 31, 2020
VAT receivable	113.974	84.904
Other	2.411	21.721
	<b>116.385</b>	<b>106.625</b>

**b) Other current liabilities**

	September 30, 2021	December 31, 2020
Taxes and funds payables	457.831	294.179
Other	11.189	4.207
	<b>469.020</b>	<b>298.386</b>

**17. Equity**

**a) Share capital and capital reserves**

As of September 30, 2021 and December 31, 2020, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows.

	September 30, 2021		December 31, 2020	
	Historical cost	(%)	Historical cost	(%)
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	91.368	15,05	89.754	14,78
Naspak Gıda Sanayi ve Ticaret A.Ş.	66.600	10,97	64.792	10,67
Other	18.348	3,02	18.348	3,02
Publicly traded	430.884	70,96	434.306	71,53
	<b>607.200</b>	<b>100,00</b>	<b>607.200</b>	<b>100,00</b>

The Company's share capital is fully paid and consists of 607.200.000 (December 31, 2020: 607.200.000) shares of full TRY 1 nominal value each.

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#### **17. Equity (Cont'd)**

##### **Property, plant and equipment revaluation fund**

As of September 30, 2021 the Group has revaluation fund amounting TRY 1.986.199 (December 31, 2020: TRY 1.711.884) related to revaluation of land and buildings. The revaluation fund is not available for distribution to shareholders .

##### **b) Restricted reserves and retained earnings**

The legal reserves consist of first and second legal reserves, per the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of net statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and Turkish Capital Market Board (CMB) requirements related to profit distribution.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees, and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Dividend distribution policy of the Company is in line with the CMB Law numbered 6362 dated December 30, 2012.

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

As of September 30, 2021 and December 31, 2020 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Legal reserves	<b>1.252.101</b>	893.850
Extraordinary reserves	<b>1.433.751</b>	1.672.324
Net profit for the period	<b>2.561.312</b>	2.528.393
	<b>5.247.164</b>	5.094.567

As of September 30, 2021, net profit for the Company's statutory books is TRY 2.561.312 (December 31, 2020: TRY 2.528.393) and net profit per consolidated interim financial statements in accordance with CMB accounting standards is TRY 2.308.592 (December 31, 2020: TRY 2.606.815). Equity holders of the parent company of profit is TRY 2.293.740



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#### **17. Equity (Cont'd)**

##### **c) Treasury Shares**

As part of the resolution of the Board of Directors on 7 August 2020, buy-back operations have been started. As part of such buy-back operation between August 7- September 10, 2020, %0.93 of shares of the Company which are equivalent to 5.670.992 units of BİM shares corresponding to TRY374.707.650 (TRY full) have been repurchased.

The financing of share repurchases is provided by the Company's internal resources. As of the report date, there has been no sale of the repurchased shares.

##### **d) Dividend payment**

At the Extraordinary General Assembly meeting dated January 6, 2021, it was decided to distribute TRY 1.203.058 cash dividend from the extraordinary reserves to the shareholders and the payment was completed on January 8, 2021. The gross dividend paid per share is 2,0 full TRY. At the Ordinary General Assembly meeting dated April 28, 2020, it was decided to distribute 2.428.800 TRY cash dividend from the 2020 profit to the partners and to make the payment in two installments on May 20, 2021 and November 17, 2021. A total of TRY 22.684 of both dividends decided to distribute dividends consists of the Group's dividend payment corresponding to its own shares. Accordingly, the first installment from the profit of 2020, a gross dividend of 1.214.000 TRY (2020: 303.600 TRY) has been completed as of the report date. The gross dividend paid per share is 2,0 full TRY. The second installment, a gross dividend of TRY 1.214.000, will be distributed to the shareholders as of November 17, 2021.

##### **e) Non – controlling interest**

Equity in a subsidiary that is not directly or indirectly associated with the parent is classified under "Non-controlling interests" in the interim consolidated financial statements.

As of September 30, 2021, the relevant amount in the "Non-controlling interests" account in the interim consolidated statement of financial position is TRY 139.560. In addition, net profit or loss in a subsidiary that is not directly or indirectly attributed to a parent is classified under "Non-controlling interests" in the interim consolidated statement of profit or loss. As of September 30, 2021, the amount of profit attributable to minority interests in the interim consolidated statement of comprehensive loss is TRY 14.852.

#### **18. Sales and cost of sales**

##### **a) Net Sales**

The Group's net sales for the periods ended September 30, 2021 and 2020 are as follows:

	<b>January 1- September 30, 2021</b>	<b>July 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>	<b>July 1- September 30, 2020</b>
Sales	<b>50.423.252</b>	<b>17.552.511</b>	40.408.616	13.645.156
Sales returns(-)	<b>(301.121)</b>	<b>(95.272)</b>	(222.390)	(85.045)
	<b>50.122.131</b>	<b>17.457.239</b>	40.186.226	13.560.111

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**18. Sales and cost of sales (Cont'd)**

**b) Cost of sales**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Beginning inventory	4.214.855	5.243.069	2.359.445	3.391.139
Purchases	41.682.502	14.066.410	34.330.106	11.414.394
Ending inventory (-)	(5.134.299)	(5.134.299)	(3.756.713)	(3.756.713)
	<b>40.763.058</b>	<b>14.175.180</b>	<b>32.932.838</b>	<b>11.048.820</b>

**19. Operational expenses**

**a) Marketing expenses**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Personnel expenses	3.153.276	1.078.336	2.284.205	791.882
Depreciation and amortization expense	1.212.952	413.286	952.778	338.802
Electricity, water and communication expenses	401.389	185.610	308.863	126.791
Maintenance and repair expenses	131.826	45.933	91.356	34.400
Advertising expenses	131.647	47.663	91.956	32.208
Truck fuel expense	97.613	36.653	77.843	27.911
Packaging expenses	66.691	23.025	46.094	14.583
Taxes and duty expenses	37.826	12.162	37.372	12.073
Provision for employee termination benefits	34.114	11.347	25.042	8.539
Directly expensed fixed asset	30.971	8.812	29.331	7.330
Information technology expenses	29.183	10.566	21.926	8.032
Stationery expenses	28.013	9.605	22.250	7.919
Cleaning expenses	24.053	7.568	38.059	11.844
Rent expenses	20.503	7.061	17.281	7.582
Insurance expenses	13.509	5.042	12.104	4.441
Other	128.690	45.027	84.410	29.106
	<b>5.542.256</b>	<b>1.947.696</b>	<b>4.140.870</b>	<b>1.463.443</b>

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**19. Operational expenses (Cont'd)**

**b) General and administrative expenses**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Personnel expenses	471.192	154.565	368.919	122.856
Depreciation and amortization	90.503	34.236	62.594	19.991
Legal and consultancy expenses	40.760	23.946	23.430	8.270
Donations and aids	27.898	9.524	33.708	4.403
Money collection expenses	23.398	7.964	18.093	6.459
Tax and duty expense	12.711	4.651	2.508	1.143
Motor vehicle expenses	10.618	3.867	8.139	2.908
Electricity, water, gas and communication expenses	7.020	1.971	6.230	1.802
Provision for employee termination	5.097	1.696	3.742	1.055
Office supplies	3.696	1.185	3.137	1.106
Other	77.302	28.253	55.776	19.614
	<b>770.195</b>	<b>271.858</b>	<b>586.276</b>	<b>189.607</b>

**20. Expenses by nature**

**a) Depreciation and amortisation expenses**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Marketing and selling expenses	1.212.952	413.286	952.778	338.802
General and administrative expenses	90.503	34.236	62.594	19.991
	<b>1.303.455</b>	<b>447.522</b>	<b>1.015.372</b>	<b>358.793</b>

**b) Personnel expenses**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Wages and salaries	3.244.776	1.095.035	2.374.340	819.253
Social security premiums employer contribution	379.692	137.866	278.784	95.485
Provision for employee termination (Note 15)	39.211	13.043	28.784	9.594
	<b>3.663.679</b>	<b>1.245.944</b>	<b>2.681.908</b>	<b>924.332</b>

**21. Other operating income and expense**

**a) Other operating income**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Commission and promotion income	40.084	17.225	24.095	9.400
Contract termination income (IFRS-16)	22.220	5.431	14.416	8.928
Gain on sales of scraps	12.553	6.717	5.286	1.529
Other income from operations	34.393	9.854	31.216	17.719
	<b>109.250</b>	<b>39.227</b>	<b>75.013</b>	<b>37.576</b>

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**21. Other operating income and expense (Cont'd)**

**b) Other operating expense**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Provision expenses	10.108	4.901	6.484	5.569
Other operating expenses	3.914	1.482	6.059	2.176
	14.022	6.383	12.543	7.745

**22. Financial income**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Participation account income	97.081	48.624	104.812	79.524
Foreign exchange gains	66.519	28.258	112.858	30.924
	163.600	76.882	217.670	110.448

**23. Financial expenses**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Financial expenses arises from lease liabilities	587.442	205.870	527.477	176.611
Foreign exchange losses	64.458	39.429	25.818	4.074
Interest cost related to provision for employee termination (Note 15)	21.830	7.215	13.863	4.621
Other financial expenses	4.716	2.034	1.229	458
	678.446	254.548	568.387	185.764

**24. Income and expense from investing activities**

**a) Income from investing activities**

	January 1- September 30, 2021	July 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2020
Incomes from financial investments (*)	241.081	73.131	54.016	27.790
Dividend income	-	-	788	-
Gain on sale of property, plant and equipment	3.710	-	-	-
	244.791	73.131	54.804	27.790

(\*) The balance consist of income from investment funds and lease certificates of the Group.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**24. Income and expense from investing activities (Cont'd)**

**b) Expense from investing activities**

As of September 30, 2021, the loss on sale of fixed assets of the Group is amounting to TRY 608 (September 30, 2020: TRY 3.519).

**25. Tax assets and liabilities**

As of September 30, 2021 and December 31, 2020, provision for taxes of the Group is as follows :

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Current income tax liabilities	<b>749.652</b>	802.678
Current tax assets (Prepaid taxes)	<b>(568.968)</b>	(558.965)
<b>Corporate tax payable</b>	<b>180.684</b>	243.713

According to Article 14 of the Law on the Procedure for Collection of Public Claims and the Law on Amendment to Certain Laws published in the Official Gazette on April 22, 2021, with the provisional article 13 added to the Corporate Tax Law No. 5520, the corporate tax rate which is %20, will be applied as %25 for 2021 and %23 for 2022. The law is applicable into force on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021, and to be applicable for the corporate earnings for the taxation period starting from January 1, 2021. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Morocco, as of September 30, 2021 the corporate tax rate is 30% (December 31, 2020: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of September 30, 2021 the corporate tax rate is 22.5% (December 31, 2020: 22.5%) where the consolidated subsidiary of the Company, BIM Stores LLC operates.

There is no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (December 31, 2020: None). Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years

15% withholding tax rate applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated

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**25. Tax assets and liabilities (Cont'd)**

As of September 30, 2021 and December 31, 2020, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	<b>Balance sheet</b>		<b>Comprehensive income</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
<i>Deferred tax liability</i>				
Right-of-use asset	<b>1.156.910</b>	946.352	<b>210.558</b>	-
The effect of the revaluation of land and buildings	<b>32.686</b>	307.001	<b>(274.315)</b>	-
The effect of the revaluation of financial asset	<b>18.297</b>	18.297	-	(7.216)
Tangible and intangible assets, except the effect of revaluation effect	<b>4.910</b>	128.979	<b>(124.069)</b>	7.424
Other adjustments	<b>36.545</b>	16.810	<b>19.735</b>	(2.022)
<i>Deferred tax asset</i>				
Lease liabilities	<b>(1.339.741)</b>	(1.062.434)	<b>(277.307)</b>	(42.610)
Provision for employee termination benefit	<b>(50.725)</b>	(48.330)	<b>(2.395)</b>	(2.923)
Other adjustments	<b>(81.242)</b>	(57.390)	<b>(23.852)</b>	(17.355)
Currency translation difference	-	-	<b>1.454</b>	4.535
<b>Deferred tax</b>	<b>(222.360)</b>	249.285	<b>(470.191)</b>	(60.167)

Deferred tax is presented in financial statements as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Deferred tax assets	<b>222.360</b>	26.987
Deferred tax liabilities	-	(276.272)
<b>Net deferred tax asset</b>	<b>222.360</b>	(249.285)

Movement of net deferred tax liability for the periods ended September 30, 2021 and 2020 are as follows:

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
Balance at the beginning of the period - January 1	<b>249.285</b>	146.662
Deferred tax expense recognized in statement of profit or loss, net	<b>(195.876)</b>	(58.242)
Deferred tax expense recognized in other comprehensive income	<b>(274.315)</b>	(1.925)
- Increase of revaluation on fixed asset	(274.315)	-
- Fair value changes in available-for-sale financial assets	-	(1.925)
Foreign currency translation differences	<b>(1.454)</b>	(4.535)
<b>Balance at the end of the period – September 30</b>	<b>(222.360)</b>	81.960

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**25. Tax assets and liabilities (Cont'd)**

**Tax reconciliation**

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
Profit before tax	<b>2.871.186</b>	2.289.280
Corporate tax provision calculated at effective tax rate of 25%	<b>(717.797)</b>	-
Disallowable charges	<b>(12.915)</b>	(2.018)
Fiscal year losses which is no deferred tax not created	<b>(14.254)</b>	-
Effect of tax rate differences of the consolidated subsidiary(*)	<b>11.406</b>	4.867
Tax charge of revaluation on fixed asset	<b>(46.286)</b>	-
Corporate tax provision calculated at effective tax rate of 22%	-	(503.642)
Effect of tax rate changes	<b>218.257</b>	-
Other	<b>(1.005)</b>	(6.891)
	<b>(562.594)</b>	(507.684)

(\*)Dost Global Danışmanlık A. Ş. fiscal year loss to BIM Stores Llc (BIM Egypt), a subsidiary.

(\*\*) It consists of 2% tax expense paid over the increase resulting from the revaluation of fixed assets and depreciable assets (Note 10).

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
<b>Tax expense</b>		
Current period tax expense	<b>(758.470)</b>	(565.926)
Deferred tax income	<b>195.876</b>	58.242
<b>Total tax expense</b>	<b>(562.594)</b>	(507.684)

**26. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. Earnings per share for the period ended as of September 30, 2021 and 2020 is as follows. All shares of the Company are in same status.

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
<b>Earnings per share</b>		
Average number of shares at the beginning of the period (Thousand)	<b>601.529</b>	606.168
Net profit of the year	<b>2.293.740</b>	1.781.596
<b>Earnings per share</b>	<b>3,81</b>	2,94

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**27. Non – controlling interests**

	September 30, 2021
Share of non – controlling interests	%35
Total assets	1.824.618
Total liabilities	(1.425.876)
<b>Net assets</b>	<b>398.742</b>
Non – controlling interests	(139.560)

<b>Non – controlling interests</b>	<b>139.560</b>
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	April 1 - September 30, 2021
Revenue	1.917.179
Gross profit	398.303
Operating profit	72.189
Net income for the period	42.434
<b>Total comprehensive income/(loss)</b>	<b>67.132</b>
<b>Net income for the period for non – controlling interests</b>	<b>23.497</b>

**28. Related party disclosures**

**a) Prepaid expenses to related parties**

	September 30, 2021	December 31, 2020
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) <sup>(2)</sup>	3.666	-
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) <sup>(1)</sup>	-	119.913
	<b>3.666</b>	<b>119.913</b>

**b) Payables related to goods and services received**

Due to related parties balances as of September 30, 2021 and December 31, 2020 are as follows:



**Notes To The Interim Consolidated Financial Statements**

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**28. Related party disclosures (Cont'd)**

**Payables related to goods and services received:**

**Related parties**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) <sup>(1)</sup>	<b>222.305</b>	194.277
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) <sup>(1)</sup>	<b>217.576</b>	156.476
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) <sup>(1)</sup>	<b>213.407</b>	184.545
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) <sup>(1)(*)</sup>	<b>148.243</b>	135.651
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) <sup>(1)</sup>	<b>80.738</b>	-
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) <sup>(3)</sup>	<b>59.081</b>	80.713
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) <sup>(1)</sup>	<b>29.080</b>	22.779
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye Mensucat) <sup>(1)</sup>	<b>3.977</b>	-
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) <sup>(1)</sup>	<b>2.455</b>	1.775
Bahariye Tekstil San. ve Tic. A.Ş. <sup>(1)</sup>	<b>521</b>	-
Proline Bilişim Sistemleri Ve Tic. A.Ş. <sup>(1)</sup>	-	363
Aytaç Gıda Yatırım San. ve Ticaret A.Ş. (Aytaç) <sup>(1)(*)</sup>	-	22.493
	<b>977.383</b>	<b>799.072</b>

(\*) As of April 1, 2021, it has excluded from related party.

**Affiliates and Subsidiaries**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) <sup>(2)</sup>	-	5.052
	-	5.052
<b>Trade payables due to related parties</b>	<b>977.383</b>	<b>804.124</b>

<sup>(1)</sup> Companies owned by shareholders of the Company.

<sup>(2)</sup> Non-consolidated subsidiaries of the Group.

<sup>(3)</sup> Other related party.

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**28. Related party disclosures (Cont'd)**

**c) Related party transactions**

i) Purchases from related parties during the periods ended September 30, 2021 and 2020 are as follows:

**Related parties**

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
Reka <sup>(1)</sup>	<b>1.168.230</b>	744.430
Başak <sup>(1)</sup>	<b>1.142.787</b>	922.916
Hedef <sup>(1)</sup>	<b>877.752</b>	579.196
Turkuvaz <sup>(1)</sup>	<b>660.222</b>	550.520
Aktül <sup>(1)</sup>	<b>429.421</b>	353.696
Apak <sup>(1)</sup>	<b>257.305</b>	196.754
Sena <sup>(3)</sup>	<b>237.192</b>	197.367
Aytaç <sup>(1) (**)</sup>	<b>81.798</b>	203.921
Avansas <sup>(1)</sup>	<b>10.683</b>	3.980
Bahariye Mensucat <sup>(1)</sup>	<b>5.503</b>	1.763
Proline <sup>(1)</sup>	<b>7</b>	-
Turkcell <sup>(3) (*)</sup>	<b>-</b>	5.540
	<b>4.870.900</b>	3.760.083

(\*) Purchases until March 5, 2021.

(\*\*) Purchases until April 1, 2021.

**Affiliates and Subsidiaries**

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
İdeal Standart <sup>(2)</sup>	<b>11.618</b>	13.508
	<b>11.618</b>	13.508
<b>Total Related Party Transaction</b>	<b>4.882.518</b>	3.773.591

(1) Companies owned by shareholders of the Company.

(2) Non-consolidated subsidiaries of the Group.

(3) Other related party.

ii) For the periods ended September 30, 2021 and 2020 salaries, bonuses and compensations provided to board of directors and key management comprising of 166 and 155 personnel, respectively, are as follows:

	<b>January 1- September 30, 2021</b>	<b>January 1- September 30, 2020</b>
Short-term benefits to employees	<b>106.257</b>	83.777
<b>Total benefits</b>	<b>106.257</b>	83.777

## **Notes To The Interim Consolidated Financial Statements**

### **As At and For The Period Ended September 30, 2021**

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#### **29. Financial instruments and financial risk management**

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term interest free bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

##### ***Price risk***

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

##### ***Profit share rate risk***

The Group does not have material profit share rate sensitive asset. The Group's income and cash flows from operations are independent from profit share rate risk.

The Group's profit share rate risk mainly comprises of outstanding short-term borrowings in the prior period. The Group's forthcoming loans in order to continue its operating activities are affected from forthcoming profit share ratios.

#### **Profit share rate position table**

According to IFRS 7 "Financial Assets", the profit share rate position of the Group is as follows:

<b>Profit share position table</b>		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Financial assets	Fixed profit share bearing financial instruments	<b>3.077.985</b>	2.955.723
	Participation account	<b>922.059</b>	291.942
	Lease certificate & Investment fund	<b>2.155.926</b>	2.663.781
Financial liabilities		-	-
Financial assets	Variable profit share bearing financial instruments	-	-
Financial liabilities		-	-

##### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1-month maturity credit card collections, the exposure to credit and price risk is minimal.

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**29. Financial instruments and financial risk management (Cont'd)**

**Credit risk table (Current period - September 30, 2021)**

	Credit card receivables		Other receivables		Deposit in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	2.875.865	368	45.308	-	1.237.646	523.420	2.155.926
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	2.875.865	368	45.308	-	1.237.646	523.420	2.155.926
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	11.505	-	-	-	-
- Impairment	-	-	-	(11.505)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

**Notes To The Interim Consolidated Financial Statements**

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**29. Financial instruments and financial risk management (Cont'd)**

**Credit risk table (Previous period - December 31, 2020)**

	Credit card receivables		Other receivables		Deposit in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	2.615.234	233	23.096	-	644.602	523.420	2.663.781
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	2.615.234	233	23.096	-	644.602	523.420	2.663.781
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	11.548	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	(11.548)	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	-	-	-	-	-	-	-

(Convenience translation of the consolidated financial statements originally issued in Turkish)  
**BİM Birleşik Mağazalar A.Ş.**

**Notes To The Interim Consolidated Financial Statements As At and  
For The Period Ended September 30, 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**29. Financial instruments and financial risk management (Cont’d)**

There is an insignificant amount of foreign currency denominated assets and liabilities so the Company does not use derivative financial instruments or future contracts to reduce the risk of foreign currency.

**Foreign currency position**

As of September 30, 2021 and December 31, 2020, the Group’s foreign currency position is as follows:

	September 30, 2021				December 31, 2020			
	TRY Equivalent	Full US Dollars	Full EUR	Full GBP	TRY Equivalent	Full US Dollars	Full EUR	Full GBP
1. Trade receivables					-	-	-	-
2a. Monetary financial assets (including cash, banks accounts)	523.381	58.610.173	483.080	7.626	164.034	13.394.766	7.288.423	5.704
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other								
4. Current assets (1+2+3)	523.381	58.610.173	483.080	7.626	164.034	13.394.766	7.288.423	5.704
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	67	9.100	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	67	9.100	-	-
<b>9. Total assets (4+8)</b>	<b>523.381</b>	<b>58.610.173</b>	<b>483.080</b>	<b>7.626</b>	<b>164.101</b>	<b>13.403.866</b>	<b>7.288.423</b>	<b>5.704</b>
10. Trade payables	19.080	2.157.605	-	-	19.666	2.098.128	473.402	-
11. Financial liabilities	58.619	-	5.683.736	-	49.341	-	5.477.539	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	77.700	2.157.605	5.683.736	-	69.007	2.098.128	5.950.941	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	73.771	-	7.152.866	-	65.933	-	7.319.459	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>73.771</b>	<b>-</b>	<b>7.152.866</b>	<b>-</b>	<b>65.933</b>	<b>-</b>	<b>7.319.459</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>151.471</b>	<b>2.157.605</b>	<b>12.836.602</b>	<b>-</b>	<b>134.940</b>	<b>2.098.128</b>	<b>13.270.400</b>	<b>-</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	371.910	56.452.568	(12.353.522)	7.626	29.161	11.305.738	(5.981.977)	5.704
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	371.910	56.452.568	(12.353.522)	7.626	-	-	-	-
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

**29. Financial instruments and financial risk management (Cont'd)**

*Exchange rate risk*

The following table demonstrates the sensitivity to a possible change in the US Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of September 30, 2021 and December 31, 2020.

**September 30, 2021**

	Exchange rate sensitivity analysis			
	Current Period			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	49.923	(49.923)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	49.923	(49.923)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(12.741)	12.741	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(12.741)	12.741	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	9	(9)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	9	(9)	-	-
<b>Total (3+6+9)</b>	<b>37.191</b>	<b>(37.191)</b>	<b>-</b>	<b>-</b>

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**29. Financial instruments and financial risk management (Cont'd)**

**December 31, 2020**

Exchange rate sensitivity analysis				
Prior Period				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency Depreciation
<i>Change of US Dollars against TRY by 10%:</i>				
1- US Dollars net asset/(liability)	8.299	(8.299)	-	-
2- Protected part from US Dollars risk(-)	-	-	-	-
3- US Dollars net effect (1+2)	8.299	(8.299)	-	-
<i>Change of EUR against TRY by 10%:</i>				
4- EUR net asset/(liability)	(5.389)	5.389	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	(5.389)	5.389	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	6	(6)	-	-
8- Protected part from GBP risk(-)	-	-	-	-
9- GBP net effect (7+8)	6	(6)	-	-
<b>Total (3+6+9)</b>	<b>2.916</b>	<b>(2.916)</b>	<b>-</b>	<b>-</b>

**Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.



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**29. Financial instruments and financial risk management (Cont'd)**

As of September 30, 2021 and December 31, 2020, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

**September 30, 2021**

<b>Contractual terms</b>	<b>Carrying value</b>	<b>Total cash outflow</b>	<b>Less than 3 months</b>	<b>3 -12 months</b>	<b>More than 1 year</b>
Non derivative financial liabilities					
Trade payables	9.342.047	9.479.383	9.479.383	-	-
Due to related parties	977.383	991.973	991.973	-	-
Contractual lease liabilities	7.341.663	10.835.339	399.367	1.093.021	9.342.951

**December 31, 2020**

<b>Contractual terms</b>	<b>Carrying value</b>	<b>Total cash outflow</b>	<b>Less than 3 months</b>	<b>3 -12 months</b>	<b>More than 1 year</b>
Non derivative financial liabilities					
Trade payables	8.090.347	8.173.782	8.173.782	-	-
Due to related parties	804.124	811.786	811.786	-	-
Contractual lease liabilities	5.961.885	10.195.545	340.538	1.065.574	8.789.433

**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total liabilities less cash and cash equivalents.

The gearing ratios at September 30, 2021 and December 31, 2020 are as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Total liabilities	19.970.762	16.254.605
Less: Cash and cash equivalents	(1.626.103)	(1.112.693)
Net debt	18.344.659	15.141.912
Total equity	6.717.615	7.175.687
<b>Total equity+net debt</b>	<b>25.062.274</b>	<b>22.317.599</b>
<b>Net debt/(Total equity+net debt) (%)</b>	<b>73</b>	<b>68</b>

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**30. Financial instruments (Fair value disclosures and disclosures in the frame of hedge accounting)**

**Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the group's financial assets and liabilities that are measured at fair value at September 30, 2021 and December 31, 2020. See note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

<b>September 30, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial Assets	-	<b>510.830</b>	-	<b>510.830</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Real estate investment fund	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>510.830</b>	<b>-</b>	<b>510.830</b>
<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial Assets	-	<b>510.830</b>	-	510.830
<b>Financial assets measured at fair value through other comprehensive income</b>				
Real estate investment fund	<b>516.355</b>	-	-	516.355
<b>Total assets</b>	<b>516.355</b>	<b>510.830</b>	<b>-</b>	<b>1.027.185</b>

There were no transfers between levels during in year.

**(a) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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**30. Financial instruments (Fair value disclosures and disclosures in the frame of hedge accounting)  
(Cont'd)**

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of September 30, 2021 and December 31, 2020, except for the available for sale financial assets disclosed in Note 5, the fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short-term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibilities are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

**31. Subsequent events**

With the decision of the Competition Authority, in accordance with the third paragraph of Article 16 of the Law No. 4054 and the "Regulation on Fines to be Imposed for Anticompetitive Agreements, Concerted Practices, Decisions and Abuse of Dominant Position ", an administrative fine of TRY full 958,129,194.39, which is 1.8% of the annual gross revenues, at the end of fiscal year 2020 has been appraised to BİM Birleşik Mağazalar A.Ş. In case the aforementioned administrative fine is applied with a 25% discount in accordance with the sixth paragraph of Article 17 of the Law No. 5326, the penalty will be paid in the amount of TRY full 718,596,896. The Company accepts none of the accusations made in the relevant decision, and this matter has been submitted to the Competition Authority with its evidence from the beginning of the investigation. Therefore, BİM Birleşik Mağazalar A.Ş is planning to take the decision to the judiciary.