BiZiM Toptan Market

2019 Annual Report

#STANDBYTRADE

2019
Annual Report

#STANDBYTRADE

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STAND BY TRADE

With our Support for Grocery Stores

WE STAND BY TRADE AS WE OFFER A WIDE PRODUCT PORTFOLIO OF NATIONAL AND INTERNATIONAL BRANDS AT THE MOST AFFORDABLE PRICES FOR OUR CUSTOMERS.

You can scan the QR code to watch the commercial video published in 2019, presenting a story of Bizim Toptan rooting for all shopkeepers across various professions.

01

About Bizim Toptan

Corporate Profile

BİZİM TOPTAN IS THE LARGEST COMPANY IN TERMS OF THE NUMBER OF STORES IN THE CASH & CARRY SECTOR, THE MOST EXTENSIVE REGARDING ACCESSIBILITY AND THE MOST INNOVATIVE WITH ITS 175 STORES IN 69 PROVINCES, STRONG CRM APPLICATIONS AND MULTI-CHANNEL SALE MODEL DEVELOPED WITH ALTERNATIVE SALES CHANNELS.

Bizim Toptan carries out the wholesale trade of brands that are well-known among consumers, of national and international companies operating in Turkey in the main product categories such as food, soft drinks, tobacco products, cleaning, personal care and paper products.

Having completed its foundation works in 2001 and commenced its activities with 14 stores in 2002, Bizim Toptan is the largest company in the Cash&Carry (Organized Wholesale Trade) industry in terms of the number of stores and is the most widely accessible company, operating with 175 stores in 69 out of 81 provinces as of the end of 2019. Wholesalers, merchants, grocery stores, markets, supermarkets, specialized retailers, hotels, restaurants and cafes constitute the Company's overall customer portfolio. The company sells to both commercial taxpayers and individual customers.

Having acquired a franchising system in July 2014, Bizim Toptan became the supplier of member markets within this system and became the one and only company in the sector with a frachising system.

Bizim Toptan responds to the needs of customers in the Cash & Carry market with approximately 5,000 product varieties across the country and an average of 3,000 stock items per store. It is possible to group the Company's product portfolio as branded products and private label products. Approximately 95% of SKUs offered for sale consist of branded products and 5% consist of private label products.

Having a strong partnership structure with the contributions of Yıldız Holding, Bizim Toptan went public in 2011 and its shares began to be traded in Istanbul Stock Exchange. Pursuing a cash-generating growth strategy and continuously increasing its presence across the country with its stores and its innovative multi-channel sales model, Bizim Toptan focused on increasing its customer diversity and numbers in accordance with its strategic plans in 2019, generated turnover growth per store and developed its PROSAF (Professional Sales Force) and digital sales platform channels. Its franchising system continued to develop with a win-win approach in the SEÇ Market channel and reached 801 SEÇ Market dealers.

Fulfilling its obligations to its shareholders, Bizim Toptan distributed a gross TL 14,150,000 from its 2011 profit; gross TL 12,480,000 from its 2012 profit; gross TL 12,692,000 from its 2013 profit; gross TL 2,070,000 from its 2014 profit in cash and a gross dividend of TL 3,950,000 from its 2015 profit. Due to the company's growth policy, no dividend was distributed from 2016 profit. On the other hand, Board of Directors of Bizim Toptan decided to increase its issued capital by TL 20,000,000 (50%) in 2017 to be covered entirely from its previous year's profits. By 10/4/2017, new shares for the capital, which was increased by 50% free of charge, were transferred to the shareholders' accounts. In 2019, the Company also distributed a gross cash dividend of TL 10,300,000 from its 2018 profit.

Bizim Toptan has a dividend policy of "distributing 50% of the distributable net profit as cash dividend to shareholders with the proposal of Board of Directors and the approval of the General Assembly based on CMB communiqués and regulations, taking into account the investment, financing plans and profitability pursuant to the Company's long-term growth strategies".

Mission

TO BE A STRATEGIC BUSINESS PARTNER THAT REDUCES THE COSTS AND RISKS OF CUSTOMERS AND SUPPLIERS AND GIVES THEM A COMPETITIVE EDGE.

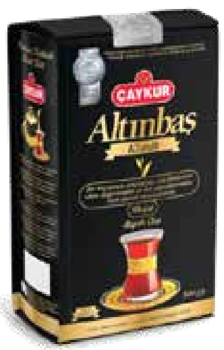
MR. KORAY
Kiosk Owner

801
SEÇ Market Business Partners

B2B and **B2C**
Digital sale channel that knows the customers

PROSAF situated in **65** provinces with its own fleet of specially equipped vehicles

175
Stores



Vision

TO BE THE NUMBER ONE CASH & CARRY MARKET IN TURKEY WITH ITS WIDESPREAD, MODERN AND RELIABLE CONCEPT IN THE FAST-MOVING CONSUMER GOODS INDUSTRY.

6 Main, **19** sub customer groups

278
SKUs private label product portfolio

MR. YUSUF AND HIS FAMILY
Customer

5,000
SKUs product portfolio

1.92
million customers

Milestones

HAVING COMMENCED ITS OPERATIONS WITH 14 STORES IN 2001, BİZİM TOPTAN BECAME THE LEADING COMPANY OF THE SECTOR WITH ITS STRONG PARTNERS AND EFFECTIVE MANAGEMENT.

2001

Bizim Toptan, the leading company in the cash&carry industry, took the first step in its successful journey. Bizim Toptan Satış Mağazaları A.Ş. (Bizim Toptan) was incorporated in 2001 and was registered in Istanbul in accordance with the provisions of the Turkish Commercial Code.

2002

Having completed its incorporation process, Bizim Toptan began to operate with a total of 14 stores, eight of them working under a franchise system. With its corporate strategy and strong organization, the company began its rapid progress on the way to become the leading company in the Turkish wholesale industry.

2006

Operating with 59 stores across Turkey, Bizim Toptan completely stopped operating its stores through a franchise business model in 2006 and began to operate its entire stores by itself.

2007

Bizim Toptan opened 20 more stores, achieving a rapid upward trend in the industry. Strategic Investment Fund acquired 20% of the Company shares from Yıldız Holding and became a partner of Bizim Toptan.

2008

Opening 11 new stores and maintaining its growth in the industry, Bizim Toptan gained fresh momentum in its total sales figures. New type A large stores were added to the company's existing chain store. Golden Horn Investments B.V. acquired 20% of the shares from Yıldız Holding and became a partner of Bizim Toptan.

2009

Having developed its extended sales network with 7 new stores, Bizim Toptan appeared as the 55th largest company in Turkey regarding turnover in Capital Magazine's top 500 companies research. Enabling purchasing power through key suppliers and improving its product combination, Bizim Toptan performed successfully despite the crisis.

2010

Continuing to serve its customers with 12 new stores, Bizim Toptan increased its number of active customers to over 194,000. According to the "Turkey Cash&Carry Market" survey conducted by Frost & Sullivan in 2010, Bizim Toptan became Turkey's largest organized wholesaler in terms of number of stores.

2011

Having increased its number of stores to 124 with 15 new stores, Bizim Toptan increased the number of its active customers to 228 thousand. Bizim Toptan finalized its public offering process in January 2011 and the shares of the company began to be traded in Istanbul Stock Exchange on February 3, 2011. The company switched to new channel management in 2011 and focused on the HORECA segment in this regard. In the last months of 2011, "Bizim Professional Card" application was launched in order to provide advantages to the customers.

2012

Reaching 137 stores with its newly opened 15 stores and expanding its network across the country, Bizim Toptan managed to increase its number of active customers from 228,000 to 333,000 thanks to the HORECA project that it implemented in 2012 and its "Bizim Professional Card" application, which offers attractive opportunities to its customers.

2013

Maintaining a decisive growth strategy, Bizim Toptan reached 152 stores across the country with its 15 new stores opened in 2013. Operating in 64 provinces across Turkey with its price advantage and ease of payment for its customers, Bizim Toptan increased its number of active customers from 333,000 to 445,000 in 2013.

2014

Reaching 153 stores in 65 provinces across Turkey, Bizim Toptan increased its number of customers from 445,000 to 650,000. Acquiring a franchising system comprising 196 stores in July, it became the one and only Cash&Carry player in Turkey to have a franchising system for B2B.

2015

Bizim Toptan focused on the multi-channel sales strategy in 2016, increased its number of stores from 156 to 162 and increased its areas of activity across Turkey by 68. Bizim Toptan decided to continue its business partnership goods supply system under the brand “SEÇ Market” over the course of the year and increased the number of business partners in the system to 332 by the end of the year. Focusing on developing the private label product category in the course of the year, Bizim Toptan increased the number of SKUs in this category to over 200 and increased its share of sales revenues in the main category sales from 8% to 12.8%.

2016

Bizim Toptan positioned 2017 as a period of “investing in the future”, where its sales strategy was rehabilitated and its entire functions were revised to achieve more profitable sales. During this period, the company accelerated its store launches and increased its number of stores from 162 to 176. As part of arranging its sale strategy in terms of application, it opened 7 stores for the large wholesaler customers whose sales it conducts on a large cart scale, whereby it improved its current store performance.

2017

It reached its consumers with a range of high quality and affordable products in the private label product category and increased the proportion of sales in this category to the sales in the main category to 15%. It increased the number of "SEÇ Markets” in the franchising system to 381 while improving its supply rate with its wide-ranging, affordable product portfolio offered to business partners.

2018

In 2018, Bizim Toptan began to reap the fruits of the steps taken in the previous year in terms of transformation, increased the number of active customers by 37.2% compared to the previous year through strong CRM applications and offered services to about 1.5 million customers. Aiming to improve the functions of its stores and target its sales revenue per store, Bizim Toptan commenced works to offer services to its customers through its Professional Sales Force named PROSAF. Bizim Toptan commissioned Pendik Marina Store, which was the company's first store to be located inside a shopping mall, and also commissioned Göcek Marina store pursuant to a Marina Service, whereupon the company sharply increased the number of “SEÇ Markets" in the franchising system from 381 to 539.

2019

In 2019, Bizim Toptan got solid results from the steps taken regarding transformation and developed its multi-channel business model in terms of both the customer and the sales channel. In addition to the sales network of 175 stores in the 69 provinces of Turkey, the company increased the number of “SEÇ Markets” in the franchising system from 539 to 801. Professional Sales Force PROSAF, through which the company offers sales and logistics services to its customers, was positioned in 65 provinces and became the solution partner of out of home consumption and corporate points of sale. Focusing on developing its digital sales channel as well, Bizim Toptan turned its e-commerce site into a digital platform that offers customizable sales services to both corporate and individual customers.

With a multi-channel sale system supported by powerful CRM applications, it increased the number of active customers by 31.3% compared to the previous year and offered services to about 1.92 million customers. Bizim Toptan will continue to offer its branded and high quality private label products with price advantage and ease of payment as the best choice for all customer groups in 2020 and aims to maintain its strong position in the sector with its development in alternative channels and digitalization.

Capital and Partnership Structure

BİZİM TOPTAN, WHICH IS THE LARGEST CASH & CARRY COMPANY IN TURKEY IN TERMS OF THE NUMBER OF STORES AND GEOGRAPHICAL PRESENCE WITH ITS STRONG PARTNERSHIP STRUCTURE, WENT PUBLIC IN 2011.

Bizim Toptan's shares have been traded in Istanbul Stock Exchange since February 3, 2011. The shareholding status of Bizim Toptan as of the end of 2019 is shown on the table below.

PARTNERSHIP NAME	DECEMBER 31, 2019 SHARE AMOUNT	PERCENTAGE (%)	DECEMBER 31, 2018 SHARE AMOUNT	PERCENTAGE (%)
Yıldız Holding A.Ş.	33,111,291	55.19	33,111,291	55.19
Publicly Offered (Other)	21,271,790	35.45	21,271,790	35.45
Emap Limited	5,616,919	9.36	5,616,920	9.36
Total Capital	**60,000,000**	**100%**	**60,000,000**	**100%**

(*) Data from the Central Securities Depository dated 12/31/2019.

Main Operational Indicators

BİZİM TOPTAN IS THE NUMBER ONE, MOST INNOVATIVE CASH&CARRY (SELF-SERVICE WHOLESALE TRADE) COMPANY IN TURKEY IN TERMS OF THE NUMBER OF STORES AND GEOGRAPHICAL SCOPE.

Approximately

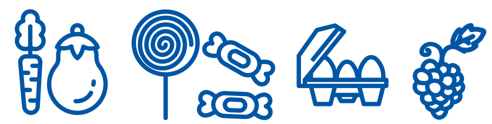
1 MILLION 916 THOUSAND(1)

active customers

About

3,000

varieties of products per store



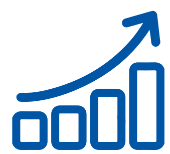
On average

1,000 M² (2)

stores

4.5 BILLION TL

sale volume in 2019



(1) The data are valid as of December 31, 2019.
(2) Refers to the average store net sale area.

2,213

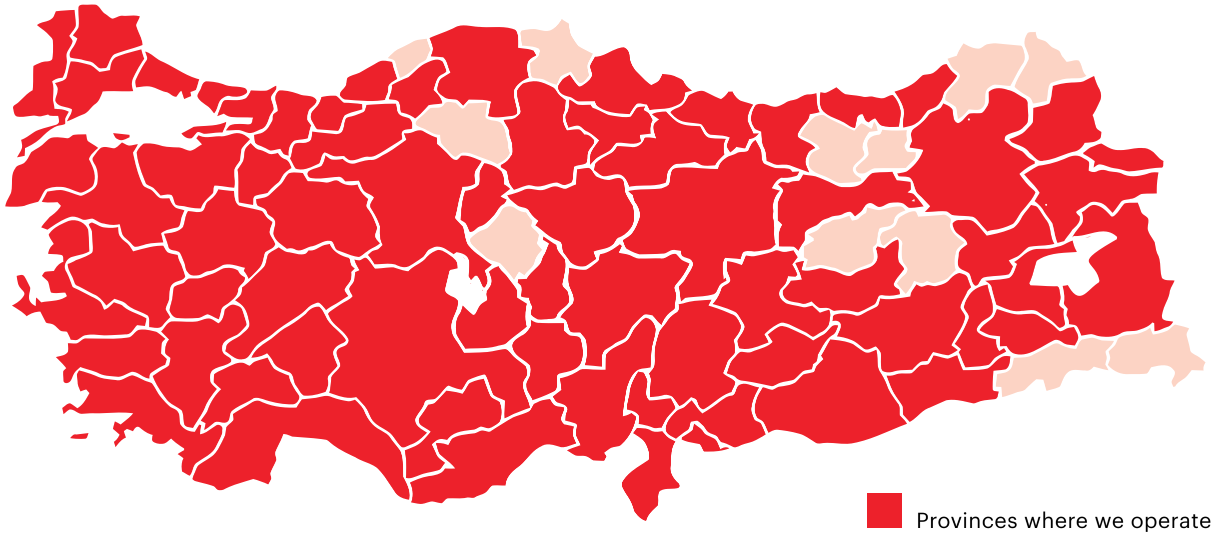
Employees

5,300

Average daily customers

A CASH&CARRY COMPANY WITH THE BROADEST STORE NETWORK AND ACCESSIBILITY, BİZİM TOPTAN PROVES ITS STRONG POSITION IN THE INDUSTRY WITH ITS OPERATIONAL DATA AS WELL.

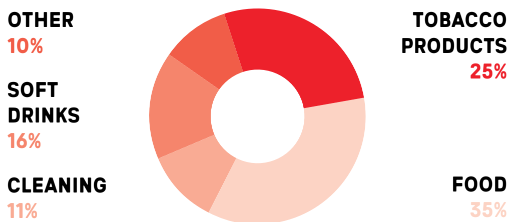
BİZİM TOPTAN STORES



Sales Distribution by Category (2019)

Total Net Sales Area (m²)

Sales Distribution by Category (2018)



Sales Per Square Meter (m²)*

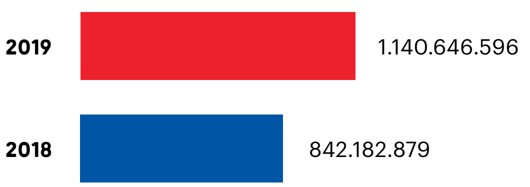
**The chart refers to the percentages of categories within net sales.*

**Sales per square meter refers to main category sales.*

Main Financial Indicators

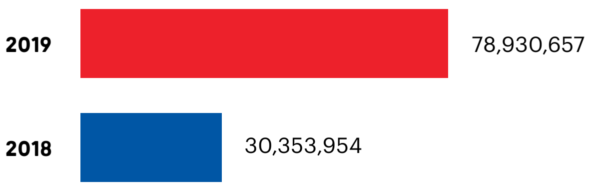
COMBINING ITS CUSTOMER-ORIENTED AND CHANNEL-BASED SALE STRATEGY WITH MODERN WORKING METHODS AND ADVANCED CRM APPLICATIONS AND HAVING DEVELOPED A MULTI-CHANNEL SALE MODEL, BİZİM TOPTAN CONTINUED ITS PROGRESS TOWARDS BECOMING A NEW BİZİM TOPTAN WITH SUCCESSFUL DEVELOPMENTS IN ITS FINANCIAL AND OPERATIONAL RESULTS IN 2019.

Total Assets (TL)

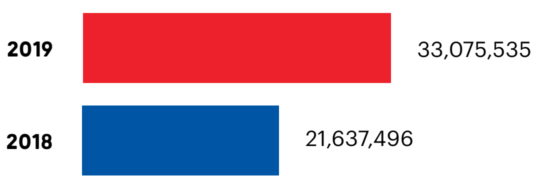


Net Sales (TL)

Operating Profit (TL)



Net Profit for the Period (TL)*



CONDENSED BALANCE SHEET (TL)	31.12.2019	31.12.2018
Current Assets	767.898.691	663.654.681
Non-Current Assets	372.747.905	178.528.198
Total Assets	1.140.646.596	842.182.879
Short-Term Liabilities	860.710.332	690.151.060
Long-Term Liabilities	138.660.706	28.181.818
Equities	141.275.558	123.850.001
TOTAL EQUITY AND LIABILITIES	1.140.646.596	842.182.879

CONDENSED INCOME STATEMENT (TL)	31.12.2019	31.12.2018
Net Sales	4.520.672.511	3.725.343.576
Gross Profit	515.459.647	409.387.066
Operating Profit	78.930.657	30.353.954
Net Profit for the Financial Year*	33.075.535	21.637.496

FINANCIAL RATIOS	31.12.2019	31.12.2018
Current Ratio	0,89	0,96
Short-Term Liabilities / Total Assets	0,75	0,82
Equity / Total Assets	0,12	0,15
Gross Margin (%)	11,4	11,0
EBITDA Margin (%)**	5,7	4,0
Net Profit Margin (%)***	0,7	0,6
Net Profit Per Share (TL)****	0,562	0,368

The distribution of sales of Bizim Toptan as of the years 2011-2019 is shown on the table below.

(THOUSAND TL)	2011	2012	2013	2014	2015	2016	2017	2018	2019
Main Categories (1)	1,271,770	1,469,930	1,697,308	1,742,849	1,877,791	2,017,353	2,037,870	2,729,711	3,393,795,257
Other Categories	461,202	503,924	549,534	536,548	685,985	775,806	858,498	995,633	1,126,877,254
Total	1,732,972	1,973,854	2,246,842	2,279,397	2,563,777	2,793,160	2,896,368	3,725,344	4,520,672,511

** Net profit for the financial year refers to the figure after the UFRS 16 standard introduced at the beginning of 2019. The net profit of the financial year without the implications of UFRS 16 is TL 43,483,531.*
*** EBITDA margin without the effect of UFRS 16: 4.4*
**** Net profit margin without the effect of UFRS 16: 1*
***** Net profit per share without the effect of UFRS 16: 0.7247*
(1) Refers to sales without cigarettes

02
From the Management

STAND BY TRADE

With our Support for Chefs

WE STAND BY TRADE WITH OUR PRODUCTS OF SPECIAL SIZES AND SPECIAL PRODUCT VARIETIES FOR HORECA CUSTOMERS.

You can scan the QR code to watch the commercial published in 2019, presenting a story of Bizim Toptan rooting for all shopkeepers from across various professions.

General Manager's Message

HÜSEYİN BALCI
General Manager

Dear Stakeholders,

As we evaluate 2019, I would like to say that we are happy for and proud of reaping the fruits of the transformation we have maintained as Bizim Toptan team for the last three years and continuing to do so as we get better and better.

In 2019, we approached our customers with our "Standing by Trade" philosophy through our strong CRM infrastructure, which we built on our established corporate structure, multi-customer channel and multi-sale channel sales operations, geographic presence and high adaptation and rapid transformation in the face of new circumstances. Our "Standing by Trade" approach symbolizes our motivation to move forward in a supportive, strong manner in our trade with our suppliers and business partners and in the services we offer to meet the needs of our customers, together with all stakeholders.

Thanks to our Bizim Toptan team, who values innovation and digital transformation, produces and develops processes with this motivation, we can now understand the needs of our customers before our customers arrive in our store and take actions to meet their needs. Our CRM applications, which we

synchronize with the digital world help us understand the needs of all of our customer groups and identify the product portfolio that can respond to those needs, new private label product launches, the best price and the best sale method. The transformation and diversification of our sales channels, which we have started and accelerated in the last two years, is the solid indicator of a "new" Bizim Toptan. With the steps we have taken and the sales methods we have developed, we have ensured that Bizim Toptan is the most innovative and organized wholesaler market with the most extensive store network in Turkey.

OUR "STANDING BY TRADE" APPROACH SYMBOLIZES OUR MOTIVATION TO MOVE FORWARD IN A SUPPORTIVE, STRONG MANNER IN OUR TRADE WITH OUR SUPPLIERS AND BUSINESS PARTNERS AND IN THE SERVICES WE OFFER TO MEET THE NEEDS OF OUR CUSTOMERS, TOGETHER WITH ALL STAKEHOLDERS.

At this point, I would like to emphasize once again that we have strengthened our place in the sector not only with our store network but also with our diversified sales channels. While our expert sales team, which we call Professional Sales Force -PROSAF- was serving through 52 stores in 41 provinces by the end of 2018, it was serving through 90 stores in 65 provinces by the end of 2019. As a result, our business volume in the profitable and loyal customer groups we target has increased and the performance of our stores has improved.

Throughout the year, our digital sales platform has been renewed with special price for customer segment and campaign display features; it has become a digital platform that can be customized in particular for commercial customers and that recognizes its customer and offers opportunities accordingly; and has placed Bizim Toptan at the forefront of the industry. As of the end of 2019, our "Click, Come & Pick Up" service, which we started in Istanbul also proves that we are the most innovative cash&carry company.

In addition to being a pioneer in the industry and being the most innovative, SEÇ Market, a franchising system through which we contributed to both the country's economy and the traditional retail channel as we "stand by trade", continued to create value for all stakeholders with its success in 2019. The number of business partner markets we have in Seç Market system increased from 539 at the end of 2018 to 801 at the end of 2019. The share of the sales we make in this channel has reached 10% in our total sales. Providing high quality private label products and strong branded products with affordable prices and convenient payment conditions in the face of increasing competition and tough market conditions for the shopkeepers in our country, this system is notable as it is also an alternative channel for citizens to do shopping at reasonable prices and it will continue to develop.

We have broken our own record by increasing our number of customers in 2019 with our network of 175 stores in 69 provinces that we achieved as a result of our success in diversified sales channels as I mentioned as well as new openings, moving to new places and termination of inefficient operations. Our number of active customers increased by 31.3% compared to the previous year and exceeded 1.9 million. With our increasing number of customers and diversified sales channels, the growth rates of our stores and their efficiency have increased.

Our total revenues from sales increased by 21.3% throughout the year and reached TL 4.5 billion. Our 26.9% sales growth -excluding cigarettes and powdered sugar-, which we focus on for sustainable and profitable growth, exceeds even the total sales growth. The impact of this performance in our main category sales is reflected in our results in the form of an improvement in product mix and profitability. Likewise, the increase in the share of Horeca, corporate, individual and SEÇ Market channels in total sales from 42% in the previous year to 46% has brought about an improvement in customer mix and profitable growth. Thus, our gross profit increased by 25.9% compared to the previous year and our gross profit margin increased to 11.4%. Excluding the application no. 16 of the International Financial Reporting Standard (IFRS 16), which was introduced in 2019, our EBITDA margin reached its highest historical level with 4.4% compared in line with the previous year, while our net profit for the period increased by 101% compared to the previous year, rising from TL 21.6 million to TL 43.5 million. Including the impact of IFRS 16, the EBITDA margin is 5.7% and the net profit for the period is TL 33.1 million, which proves strong financial development of Bizim Toptan.

Dear stakeholders;

The figures I emphasized above are significant achievements and we had these achievements thanks to your belief in us, that is, in all of Bizim Toptan staff. With this belief, we are working to get better.

We know that global dynamics are changing, the world has faster access to information, data is rapidly getting deeper, consumer preferences are getting more diverse. In short, the world agenda is changing rapidly and so is trade. In this process of rapid change and transformation, we as Bizim Toptan set our interests and goals into the future. To this end, we are aiming to incorporate digitalization and digital transformation to our process of change and transformation.

As we aim to realize our digital transformation works by focusing on digitalization both in our way of doing business and in the services we offer to our customers in 2020, we will continue our contribution to the country's economy and our goal of delivering Turkey's highest quality brands with the best prices and the best services to our citizens. We will stand by trade as a solution partner for both our suppliers and our customers.

I hope to share strong, sustainable, successful results and significant breakthroughs in digitalization as befits Bizim Toptan and all stakeholders in 2020. Kind regards.

Hüseyin Balcı
General Manager

Board of Directors

NAME, LAST NAME	TITLE	DATE OF APPOINTMENT	TERM OF DUTY
Cengiz Solakoğlu	Chairman of Board of Directors / Independent Board Member	4/24/2017	3 years
Mustafa Yaşar Serdengeçti	Acting Chairman of Board of Directors	4/24/2017	3 years
Murat Ülker	Member of Board of Directors	4/24/2017	3 years
Ali Ülker	Member of Board of Directors	4/24/2017	3 years
Mahmut Levent Ünlü (*)	Member of Board of Directors	4/24/2017	3 years
Erman Kalkandelen	Member of Board of Directors	4/24/2017	3 years
Füsün Akkal Bozok	Independent Member of Board of Directors	4/24/2017	3 years
Bendevi Palandöken	Independent Member of Board of Directors	4/24/2017	3 years

(*) Mahmut Levent Ünlü represents EMAP Ltd. company.

CENGİZ SOLAKOĞLU

Chairman of Board of Directors / Independent Member of Board of Directors

Cengiz Solakoğlu graduated from Istanbul Academy of Economic and Commercial Sciences, which currently operates as Marmara University, in 1964. He began to work as a salesman at Beko Ticaret A.Ş. in 1967 and became the General Manager of the company in 1977. He held this position until 1983, when he became the General Manager of Atılım Company, which also belonged to Koç Group. During this 8-year office, he led the works on "Restructuring and strengthening Arçelik Authorized Dealer System". He was appointed Vice President of Koç Holding Consumption Group in 1991 and Chairman of Consumption Group in 1994. Solakoğlu, who also served as a Member of the Group Executive Board between 1996 and 1998, was appointed as the Chairman of Koç Holding Consumer Durables Group in 2002 and retired from Koç Group in 2004 due to 60 years of age principle. He had worked in Koç Group for 38 years without interruption. Solakoğlu was among the founders of 1907 Fenerbahçe Association and The Educational Volunteers Foundation of Turkey (TEGV). He was chosen the Civil Society Leader of 2003 as the Chairman of the Board of Directors of Educational Volunteers Foundation of Turkey by Economist Magazine.

MUSTAFA YAŞAR SERDENGEÇTİ

Deputy Chairman of Board of Directors

Mustafa Yaşar Serdengeçti graduated from Istanbul University Faculty of Economics in 1982 and started working as an auditor at Deva Holding the same year. He began to work as an auditor at Yıldız Holding in 1985. He worked as Deputy General Manager of İstanbul Gıda Dış Ticaret A.Ş. between 1992 and 1998 and as General Manager between 1998 and 2004. He led the foundation of the foreign trade company of Ülker Group and led the company to export to 106 countries in 12 years. He carried out the project of merging and outsourcing the transportation and storage operations of Ülker group companies between 2004 and 2006. He took part in the restructuring of Bizim Toptan Satış Mağazaları A.Ş. between 2005 and 2010 and worked as Deputy Chairman of Board of Directors in the process of realizing the new vision and making it one of the notable organizations in the industry. Following the acquisition of Şok Chain Markets from Migros Group in 2011, it created the new management and roadmap. He later took part in the acquisition of UCZ Markets, development of the organization and the creation of new formats. Serdengeçti, who served as Retail Group Chief in 2011-2019, has notable expertise on sales and retail and enabled the restructuring and performance improvement of many companies. The sale and retail companies were affiliated to the Retail Group Head Office until 2017. After the establishment of Pladis, joint venture companies and some holding affiliates (g2m, EKSPER) selling to the retail and non-domestic consumption channel were affiliated to the Retail Group Head Office. Having also been a member of the Board of Directors of Şok Marketler A.Ş. since 2011, Serdengeçti has a master's degree on auditing in Istanbul University Business Administration. Mustafa Yaşar Serdengeçti is married and has four children. He speaks English.

MURAT ÜLKER

Member of Board of Directors

Murat Ülker was born in 1959. He graduated from the Management Department of the School of Administrative Sciences at Boğaziçi University, Istanbul. Mr Ülker studied sector-specific subjects at international schools such as the American Institute of Baking (AIB) and Zentralfachschule der Deutschen Süßwarenwirtschaft (ZDS), serving an internship at American company Continental Baking. In three years, he visited nearly 60 biscuit, chocolate and food factories in the United States and Europe. He also worked on various projects for the International Executive Service Corps (IESC). Mr Ülker joined Yıldız Holding in 1984 as a control coordinator. Over the following years he assumed the roles of assistant general manager, and then general director. As a member of the executive committee and a board member of various companies in the group, he led a series of cornerstone investments. In 2000 Mr Ülker became chairman of the executive committee, serving as chairman for eight years. In 2008 he became chairman of the Board of Directors. As of January 29, 2020, Ülker continues to take an active role in companies affiliated to the holding as a Member of the Board; also he continues to be the Chairman of Board of Director in pladis and Godiva. Mr Ülker is known for his interest in modern art and Islamic calligraphy. He enjoys sailing and travelling with his wife and three children.

ALİ ÜLKER

Member of Board of Directors

Ali Ülker was born in 1969 and educated in the Business Administration Department of the Faculty of Economics and Administrative Sciences at Boğaziçi University, Istanbul. He has also attended various programs at IMD and Harvard. He worked in the Internal Kaizen Projects at De Boccard & Yorke Consultancy (1992) and on IESC Sales System Development and Internal Organization Projects (1997). Mr Ülker joined the group in 1985 as an intern in the quality control department of Ülker Gıda. From 1986 to 1998 he worked at chocolate production facilities and at Atlas Gıda Pazarlama in positions including sales manager, sales coordinator, product group coordinator, and product group director. In 1998 Mr Ülker became general director of Atlas Gıda Pazarlama, and in 2001 became the general director of Merkez Gıda Pazarlama. In 2002, he rose to vice chairman of the food group and in 2005 chairman of the group. After worked as vice chairman of the Yıldız Holding Board of Directors for nine years, as of January 29, 2020 Ali Ülker became the Chairman of Yıldız Holding. Ali Ülker is married with three children. He enjoys fishing, cinema and literature, as well as playing basketball and billiards.

FATMA FÜSUN AKKAL BOZOK

Independent Member of Board of Directors

Fatma Füsun Akkal Bozok, akademik eğitimini Boğaziçi Üniversitesi İdari Bilimler Fakültesi'nden yüksek lisans derecesi ve İstanbul Üniversitesi İşletme Fakültesi'nden doktora derecesi alarak tamamlamıştır. Mezuniyetinden sonra iş hayatına 1980'de Arthur Andersen Denetim Şirketi bünyesinde başlamıştır. 1983'te Koç Grubu'na katılıp Holding içinde önce Denetim ve Mali Grup bölümünde Denetim Uzmanı ve Koordinatör Yardımcısı olarak görev yapmıştır. 1992'de atandığı Denetim ve Mali Grup Koordinatörlüğü görevini 11 yıl boyunca sürdürmüştür. 2003-2006 yılları arasında Finansman Grubu Direktörlüğü yapan Akkal, 2004-2019 tarihleri arasında Yapı Kredi Bankası'nda Yönetim Kurulu Üyesi olarak görev yapmıştır. Halen Ford-Otosan, Tat Gıda, Akiş GYO, İzocam şirketlerinde bağımsız yönetim kurulu üyesidir. Aynı zamanda Sabancı Üniversitesi'nde öğretim üyeliği yapmakta olup, Denetim ve Uluslararası Muhasebe dersleri vermektedir. Akkal, TKYD, TİDE, T. Muhasebe Uzmanları Derneği ve Boğaziçi Mezunlar Derneği üyesidir.

MAHMUT LEVENT ÜNLÜ

Member of Board of Directors (Representing EMAP LTD. Company)

Mahmut Ünlü works as Chairman of Board of Directors and CEO in ÜNLÜ & Co., Turkey's leading investment banking and asset management group. He founded Dundas Ünlü, offering merger and acquisition consultation services in 1996. Dundas Ünlü, where Mahmut Ünlü worked as Managing Partner improved its assortment of services and maintained its growth on the way to be an investment bank, whereupon the South African Standard Bank acquired the majority shares of the company in 2007 and became a partner. Following this partnership, Dundas Ünlü changed its name to Standard Ünlü and Mahmut Ünlü worked as Deputy Chairman of Board of Directors and CEO in this new period. He was also a member of the International Executive Board of Standard Bank between 2007 and 2012. In 2012, Ünlü acquired the main shares in the Standard Bank company as well as various asset management companies of the group and founded ÜNLÜ & Co. In 2016, Wellcome Trust, the UK's leading social responsibility foundation, acquired minority shares and became partner to ÜNLÜ & Co, where Standard Bank was a minority shareholder in 2015. After graduating from the Department of Mechanical Engineering of Georgia Institute of Technology University in 1989, he did his MBA at Rice University in 1991.

ERMAN KALKANDELEN

Member of Board of Directors

Erman Kalkandelen is the Country Manager In Charge of Research for Turkey, Middle East and Eastern Europe companies of Franklin Templeton Investments. He is the CEO of Franklin Templeton Türkiye Danışmanlık A.Ş. He works on Developing Markets, Small Companies and Turkish equities, also he is the board member of Defacto Perakende Ticaret A.Ş., Şok Marketler Ticaret A.Ş. and Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. Kalkandelen graduated from Ankara University Faculty of Political Sciences, Department of Labor Economics with a high honor degree. He then graduated with honors from Sabancı University Master's Degree in Business Administration (MBA) program and went through a period of specialization on strategic management at the University of Florida Warrington College of Business Administration during his MBA training.

BENDEVİ PALANDÖKEN

Independent Member of Board of Directors

Born in Malatya in 1949, Bendevi Palandöken served as Acting Chairman of Ankara Groceries and Dealers Association between 1978 and 1984, where he was elected a member of the Supervisory Board in 1965. Then he was elected as Chairman of the Association in 1984 and has been the Chairman of Ankara Chamber of Groceries and Dealers ever since. Palandöken also continues to serve as the Chairman of Ankara Groceries, Dealers, Merchant Loan and Bail Cooperative, which he founded in 1978. Elected a Member of Board of Directors of the Confederation of Tradesmen and Artisans of Turkey (TESK) in 1996, Palandöken was then elected the Acting Chairman of TESK in 1999 and has been the General President of the Confederation of Tradesmen and Artisans of Turkey since 2007. Palandöken holds office as the Acting Chairman of the European Mediterranean Tradesmen and Artisan Businesses and SME Association (EUROMED), Member of the EU-Turkey Joint Consultative Committee (JCC), Founding Member of the Foreign Economic Relations Board of Turkey (DEİK), Small and Medium Enterprises Development Organization of Turkey (KOSGEB) Executive Committee Member, Social Security Institution Board Member, Vocational Qualifications Authority Board Member, Coordination Term President of Turkish Research and Business Organizations AISBL (TuR&Bo AISBL) Brussels Office, founded in partnership with TESK, TOBB, TÜBİTAK and KOSGEB, as well as Chairman of Tradesmen and Artisans Association. Palandöken has also been running a grocery store in Ankara Cebeci Telli Kaya Street without interruption since 1962.

Bizim Toptan 2019 Annual Report

Top Management

Back row left to right: **M. MURAT YANIK, MUSTAFA TOPUZ, SELMAN KARADAĞ, RAŞİT ÇEBİ, TARIK DUVAN, RECEP ÇALIŞKAN, VEYSEL HASANHOCAOĞLU**

Front row left to right: **ÖNDER ARIKAN, HAMİDE GÜVEN ŞEN, HÜSEYİN BALCI, IŞIL BÜK, AHMET ALPİR**

NAME, LAST NAME	TITLE	DATE OF APPOINTMENT	TERM OF DUTY
Hüseyin Balcı	General Manager	3 years	21 years
Recep Çalışkan	Deputy General Manager in Charge of Sales Operations	15 years	25 years
Ahmet Alpir	Project Senior Manager	2 years	14 years
Işıl Bük	Investor Relations Senior Manager	6 years	14 years
Hamide Güven Şen	Human Resources Director	3 years	17 years
Murat Yanık	Supply Chain Senior Manager	18 years	18 years
Mustafa Topuz	Senior Manager of Channel Development and Occupational Health and Safety	18 years	21 years
Önder Arıkan	Financial Affairs Director	3 years	14 years
Raşit Çebi	Marketing and Customer Relations Director	3 years	14 years
Selman Karadağ	Information Technologies Director	1 year	17 years
Tarık Duvan	Special Channels Sales Director	3 years	19 years
Veysel Hasanhocaoğlu	Trade Director	3 years	20 years

HÜSEYİN BALCI

General Manager

Hüseyin Balcı completed his undergraduate education in Anadolu University, Finance Department, and began his career as a Chain Store Sales Representative at Atlas Gıda Pazarlama A.Ş., one of Yıldız Holding A.Ş. companies in 1997. After that, he worked as Sales Operations Manager and Sales Manager at Rekor Gıda A.Ş, as Sales Operations and Planning Group Manager, Deputy General Manager, General Manager at Merkez Gıda A.Ş., General Manager at Atlas Gıda A.Ş and General Manager of Trade at Ülker Bisküvi A.Ş. He worked as Deputy General Manager of Sales at Avea İletişim Hizmetleri A.Ş., one of Türk Telekom Group Companies in early 2013 and finally worked as Deputy General Manager in Charge of Individual Sales of Türk Telekom Group. Hüseyin Balcı joined Bizim Toptan as General Manager at the beginning of 2017 and commenced the company's transformation process.

RECEP ÇALIŞKAN

Deputy General Manager In Charge of Sales Operations

Recep Çalışkan completed his Associate's Degree in Boğaziçi University Business Administration, Bachelor's Degree in Anadolu University Faculty of Economics and Master's Degree in Marmara University International Economics Department. He started his career as a Purchasing Specialist in İsmar Mağazacılık A.Ş. in the retail sector in 1994. After that, he worked as Purchasing Category Manager at Planet Yapı Market A.Ş., Purchasing Category Manager at Buggy Alışveriş Hizmetleri A.Ş. and Purchasing Manager at Maxi Alışveriş Hizmetleri A.Ş. respectively. He began to work at Bizim Toptan A.Ş. as Purchasing Manager in 2001 and went as far as becoming Trade Director by the end of 2013, when he became General Manager in UCZ Mağazacılık Ticaret A.Ş. He came back to Bizim Toptan at the beginning of 2018, where he is currently working as Deputy General Manager in Charge of Sales and Operations.

AHMET ALPİR

Project Senior Manager

Ahmet Alpir completed his bachelor's degree in Yıldız Technical University, Department of Industrial Engineering and began his career as a Planning Engineer in the Lighthouse Association in 2006. He moved to Ceva Logistics in 2008, where he worked in Central Planning and Operational Excellence positions for 5 years. After that, he worked as Logistics Director at Şok Marketler T.A.Ş. and Logistics Manager at UCZ Mağazacılık Tic. A.Ş. respectively, whereupon he worked as Operational Excellence Manager in Yıldız Holding Retail Group before joining Bizim Toptan in 2018.

IŞIL BÜK

Investor Relations Senior Manager

Işıl Bük, Senior Manager of Investor Relations at Bizim Toptan Satış Mağazaları A.Ş., completed her bachelor's degree in 2004, and her master's degree in 2007, at Marmara University Department of Economics (English). She began to work as an Internal Audit and Financial Reporting Specialist at IKEA. She worked in Corporate Financing and Research units at Halk Yatırım Menkul Değerler A.Ş. in 2007-2012, worked as an economist/strategist and took an active role in public offering projects. Starting to work as an Investor Relations Director at Yıldız Holding in 2012, Bük has been the head of Bizim Toptan investor relations department since the end of 2013. Işıl Bük has Capital Market Activities Level III License and Corporate Governance Rating Expertise license. She took part in the Boards of Directors of the CFA Society of Istanbul, Financial Literacy and Inclusion Association (Foder) and the Investor Relations Society of Turkey (TÜYİD). She maintains her office in the Boards of Directors of Foder and TÜYİD.

HAMİDE GÜVEN ŞEN

Human Resources Director

Hamide Güven Şen completed her bachelor's degree in Kocaeli University department of Labor Economics and Industrial Relations and her master's degree in Bahçeşehir University MBA department. She started her career as a Human Resources Director at General Kimya Ltd. in 2003. She then worked as Human Resources Director at Yıldız Holding A.Ş. and Human Resources Director at Medyasoft A.Ş. respectively. She worked as Human Resources Manager at Avea İletişim Hizmetleri A.Ş., one of Türk Telekom Group Companies in early 2011 and finally worked as Human Resources Group Manager at Türk Telekom A.Ş.

M. MURAT YANIK

Supply Chain Senior Manager

Murat Yanık completed his bachelor's degree in Anadolu University, department of International Relations and his master's degree in Istanbul University, department of Supply Chain Management. He started his career as a Sales Development Officer in Bizim Toptan Stores in 2002. He then worked as Store Director, Regional Director and Regional Manager in the stores of the company in various provinces. After that, he worked as Sales Operations Manager in the general directorate. He continues to work as Senior Supply Chain Manager from the beginning of 2018.

MUSTAFA TOPUZ

Senior Manager of Channel Development and Occupational Health and Safety

Mustafa Topuz completed his bachelor's degree in Yıldız Technical University, department of Construction and his master's degree in the Geotechnical department of the same university. He began his career by founding his own project and contracting business in 1998. Having joined Bizim Toptan Satış Mağazaları A.Ş. as Construction and Technical Purchasing Director in 2002, Topuz currently works as Senior Manager of Channel Development and Occupational Health and Safety.

RAŞİT ÇEBİ

Marketing and Customer Relations Director

Raşit Çebi completed his bachelor's degree in Boğaziçi University, department of Economy and began his career as Deputy Product Director at Yıldız Holding in 2006. After working as Brand Director and Brand Manager for Hero Baby, Kekstra and Dankek brands at Yıldız Holding A.Ş., he worked as agency president & general manager at 9.Sanad for 4 years focusing on creative strategies, digital projects and PR starting from 2013. Having joined Bizim Toptan in 2017, Çebi leads the marketing and CRM operations.

ÖNDER ARIKAN

Financial Affairs Director

Önder Arıkan completed his bachelor's degree in Boğaziçi University, department of Business Administration and his master's degree in Bahçeşehir University, MBA department. He started his career as a budget reporting expert at Metro Cash and Carry company in 2006. After that, he worked in the finance departments of Joker Bebek, which is an Actera Group company and Markafoni, a Naspers Group company. Arıkan joined Bizim Toptan in 2017. He was appointed the Financial Affairs Director by proxy in 2019. Finally, he was working as Senior Manager of Budget Reporting and Profit Planning in Bizim Toptan before he was appointed the principal Financial Affairs Director in January 2020.

SELMAN KARADAĞ

Information Technologies Director

Director of Information Technologies at Bizim Toptan Satış Mağazaları A.Ş., Selman Karadağ graduated from Marmara University, Department of Industrial Engineering in 2002 and came in first in his class. He began his career as a Project Manager in the Business Development Department of Yıldız Holding in 2003, whereupon he worked as the Information Technologies Project Manager and Sales Force Automation Manager respectively. Prior to joining Bizim Toptan, he held the position of Information Technologies Customer Relations Group Manager in charge of Pladis Turkey, Middle East and North Africa regions, and then he joined Bizim Toptan in 2019.

TARIK DUVAN

Special Sale Channels Director

Tarık Duvan completed his bachelor's degree in Anadolu University, department of Business Administration and his master's degree in Bahçeşehir University, MBA department. He began his career as Sales inspector at Ülker/ Merkez Gıda Paz. San. ve Tic. A.Ş. in 2001. After that, he worked as Sales Chief, Regional Sales Manager and Sales Group manager of Turkey at Yıldız Holding A.Ş. respectively. Tarık DUVAN began to work as Sales Director at Avea İletişim Hizmetleri A.Ş., one of the Türk Telekom Group companies in early 2013 and then worked as Sales Director at Türk Telekom A.Ş. Duvan joined Bizim Toptan team as sales director in 2017 and still works as director in charge of Special Sale Channels.

VEYSEL HASANHOCAOĞLU

Trade Director

Veysel Hasanhocaoğlu completed his bachelor’s degree in Dokuz Eylül University Department of Statistics and started his career in Kipa in 2000 and worked in different levels of management in trade and operation units. He worked in various cultures and markets across a wide geography in Asia and Europe, in charge of fresh food category management team for 13 countries in Tesco UK headquarters global procurement department in 2010-2013. He became the Trade Director of a newly established retailer in Africa (Nigeria) in 2015. Before joining Bizim Toptan in 2017, he was in charge of overseas sales and operations of Pınar Su ve İçecek company of Yaşar Holding. He worked on the vision of Bizim Toptan to become a multi-channel company by conducting his role as Special Channels Sales Director before he was appointed Trade Director in 2019.

STAND BY TRADE

With our Support for Bakers

IN ADDITION TO OUR PRODUCT PORTFOLIO OF NATIONAL AND INTERNATIONAL BRANDS, WE STAND BY TRADE WITH OUR HIGH-QUALITY EXCLUSIVE PRODUCT PORTFOLIO TAILORED TO THE NEEDS OF THE MARKET AND OUR SUPPORT FOR LOCAL SUPPLIERS.

You can scan the QR code to watch the commercial published in 2019, presenting a story of Bizim Toptan rooting for all shopkeepers from across various professions.

Organized Wholesale Industry and Bizim Toptan

BİZİM TOPTAN CONTINUES TO BE THE BEST ALTERNATIVE FOR ALL CUSTOMER GROUPS WITH ITS 175 STORES IN 69 PROVINCES, EXTENSIVE AND DIVERSIFIED SALE NETWORK, ADVANTAGES FOR ITS CUSTOMERS AND ITS ACCESSIBILITY.

2019 was a period when economic activity slowed down in Turkish economy, inflation started with high levels and the trend for decline accelerated in the second half of the year and expectations changed rapidly. It was observed that the value of Turkish Lira was balanced compared to the previous year and in this context, the improvement in the general level of prices accelerated particularly in the second half of the year. Domestic Producer Prices (PPI) increased by 7.36% in 2019 while consumer prices (CPI) increased by 11.84%.

Despite the balancing in exchange rate and inflation indicators, the consumer confidence index remained almost horizontal throughout the year and maintained its level from the previous year, completing the year at the same level as in 2018 at 58.2.

Turkey's robust economic outlook and rising urbanization rate with an increasing young population, as well as changing consumption and shopping habits in this context have been influential in the continuation of growth potential in the Fast Moving Consumer Goods (FMCG) wholesale market. Despite the non-organized wholesalers and distributors estimated to be comprising the vast majority of the market, the organized wholesale market including Bizim Toptan continued to develop. Apart from Bizim Toptan, the number of cash&carry wholesalers on a national scale is four, while the markets operating regionally and known as single cash&carry companies (gross market) are also considered to be within the organized cash&carry market and their number is rising.

Despite the scattered structure and competitive conditions in the market where it operates, Bizim Toptan has been opening stores in an organized manner since 2007 and maintains its position as the most extensive cash&carry wholesaler on a geographical basis in Turkey. Taking into account the developments in retail and wholesale industries as well as the growth dynamics in supplier and demand conditions, Bizim Toptan transforms its wholesale concept and effectively meets the demands of suppliers to reach a wider store network and a broader customer base. It also analyses market dynamics and positions its wholesale stores in a way that can serve the multi-channel sales strategy on the way to sustainable growth, diversifies sales channels and positions itself in the market to respond to the demands of all customer groups and continues to enrich its business with the business partnership goods supply model.

Following the revisions that the company implemented after reviewing its strategy in 2017, it began to receive returns as it continued to implement its restructuring efforts. By 2019, it aimed to “stand by trade" for all customer groups with a new multi-channel sales system as "Bizim Toptan”.

Bizim Toptan stands out from its competitors in the sector with its price advantage, accessibility and other conveniences. Adding value to the industry with its innovative applications, Bizim Toptan is structured in “the closest point to its customer” and in smaller stores and enables meeting all needs at once at a single location. Based on the principles of flexibility and scalability in its activities, Bizim Toptan is a pioneer of many innovations and best practices in the sector. In this context, it enriched its wholesale marketing business model and became the pioneer of the business partnership goods supply system, which came about in the market channel supply process, in the field of B2B in Turkey.

It also offers services to certain customer channels through PROSAF, its Professional Sales Force commissioned in the strategic transformation process, and pursues digitalization in the market by improving its digital sales platform.

2019 ACTIVITIES

Strengthening its multi-channel customer and multi-channel sales model by focusing on the customer and on being a pioneer in the industry, Bizim Toptan has organized its marketing, product portfolio and pricing efforts to understand and respond to the needs of the customer before the customer arrives its store with its successful CRM applications.

It opened 5 new stores, relocated 1 store and closed 4 stores this year. Reaching 175 stores in 69 provinces at the end of 2019, Bizim Toptan increased its number of customers every quarter and reduced its customer loss rates as it continued to reach new customers. Thus, by the end of 2019, it broke its own record in the number of active customers and reached 1 million 916 thousand customers with an increase of 31.3%. Simultaneously, the share of more profitable and loyal customer channels in total sales continued to increase.

HAVING REVISED ITS CUSTOMER-ORIENTED CULTURE IN 2017 AND RESTRUCTURED WITH THE AIM OF BECOMING THE "MOST AFFORDABLE AND EXTENSIVE WHOLESALE MARKET”, BİZİM TOPTAN CONTINUED ITS TRANSFORMATION IN 2018, WHICH STARTED WITH MULTI-CHANNEL SALES STRATEGY, WIDE CUSTOMER NETWORK AND STRONG CUSTOMER RELATIONS MANAGEMENT (CRM) AT ITS CENTER, AND MAINTAINED ITS ACTIVITIES AS A NEW BIZIM TOPTAN WHO IS A PIONEER IN ITS SECTOR IN 2019.

Bizim Toptan has also achieved strong and lasting results in its efforts to adapt to the modern era by varying its means of sales. Offering personal delivery service as an expert sale team, the Professional Sales Force -PROSAF- delivers services with its wide product portfolio of about 7000 SKUs to 65 provinces in Turkey as of the end of 2019. Having started to operate in Marina Service and exclusive distribution areas in addition to conducting distribution with its specially equipped (-18°C , +4°C) vehicle fleet and professional team, PROSAF continues to get stronger every day as an alternative sales channel of Bizim Toptan that improves the performance of stores and enriches customer experience besides direct sales from the store.

2019 has been a year in which innovations continue on the digitalization side for Bizim Toptan. Starting to digitalize both the business processes and the services it offers to customers, the Company has transformed its "Bizimtoptan.com.tr" digital sales platform into a digital platform that can be customized in particular for commercial customers with campaign display features and special price for customer segments and that recognizes its customer and offers opportunities accordingly. It has increased its number of products and has been able to deliver nearly 3000 SKUs to its customers via digital environment. Moreover, it began the testing process for a service that allows purchase orders placed by customers via website or mobile app to be prepared for pickup from the preferred store at the preferred hours through the "Click, Come & Pick Up" service in Istanbul province by the end of 2019. Bizim Toptan maintained its growth in the franchising system that supports traditional channel players in addition to its merchandising activities and alternative sale methods that enrich customer experience. The number of business partner markets increased from 539 by the end of 2018 to 801 by the end of 2019. Having become an important supplier of the market channel with its "win-win" approach, Bizim Toptan increases its geographical presence in this area,

supports the country's economy and the entrepreneurs in the industry and grows with its business partners on a daily basis.

Diversifying both its customer channels and its means of sale in its sales strategy, the Company increased its sales revenues by 21.3% compared to the previous year and reached TL 4.5 billion turnover in 2019. In addition to the growth in its sales revenues, Bizim Toptan paid attention to the development in sale composition and has increased its sales, excluding sugar and cigarettes, by 26.9% compared to the previous year. Entering a new, strong period on the profitability side, Bizim Toptan increased its gross profit by 25.9% compared to the previous year and increased its gross profit margin to 11.4%. Excluding IFRS 16, the EBITDA margin reached its highest historical level with 4.4% compared in line with the previous year while the net profit for the period doubled compared to the previous year, rising from TL 21.6 million to TL 43.5 million. Including the impact of IFRS 16, the EBITDA margin is 5.7% and the net profit for the period is TL 33.1 million.

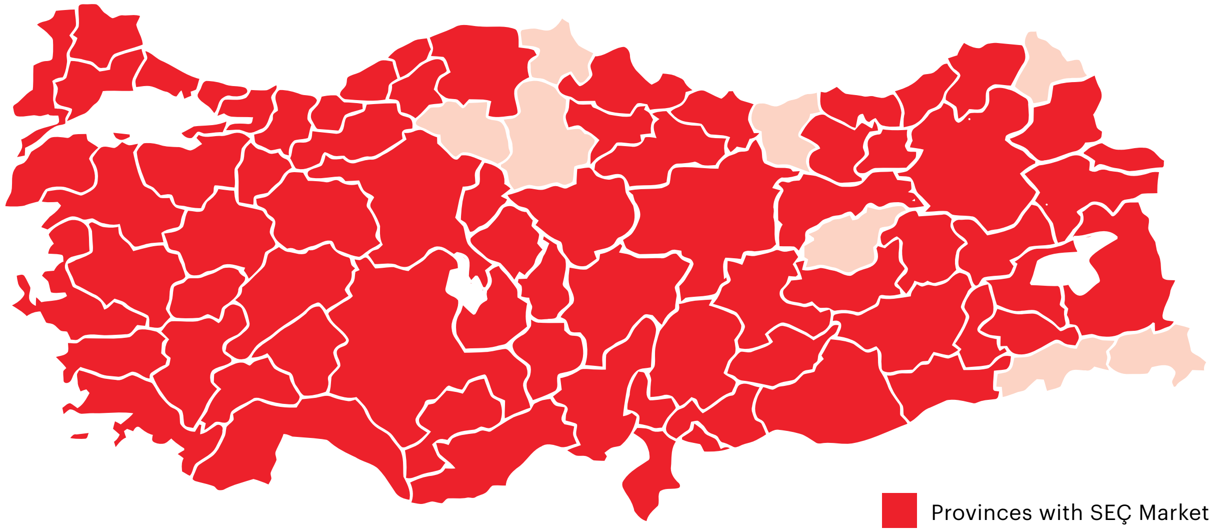
Aiming to reach its customers with "the best price" and "the best quality service" under any market conditions, Bizim Toptan continued to develop its private label products as well. The private label product portfolio, offering quality at an affordable price, reached 278 SKUs and their share in total main category sales increased to 19%.

All these successful works have earned Bizim Toptan the "Best CRM Technology Application" and "Best Social Media Use" awards at the Marketing Technology Awards in 2019. Bizim Toptan also won gold in the categories of "Best Marketing Team" and "Best Human Resources Practice"; silver in the category of "Best Customer Services", bronze in the categories of "Company of the Year", "Marketing Campaign of the Year" and "Training Practice of the Year" in the International Stevie Awards announced in 2019, crowning its hard work in the International arena with these awards.

Bizim Toptan aims to strengthen the share of Horeca, corporate, individual and SEÇ Market channels in total sales while working to serve all customer groups and plans to maintain its practice of being the best alternative in the market for all customer segments, focus on digitalization, expand the store network and customer base and continue to increase shopping cart size, profitable main category sales and private label product sales in 2020.

Winning Business Partnership Model: SEÇ

SEÇ MARKET SYSTEM AIMED TO EXTEND ACROSS TURKEY IN 2019 AND EXPANDED ITS ORGANIZATION, REACHING 801 STORES IN 73 PROVINCES BY THE END OF THE YEAR.



Taking strategic steps in 2014 to develop and enrich its business model, Bizim Toptan acquired the supply contracts of 196 business partner stores operating as business partners of Şok Marketler A.Ş., including fixed assets and all rights arising from these contracts on July 16, 2014 in order to increase its growth in the market channel pursuant to its channel based growth strategy.

SEÇ Market is a competitive, profitable franchise model based on the win-win principle of Bizim Toptan Stores that will increase profitability and provide a corporate identity.

Its purpose is to increase the efficiency of Bizim Toptan stores through sustainable growth and business partnerships with high loyalty while looking out for small businesses and new investors in the retail market.

THE CONTRIBUTION OF SEÇ MARKET SYSTEM TO BİZİM TOPTAN'S SALE REVENUES HAS BEEN TL 450 MILLION. WITH ITS SIGNIFICANCE IN BİZİM TOPTAN SALE CHANNELS INCREASING DAY BY DAY, SEÇ MARKET AIMS TO MAINTAIN ITS HIGH GROWTH AND EXTENSION STRATEGY IN 2020.

The functioning of the franchising system is based on offering goods and services at advantageous prices to the markets covered by the system with the wide product portfolio and purchasing power of Bizim Toptan. With this structuring leading the field in Turkey, it aims to combine the buying power of Bizim Toptan with the forces of its markets, which are its business partners, in the field. With this structure aiming to gather business partner markets under a single roof, maintaining their entrepreneurial spirit, Bizim Toptan aims to be the biggest supplier of its business partners covered by the business partnership goods supply system and to increase their competitiveness through the advantages that it offers.

Bizim Toptan's strategy: To grow with business partners through the B2B approach and the win&win strategy. While Bizim Toptan franchising system focused primarily on the western region of Turkey and its customers in the 100-400 m² supermarket channel at the first stage, new provinces throughout Turkey were added to the system starting from 2017. Aiming to extend across Turkey and having expanded its organization particularly in 2019, SEÇ Market System reached 801 stores in 73 provinces by the end of the year. The contribution of the system to the sales revenues of Bizim Toptan has been TL 450 million. With its significance in Bizim Toptan sale channels increasing day by day, SEÇ Market aims to maintain its high growth and extension strategy in 2020.

What Bizim Toptan Offers to SEÇ Market Partners: Bizim Toptan offers its business partners covered by the franchising system the name “SEÇ Market”, whose legal rights it owns exclusively.

Moreover,

WIN-WIN MODEL BASED ON BUSINESS PARTNERSHIP

RETAIL EXPERTISE SUPPORT

REGULAR AND CONSISTENT SUPPLY OF HIGH QUALITY PRODUCTS AT LOW COST FROM A SINGLE SOURCE

ADVANTAGE OF ENSURING CUSTOMER LOYALTY BY SELLING EXCLUSIVE BRANDS

EASY AND FAST ORDERING SYSTEM

CHANCE TO SET UP A BUSINESS WITH MINIMUM INVESTMENT

LOW OPERATING COSTS

EASY PAYMENTS THAT WOULD MAKE POSITIVE IMPACT ON THE BUSINESS CAPITAL MANAGEMENT OF SEÇ MARKET DEALERS SUCH AS FORWARD AND INSTALMENT PURCHASE ARE OFFERED.

SEÇ MARKET IN THE EYES OF THE FINAL CONSUMER

- IT IS AN ADVANCED RETAIL BUSINESS PARTNERSHIP MODEL THAT PROVIDES ITS CUSTOMERS WITH THE CONFIDENCE OF A CORPORATE CHAIN MARKET WHILE RETAINING WARM RELATIONS AND SINCERITY.
- CONVENIENT, FAST, ORGANIZED SHOPPING EXPERIENCE AND WELL-ESTABLISHED STANDARDS
- IT'S CLOSE TO YOUR HOME & IS THE SHOPPING CENTER OF THE TOWN
- IS CHEERFUL, ATTENTIVE, PRACTICAL, MEETS ALL NEEDS QUICKLY.
- ITS MANAGER IS A PERSON OF YOUR TOWN.
- SELLS KNOWN, RELIABLE, GOOD QUALITY, POPULAR AND RECOGNIZED BRANDS.
- ACCESSIBLE, WELL-PRICED, GOOD QUALITY AT AN AFFORDABLE PRICE.
- ALSO HAS PRODUCTS THAT SUIT THE AREA AND LOCAL DEMANDS.

PROSAF (Professional Sale Force) The New Force of Sales

WITH ITS SALES AND LOGISTICS TEAMS POSITIONED IN THE 65 PROVINCES OF TURKEY, PROSAF SEPARATED ITSELF FROM ITS COMPETITORS AND BECAME THE MOST EXTENSIVE OUT OF HOME CONSUMPTION SOLUTION PARTNER; IT IS CAPABLE OF CATERING TO 85% OF TURKEY'S POPULATION.

PROSAF is the name of the professional solution partner at Bizim Toptan to reach out of home consumption and corporate points of sale.

With its sales and logistics teams operations positioned in the 65 provinces of Turkey, PROSAF separated itself from its competitors and became the most extensive out of home consumption solution partner; it is capable of catering to 85% of Turkey's population.

PROSAF IS THE MOST EXTENSIVE ORGANIZATION THAT PROVIDES PROFESSIONAL SOLUTION PARTNERSHIP FOR ALL THE NEEDS OF FUEL STATIONS. MOREOVER, SPECIAL TEAMS DELIVER ORDERS RIGHT TO THE BOATS OF MARINA CUSTOMERS IN SEASONAL AREAS OF SEA TOURISM THROUGH MARINE SERVICE OPERATIONS.

It supplies all products needed by canteens, fuel station markets, corporate customers, hotels, restaurants, fast-food kiosks, cafes and pastries, catering companies, business kitchens, industrial organizations and public organizations, which operate in its target customer group.

PROSAF offers alternative ordering platforms, payment methods and special offers for its customers and carries out distribution of frozen, fresh and other food / non-food products needed by its customers using its specially equipped (-18°C , +4°C) vehicle fleet and professional team.

It allows customers to get all the products they need from a single supplier with its product portfolio of over 7,000 branded and private label products in total, which is even above the store product portfolio of Bizim Toptan.

PROSAF offers its customers;

- Merchandising & Product Display Support
- Easy Return & Replacement Processes
- Flexible Payment Benefits
- On-Site Delivery
- Alternative Order Channels
- Operational Convenience Benefits.

ROADMAP

Moving on to become a solution partner with a special supply planning system, trained personnel and wide logistics service for the needs of its customers, the PROSAF team began its activities with 12 provinces, 15 stores and 60 personnel in 2017 and is progressing successfully to become a growing and developing distribution network with 65 provinces, 90 stores and 220 personnel in 2019.

PROSAF is the most extensive organization that provides professional solution partnership for all the needs of fuel stations. It works with national and international fuel stations through central agreements. Moreover, special teams deliver orders right to the boats of marina customers via frigo and electric motor vehicles in seasonal areas of sea tourism through Marine Service operations. For this purpose, Göcek Marina store, which is dedicated to Marine Service, was commissioned in 2018 and continued its operations in 2019.

PROSAF delivers all the office and food needs of its corporate and chain customers to its branches at any point in Turkey with high service quality and a wide product portfolio consisting of branded and private label products, competitive prices and extended access network. The customers it serves in this context are Turkey's leading corporate firms listed in ISO 500.

PROSAF is also focused on receiving exclusive distributorship in a regional and national context. For this purpose, it became the exclusive distributor of EVYAP company in fuel stations in late 2019 and began penetration in 650 spots.

Digital Sales Platform

"BIZIMTOPTAN.COM.TR" DIGITAL SALES PLATFORM HAS BECOME A DIGITAL PLATFORM THAT CAN BE CUSTOMIZED IN PARTICULAR FOR COMMERCIAL CUSTOMERS, RECOGNIZES ITS CUSTOMER AND OFFERS OPPORTUNITIES ACCORDINGLY IN 2019.

A pioneer in its industry with various practices in the field of digital commerce, which is increasingly shaping the shopping habits of customers with ample growth potential, Bizim Toptan continues to digitalize both its work processes and the services it offers to its customers.

Aiming for customers to reach the highest quality products at the shortest notice with the most privileged special offers through its multi-channel sales and digitalization strategy, Bizim Toptan has transformed its "Bizimtoptan.com.tr" digital sales platform into a digital platform that can be customized in particular for commercial customers with campaign display features and special price for customer segments and that recognizes its customer and offers opportunities accordingly in 2019. Sales of close to 3,000 kinds of products are made in the fast and user-friendly digital sales platform, which is open for the use of all customers and aims to increase the number and variety of products even more. In addition to the rich product variety and reasonable price advantages offered by Bizim Toptan, installment options implemented for commercial credit cards can also be used in online shopping. Aiming to deliver orders to their customers who shop online in the fastest and most appropriate way, Bizim Toptan offers delivery options by cargo or vehicle according to the order size.

Bizim Toptan also worked on "Click, Come & Pick Up", a new service for the digitalization of trade in 2019. The Click-Come-Pick Up method allows purchase orders placed by customers via website or mobile app to be prepared for pickup from the preferred store at the preferred hours and it also saves customers time.

The most advantageous aspects of shopping online and from the store have been combined in a single application with Click, Come & Pick Up, ensuring customers can make purchases from the product portfolio at the store while placing their order via www.bizimtoptan.com.tr at store prices. Moreover, special offers applicable at that store and special opportunities for their customer type can be viewed during the purchase and their shopping carts can be created accordingly. Click, Come and Pick Up service began the testing process in Istanbul stores at the end of 2019 and it is intended to extend to all Bizim Toptan stores in 2020.

SALES OF CLOSE TO 3,000 KINDS OF PRODUCTS ARE MADE IN THE FAST AND USER-FRIENDLY DIGITAL SALES PLATFORM, WHICH AIMS TO INCREASE THE NUMBER AND VARIETY OF PRODUCTS EVEN MORE.

Bizim Toptan's Internal Strength: Exclusive Products

BİZİM TOPTAN'S EXCLUSIVE PRODUCT PORTFOLIO IS MANAGED WITH 16 BRANDS, 9 MAIN CATEGORIES AND 28 SUB-CATEGORIES BY THE END OF 2019. IN 2019 THE NUMBER OF CUSTOMERS ADDING THESE PRODUCTS TO THEIR CARTS INCREASED BY 26% COMPARED TO THE SAME PERIOD THE YEAR BEFORE AND EXCEEDED 1.2 MILLION CUSTOMERS.

According to AC Nielsen 2019 data, the world average share of private label sales in total fast moving consumer goods worldwide is 16.3% while it's 31.5% on the average of European countries. In Turkey, with the trend of exclusive product consumption increasing every year, the ratio of exclusive product sales in total fast moving consumer goods sales has reached the level of 20%. Although Turkey's data appears to be below Europe and even though the exclusive sales rate in Europe has shown a stable growth since 2016, the rapid growth observed in Turkey shows that there is potential for development in the market in this area.

The development of the exclusive product business referred in Bizim Toptan's company strategies continues to grow stronger day by day and separates the company from other retail and Cash&Carry companies.

In addition to its own private label products, Bizim Toptan buys the license for brands of Yıldız Holding A.Ş. that have not appeared in marketing communication for a long time and manages them within its own organization. Defined as Very Important Brands (VIB), these brands constitute Bizim Toptan's exclusive product portfolio. The marketing

Bizim Toptan has brands in the area of Private Label portfolio.

communication strategies for these valuable brands are identified without moving away from their brand values, are redesigned by making changes that separate them from the competition with an innovative perspective and are delivered to Bizim Toptan customers across Turkey.

Making project design for products that meet the needs of customers with a focus on customer-based portfolio management and producing products through the best suppliers with the most innovative designs pursuant to quality assurance procedures and approvals in line with the health standards, Bizim Toptan supports exclusive products with strong launch plans. In-store communication channels,

Creating brand awareness in the consumer through CRM applications, digital advertisements and communication channels in the commercial media, Bizim Toptan also increases customer loyalty with actions that follow the life of the product. In all customer categories, in particular Horeca, bakery products, individual customers, SEÇ Markets and distinguished traditional points, exclusive products with increased product awareness reached a share of 19% in the main category sales by the end of 2019.

THE EXCLUSIVE PRODUCT PORTFOLIO IS MANAGED WITH 16 BRANDS, 9 MAIN CATEGORIES AND 28 SUB-CATEGORIES BY THE END OF 2019 AND CONTAINS 278 SKUS.

Investments and Investment Policy

STRATEGIC POSITIONING, PRICE LEADERSHIP AND LOW COST STRUCTURE ARE AMONG THE FACTORS THAT INCREASE THE EFFICIENCY OF BİZİM TOPTAN INVESTMENTS.

Bizim Toptan finances the vast majority of new store investments through its own equity and partially through long-term financing (leasing).

Having had the most extensive wholesale network across Turkey, Bizim Toptan maintained this position in 2019, opened 5 new stores, relocated 1 store and closed 4 stores. Reaching 175 stores in 69 provinces of Turkey by the end of 2019, Bizim Toptan identified the locations for opening new stores taking into account the current and potential demand conditions throughout the year. The Company finances its new store investments using long-term financing (leasing) management in addition to its own equity.

Strategic positioning, price leadership and low cost structure are the major factors that increase the efficiency of Bizim Toptan investments. Furthermore, current store efficiency was increased in 2019 with the development of alternative sales channels. To this end, SEÇ, the goods supply business partnership model has continued to be developed much faster, while PROSAF, the Professional Sales Force, has become a strong sales channel with its growing product portfolio, number of customers and geographical presence. Moreover, a digital sales platform has been developed. As the company plans to continue its activities to open new stores with disciplined store selection processes in 2020, it aims to enrich its multi-channel sales model with SEÇ, PROSAF and digital sales platform and thus improve store efficiency.

BİZİM TOPTAN FINANCES ITS NEW STORE INVESTMENTS USING LONG-TERM FINANCING METHOD ALONGSIDE ITS EQUITIES.

In 2020, the Company will continue its channel-based management in line with its sustainable, profitable and multi-channel growth model and HORECA (Hotel, restaurant, cafe), corporate and individual customers will continue to be the major areas where Bizim Toptan will direct its investments. It will also continue to stand by entrepreneurial traditional channel players with its business partnership goods supply system. It also aims to renew both business processes and service processes for customers by making digitalization its main focus.

As it makes investments, the company continues to contribute to regional development as well.

Human Resources

ACTING WITH THE AWARENESS THAT IT IS PEOPLE THAT MAKE THE DIFFERENCE IN A COMPETITIVE ENVIRONMENT, BİZİM TOPTAN DESIGNS AND DEVELOPS HUMAN RESOURCES POLICIES ACCORDINGLY.

Providing direct job opportunities for 2,213 employees and contributing to regional employment with its extensive store network, Bizim Toptan prioritizes vocational and personal training processes. The strategy in the field of human resources develops the commitment of the employees to the Company and their cooperation among themselves and drives the competitiveness of Bizim Toptan.

Bizim Toptan has become one of the rare companies of Turkey with its rapid rise since 2002 and employees who are specialized in their field, focused on the goals and outputting qualified work made great contribution to this success.

Bizim Toptan Human Resources Policy;

- Conduct environmental opportunity and areas of improvement analyses and contribute to our organization's strategies,

- Analyze the present and future needs of the organization in order to achieve the strategic objectives of the organization; to design the organization that is most suitable for these needs and to build systems to develop human resources,
- To structure Bizim Toptan Satış Mağazaları A.Ş. strategies to ensure sustainable quality, reputation and sectoral leadership with a customer satisfaction approach that will raise the standards in the field in which it operates (retailing / Cash and Carry) and to be one of the companies in Turkey where people want to work the most,
- To increase the level of satisfaction and motivation of the employees by acting with the awareness that it is people that makes the difference in a competitive environment, to continuously improve commitment to the company and cooperation between employees and to move competitiveness forward,
- To improve our human resources and our business with constant training,
- It is based on maintaining our "Happy Employees, Happy Customers" approach.sürdürülmesi üzerine kuruludur.

PROVIDING DIRECT JOB OPPORTUNITIES FOR 2,213 EMPLOYEES, BİZİM TOPTAN CONTRIBUTES TO REGIONAL EMPLOYMENT WITH ITS EXTENSIVE STORE NETWORK.

As of December 31, 2019, the company provides direct job opportunities for 2,213 employees and contributes to regional employment with its broad and extensive store network. The majority of employees consist of full-time employees.

The company added the Customer Representative Training Program in 2018 to the B-Raise Executive Training Program launched in 2017 and continued to increase the number of Management Trainee programs in 2019. With the B-raise Program and Customer Representative Training Program, attempt is made to prioritize new graduate recruitments in the recruitment processes.

Bizim Toptan continues to be a company that offers young talents both internship and job opportunities and supports them in the course of their experience. In this context, 14 interns were offered the opportunity to gain experience in 2019 during the JOB Intern process conducted by Yıldız Holding.

In the fast-growing organization, Human Resources Planning (Talent Management) is carried out for each employee in order to prioritize existing employees in all required positions.

The company adopts policies that are fair (internal wage balance) and competitive in the market (external wage balance) as well as remuneration and benefits policies that support high performance.

All business processes used throughout the company were documented by TSE with ISO 9001:2015 Quality Management System as well as ISO 14001:2015 Environmental Management System in 2019 and the documents are shared with regard to authority/responsibility areas through “QDMS (Quality Document Management System)", which is an intranet system accessible to all employees.

Focusing on innovation and change, Bizim Toptan Family publishes "BİZDEN", an internal communication bulletin to keep its entire team informed of developments, success stories and rewards in the company on a quarterly basis. Bizim Toptan also supports the development of commitment to the industry among employees, celebrating December 12 Merchandising Day with all employees.

STAND BY TRADE

With our Support for Shopkeepers

WE STAND BY TRADE WITH OUR WIDESPREAD SALES NETWORK OF 175 STORES, OUR EVER GROWING PROFESSIONAL SALES FORCE AND OUR DIGITAL SALES CHANNEL.

You can scan the QR code to watch the commercial published in 2019, presenting a story of Bizim Toptan rooting for all shopkeepers from across

Sustainability Works

OUR SUSTAINABILITY APPROACH

Global trends such as climate change, scarce resources, urbanization, migration and digital transformation have critical impact on sectors. In the food and retail sector, it has played an important role in meeting consumer demands and expectations and gaining competitive advantage in the industry. Aiming to respond to change of perception among consumers worldwide and in Turkey regarding sustainability as one of the leading companies in the industry, Bizim Toptan established its Sustainability Committee in 2018 in order to systematically coordinate sustainability works and systematically monitor its environmental and social performance. Responsible for environmental, social and corporate governance issues, the Committee carries out its work in line with Yıldız Holding's vision of Make Happy, Be Happy - Global Sustainability Leadership. The Committee assumes responsibilities such as designing and implementing roadmaps and monitoring corporate governance and social and environmental performance in the light of this approach, which is shaped around the World, Society and Product elements.

GOALS

As Bizim Toptan ensures sustainable growth, it has set sustainability goals to increase its success and to do better for the future.
These are;

- Bizim Toptan Sustainability Committee assumes responsibilities such as designing and implementing roadmaps in the light of this approach,
- which is shaped around the World, Society and Product elements,
- corporate governance,
- monitoring social and environmental performance.

QUALITY, PRODUCT RELIABILITY AND ENVIRONMENT

All stores of Bizim Toptan are managed through the ISO 9001:2008 Quality Management System. Moreover, works were commenced to create a system for food safety. Supplier inspections are carried out regularly to ensure that the products have appropriate production conditions and properties within the scope of food safety and are suitable for human health. The Company requires branded product manufacturers that it plans to work with to have the ISO 22000 Food Safety Management System certification and that the supplier inspection report it thereafter creates to be completed successfully. Moreover, it expects food suppliers who will produce their own brands to have certification for at least one of the ISO 22000 Food Safety Management System, FSSC 22000 Food Safety Management Scheme, IFS International Food Standard, BRC Food Safety Standard or AIB Standards.

Bizim Toptan continued its monitoring and measurement activities, which are required for its processes under scope of Quality Management Systems in 2019.

Along with the Quality Management System, it also created the Environmental Management System processes in 2019, organized respective training, was audited by TSI and received the TS EN ISO 14001 Environmental Management System certificate.

Management systems training, department/store internal audits and TSI audits were carried out comprehensively for both Quality and Environmental Management Systems, document continuation was earned and process follow-ups are ongoing.

SUPPLY CHAIN MANAGEMENT

Innovative steps are also being taken in supply chain management for sustainable growth of Bizim Toptan. Innovative transformation in supply chain management plays an important role among these steps. While the company was working with 518 suppliers as of 2018, this number rose to 527 in 2019. All suppliers are local. Logistics network is controlled using Warehouse Management System and can follow through the entry, exit and delivery processes of purchase orders. Route optimization works are made by calculating load according to truck capacities during the planning stage of orders. While vehicle load ratio was 99.4% in 2018, it reached 95.93% in 2019 as a result of these works.

OCCUPATIONAL HEALTH AND SAFETY

Bizim Toptan invests in processes such as digitalization to systematically and centrally manage occupational Health and Safety activities by exerting maximum responsibility for observing the health and safety (OHS) of employees in the work environment. It implements OHS practices with the objective of Zero Work Accidents and carries out risk assessments throughout the year. Following through the processes and practices for the elimination of OHS risks, it received a total of 1,192 hours of OHS services from 41 work safety experts of companies authorized to offer services on OHS in 2018 while it was in total 384 hours of OHS services received from 1 work safety expert in 2019. Furthermore, as of 2019, an OHS manager has been recruited as part of our staff. A total of 1,353 employees (67% of all employees) received OHS training and an average of 6.6 hours of training per employee including fire training and first aid training were realized in 2018 and a total of 718 employees received OHS training, fire training and work at height training (basic OHS training rate for the closure of 2019 was 87%) and an average of 6 hours training per employee were realized in 2019.

Social Responsibility

BİZİM TOPTAN IS LEADING THE INDUSTRY WITH ITS PRACTICES SUPPORTING THE ENVIRONMENT, TRAINING AND PUBLIC HEALTH.

Leading the sector in its line of business, Bizim Toptan runs its operations and manages its stores in line with environmental, health and safety laws. The social and environmental impacts of any activities of the Company are taken into consideration.

Bizim Toptan, Turkey's leading organization, pays utmost attention to implementing policies that respect and support the environment, education and public health and leads the community in these areas. As per company policy, business strategy is implemented according to principles of ethical and social responsibility. For this purpose, the social and environmental impacts of the works in the context of daily business activities of the Company are taken into consideration. Company management is of the opinion that the activities, transactions and operation of the stores are carried out in accordance with all environmental, health and safety laws.

As a group company of Yıldız Holding A.Ş., Bizim Toptan further supports social responsibility works participated by its main partner. To this end, "Make Happy, Be Happy" day was celebrated in 2019 as it has been on the third Thursday of November every year since 2014. In this process, while our customers enjoyed small treats, 5 wheelchairs were provided on behalf of all employees through Red Crescent, and stationery support was provided to children in need studying at 2 village schools in the East and at 1 nursery in Istanbul.

ONE OF THE COMPANY'S STRATEGIC PRIORITIES, THE TOPIC OF DIGITALIZATION CONTINUED TO BE KEPT IN FOCUS, AND THE ONCAMPUS PROJECT, THE SPECIAL SOCIAL LEARNING PLATFORM OF BİZİM TOPTAN RECEIVED THE GOLD AWARD AT THE INTERNATIONAL STEVIE AWARDS IN 2019.

A GOOD MOVEMENT TEAM CONTINUED ITS WORKS

Bizim Toptan continued in 2019 to do good works which it commenced in 2018 with the "A Good Movement" team, the social responsibility group formed by female employees under the leadership of Human Resources. Supply aid was provided to families in need using the aids collected during Ramadan.

Story books, intelligence games, puzzles, stationery, lego, toys and test books were collected with the help of our employees and were delivered to the students who were studying at village schools.

Cleaning agents collected with the support we received from our suppliers and diapers obtained with the support of our employees were donated to Children's Nursery.

Bizim Toptan also fulfills its responsibility of socialization and motivation for its employees. Throughout 2019, it brings an expert professional together with employees every month. From technology to leadership, from parent-child relationships to performance management, the staff are provided with information from experts.

Digitalization, one of the company's strategic priorities, continued to be kept in focus, and the OnCampus project, the special social learning platform of Bizim Toptan launched in 2018 received the Gold award at the International Stevie Awards in 2019. The IKON system was put into practice in 2019 with the goal of digitalization in conducting human resources processes.

WE STAND BY TRADE

WITH OUR INCREASING EMPLOYMENT AND SEÇ BUSINESS PARTNERSHIP MODEL, WE STAND BY TRADE BY SUPPORTING THE LABOR MARKET AND THE ECONOMY.

You can scan the QR code to watch the commercial published in 2019, presenting a story of Bizim Toptan rooting for all shopkeepers from across various professions.

05 Corporate Governance

Investor Relations

HAVING CARRIED OUT INVESTOR RELATIONS MANAGEMENT TO GLOBAL STANDARDS, BİZİM TOPTAN MET WITH A LARGE NUMBER OF ANALYSTS AND INVESTORS IN TURKEY AND ABROAD IN 2019.

Bizim Toptan held one-on-one meetings with over 100 corporate investors and delegated persons of intermediary organizations (analysts and delegated persons of overseas sales department) in 2019.

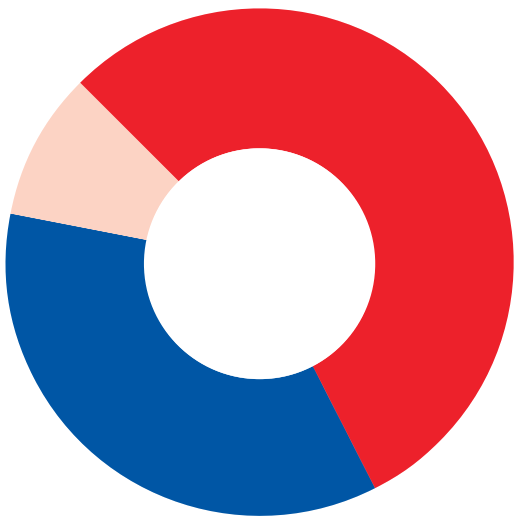
Following the announcement of financial results during the year, the evaluation of the results was shared with the stakeholders with the attendance of CEOs and CFOs. To this end, webcasts / teleconferences were held four times.

It took part in the Analyst and Investor Meeting held together with all other public companies of its main partner Yıldız Holding A.Ş.

In the course of the year, it took part in the investor conferences held by Raiffeisen Bank in New York and by Wood&Co in Warsaw and Prague and organized a roadshow in Istanbul where it met with the directors of portfolio management companies.

STRONG PARTNERSHIP STRUCTURE

OTHER
35.45%



YILDIZ HOLDİNG A.Ş.
55.19%

EMAP LTD.
9.36%

MAIN DETAILS

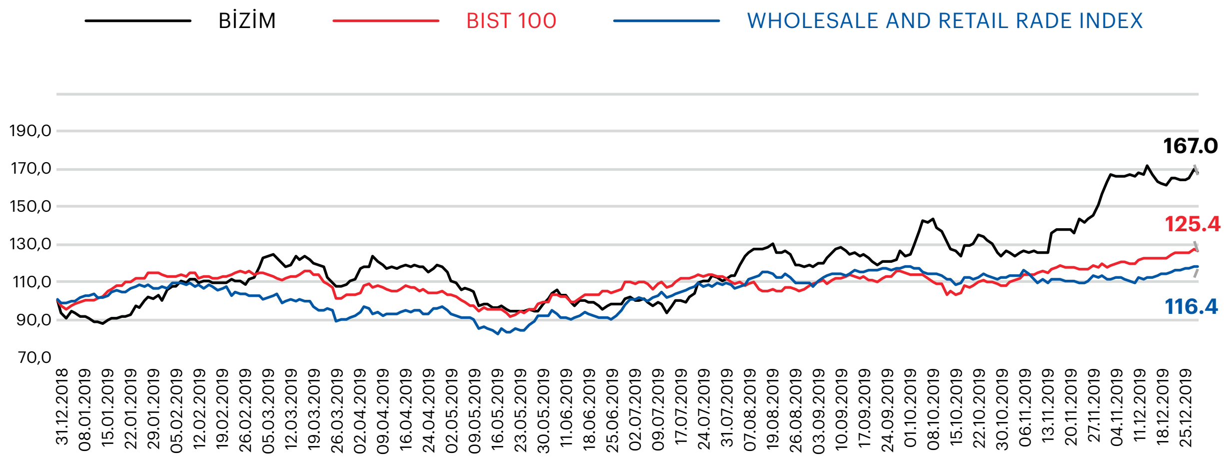
Date of Public Offering: **February 3, 2011**
Stock Exchange Code: **BIZIM.IS**
Bloomberg Code: **BIZIM TI Equity**
Paid-in Capital: **60,000,000 TL**
Registered Equity Ceiling: **200,000,000 TL**

MAIN DATA AS OF 12/31/2019

Closing Price: **11.17 TL**
Market Value: **670,200,000 TL**
Respective Indexes*: **BIST YILDIZ, BIST TÜM, BIST TÜM-100, BIST HIZMETLER, BIST TİCARET**
**Included in BIST 100 Index by January 2020.*
Free Float Rate: **46%**

DAILY MOVEMENT ACCORDING TO CLOSING VALUES OF BIST 100 AND WHOLESALE AND RETAIL TRADE INDEXES FOR BIZIM TOPTAN: 12/31/2018=100

As of the end of 2019, BIST 100 index gained value by 25.4%; BIST Ticaret index gained value by 16.4%; Bizim Toptan stock value performed much better than both BIST 100 index and BIST Ticaret index with 67% increase in value.



CONTACT

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Corporate Governance Principles Compliance Report

SECTION I
STATEMENT OF COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES

Aware of the importance of adopting and actively implementing the Corporate Governance Principles determined by the Capital Markets Board ever since our company's incorporation, our company has intensified its efforts in this direction in recent years. Certain Corporate Governance Principles were made mandatory by the Capital Markets Board (CMB) for companies traded in Istanbul Stock Exchange (BIST) with the "Corporate Governance Communiqué" based on Article 17 of the Capital Markets Law of 12/6/2012 no 6362 and the II-17.1 Corporate Governance Communiqué of 1/3/2016.

Accordingly, it was accepted that provisions whose implementation is deemed mandatory by CMB are to be observed. Works were carried out to ensure compliance with other non-mandatory articles.

To date, in order to comply with Corporate Governance Principles, our Company;

- Created the "Investor Relations Management Office",
- Formed the Board of Directors by identifying the independent board member candidates according to the number specified in the Communiqué on Corporate Governance Principles, announcing them to the public and sharing their background,
- Created the Corporate Governance, Inspection and Early Risk Detection Committees to serve under Board of Directors,
- Published the working principles of the Committee on the Public Disclosure Platform and its website,
- Elected the chairmanship functions of committee members from among the independent members of the Board of Directors and ensured that the independent members have a majority in the committees,
- 3 weeks before the General Assembly, it submitted the information document, meeting agenda, activity report, resumes of the Board of Directors member candidates and other information to be disclosed to the investors and shareholders,
- The Board of Directors were informed of the related party procedures and it was decided to proceed with the procedures following approval of the independent board members,
- Preparations were made for E-General Assembly, internal guideline was created and E-General Assembly began to be held starting from 2012,
- Common and perpetual procedures report was prepared and published on the PDP with the decision of Board of Directors,
- The investor relations manager was included in the corporate governance committee to render committee members compliant with the Corporate Governance Communiqué,
- Made the necessary arrangements regarding the trade of information obtained internally,
- Elected a female member of the Board of Directors (1/8 of the Board of Directors members)
- Arranged the website as outlined in the principles,
- Made the necessary arrangements for the articles of association to comply with the Corporate Governance Principles.

Although full compliance with the non-mandatory Corporate Governance Principles is also intended, full compliance has not yet been achieved due to difficulties in implementation of some of the principles and the fact that some principles do not fully overlap with the current structure of the market and the company. Although the principles that have not yet been implemented have not led to any conflict of interest among the stakeholders, work is ongoing and implementation is planned to be made after the completion of administrative, legal and technical infrastructure works to contribute to the effective management of our company.

The Grounds for Not Implementing Certain Corporate Governance Principles:

- A model or mechanism for stakeholder participation in management has not yet been created. However, independent members of Board of Directors enable the Company and the shareholders as well as all stakeholders to be represented in the management. The Company takes into account the opinions and suggestions of employees, suppliers, various non-governmental organizations and all other stakeholders.
- There is currently no written compensation policy for the employees that needs to be created according to article 3.1.2 of the Corporate Governance Principles and works are ongoing.
- Some of the Members of Board of Directors take part in several committees.
- In accordance with Article 4.6.5 of the "Corporate Governance Principles", fees and all other benefits provided to board members and executives are disclosed to the public on the annual report. However, the statement made is not on per person basis.
- There is no provision in the Articles of Association that the shareholders may request special inspection from the general assembly as an individual right. TCC and CMB regulations regarding the appointment of special auditors are considered to be sufficient. Within the framework of the regulations introduced by the Turkish Commercial Code No. 6102, which entered into force on 7/1/2012, the right of each shareholder to request a special audit is observed.

The following is information about Corporate Governance Works of our Company. Corporate Governance Compliance Reporting No. II-17.1 will be carried out using the Corporate Compliance Report (URF) and Corporate Governance Information Form (CGIF) templates through the PDP platform in accordance with the Capital Markets Board decision of 1/10/2019 no 2/49. The reports can be accessed at https://www.kap.org.tr/tr/cgif/4028e4a1416e696301416ec4471d280d, which is linked here to the page of our Company via PDP platform.

SECTION II
SHAREHOLDERS

2.1. Investor Relations Department

The Investor Relations Department is conducted within the organization of Investor Relations Senior Management Office working under Önder Arıkan, CFO of the Company. This unit is managed by Işıl Bük, which has both Capital Market Activities Level 3 and Corporate Governance Licenses. This unit responds to written, verbal or online applications made by our current and potential stakeholders. It also participates regularly in investor conferences held in Turkey and abroad and conducts interviews with domestic and foreign corporate investors. Our Investor Relations Senior Management Office took part in 3 conferences, organized 1 roadshow and conducted a total of 115 interviews with current and potential shareholders in 2019.

Contact details of our Investor Relations Senior Management Office are as follows:

Önder Arıkan
(Chief Financial Officer - CFO)*
Işıl BÜK (Senior Manager of Investor Relations and Member of the Corporate Governance Committee)
Phone: 0216 – 559 10 60
E-mail Address: ir@bizimtoptan.com.tr

**With the statement submitted to Public Disclosure Platform on 11/1/2019, Önder Arıkan was appointed by proxy in place of Özden Erol Dündar, CFO of the Company and he was appointed on 1/3/2020 as principal with the statement submitted to Public Disclosure Platform on 1/3/2020.*

Statements for Istanbul Stock Exchange, CMB and CRA for informing stakeholders as well as communications made with these organizations are managed by this unit. In addition to ordinary and extraordinary general meetings, various meetings are held with our stakeholders on a project basis or on demand.

2.2. Use of the Right of Shareholders to Obtain Information

Written or verbal requests for information received from our shareholders in the course of the period have been met, except for information that are trade secrets or not disclosed to the public. All the information necessary for the healthy exercise of shareholding rights is made available to our shareholders on our quarterly and annual financial statements, annual reports, our special case statements and through individual requests. At the same time, the required information has been made available to shareholders electronically at www.bizimtoptan.com.tr and www.biziminvestorrelations.com.

Information about the procedures and principles regarding Company audit was shared in Article 13 of the Articles of Association of our Company and there was no request for the appointment of a special auditor during this period.

2.3. General Assembly Meetings

Article 1527 of the Turkish Commercial Code (TCC) of 1/13/2011 no 6102 stipulates that attendance, making suggestions, giving opinions and voting in the general assembly meetings of joint stock companies in the electronic environment have all the legal implications of physical attendance and voting, and that the system for attending and voting in general assembly meetings in the electronic environment is mandatory for companies listed in the stock exchange, and therefore the e-General Assembly meeting is held on the same date and in parallel with the physical General Assembly meeting.

Ordinary General Assembly meeting for 2018 was held on 3/25/2019 at Kuşbakışı Cad. No:19 Altunizade, Üsküdar/İstanbul with the attendance of shareholders representing about 58% of the paid capital amounting TL 60,000,000. 33,111,290.76 shares corresponding to the capital amounting TL 33,111,290.76 were represented in the meeting by proxy in physical environment, 301 shares corresponding to the capital amounting TL 301 were represented principally in physical environment, 1,769,222 shares corresponding to the capital amounting TL 1,769,222 were represented by proxy in the electronic environment and a total of 34,880,813.76 shares were represented. There was no media attendance at the meeting. As stipulated in the Law and in the articles of association, the invitation for the meeting was made in due term by announcing the same on the issue of the Turkish Trade Registration Gazette of 3/4/2019 no 9779, on the issue of 3/1/2019 of the daily published Dünya Gazette, at www.bizimtoptan.com.tr, the official website of the Company and on the Public Disclosure Platform, in such way to include the agenda, as well as by notifying the date and agenda of the meeting.

Financial statements and reports -including the annual report-, profit distribution proposal, information document prepared in relation to the needed agenda items of the General Assembly meeting as well as other documents forming the basis of the agenda items have been kept available to be examined by our shareholders at the headquarters and branches of our company starting from the date of announcement made for the invitation to the General Assembly meeting.

Moreover, agenda items, power of attorney sample, information document, balance sheet, profit and loss statements, independent audit report and footnotes, decision of the board of directors on profit distribution, annual report and related party transactions report were prepared prior to the general assembly meeting and were published on www.biziminvestorrelations.com before the meeting date in due term.

At the General Assembly meeting, the issues on the agenda were conveyed in an impartial and detailed manner in a clear and understandable way; shareholders were given the opportunity to express their opinions and ask questions under equal conditions and a healthy discussion environment was created.

The shareholders who spoke at the 2018 General Assembly wished a successful year in 2019 and no suggestions were submitted other than the agenda items. Minutes and agenda items of the General Assembly meeting were published on www.biziminvestorrelations.com.

INFORMATION ABOUT THE 2018 GENERAL ASSEMBLY MEETING

- It was decided by a majority of votes that the 2018 annual report shall be deemed to have been read with a total of 34,831,546.76 electronic and physical positive votes against 49,267 electronic negative votes.
- Mert TÜTEN provided information about the Independent Auditor's Report, containing the activity results regarding the financial statements issued by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. according to the Communiqué on Principles of Financial Reporting in the Capital Market No. 14.1 issued by the TR Prime Ministry Capital Markets Board for the accounting period of 2018.
- It was decided by a majority of votes, with a total of 34,831,546.76 electronic and physical positive votes against a total of 49,267 electronic negative votes that the balance sheet and profit/loss statement for the accounting period of 2018, accurately reflected in accordance with the accounting principles and standards set out in the Communiqué on the Principles of Financial Reporting in the Capital Markets No. 14.1 issued by the TR Prime Ministry Capital Markets Board should be deemed to have been read. Balance sheet and profit/loss statement for the 2018 accounting period were discussed. No one made comment. As a result of the vote, the balance sheet and profit/loss accounts were decided by a majority of votes with a total of 34,831,546.76 electronic and physical positive votes against 49,267 electronic negative votes.

- Each member of the Board of Directors did not exercise the voting rights arising from their respective shares regarding their acquittal due to the 2018 accounting period activities and procedures and was acquitted by a majority of votes with a total of 34,831,546.76 electronic and physical positive votes against 49,267 electronic negative votes.

- As a result of the discussions held regarding the use of 2018 profit based on the decision of the Board of Directors of 2/28/2019, the distribution of gross TL 10,300,000 (ten million three hundred thousand Turkish Liras) cash to the current shareholders of our Company until the end of the fiscal year to be covered from the profit of the previous years was unanimously accepted.

- The decision to elect PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which was elected to carry out the independent external audit of our company for 2019 pursuant to the decision of Board of Directors was adopted by a majority of votes with a total of 33,111,591.76 electronic and physical positive votes against 1,769,222 electronic negative votes.

- Within the framework of the regulations of the Capital Markets Board, the general assembly was informed about the guarantees, pledges and mortgages provided by the Company in 2018.

- The General Assembly was informed, with regard to donations made by the Company in 2018, that no donation was made. The discussion and decision regarding the proposal of Board of Directors to set the donation limit for the period of 1/1/2019 - 12/31/2019 as TL 1,000,000 (one million Turkish Lira) was accepted by a majority of votes with a total of 33,111,591.76 electronic and physical positive votes against 1,769,222 electronic negative votes.

- Granting permission to members of the Board of Directors pursuant to provisions of Articles 395 and 396 of the Turkish Commercial Code on the procedures they will perform regarding the company was accepted by a majority of votes with 34,750,526.76 electronic and physical positive votes against 130,287 electronic negative votes.

- Our shareholders who spoke in the good wishes section wished a successful year.

2.4. Voting Rights and Minority Rights

Pursuant to our articles of association, each share has one vote.

Right holders who have the right to attend general assembly meetings of the Company may also attend these meetings in the electronic environment in accordance with Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Regulation on General Assembly Meetings to be Held in the Electronic Environment for Incorporated Companies, the Company may establish an electronic general assembly system that will allow right holders to attend general assembly meetings, express opinions, make suggestions and vote in the electronic environment, or it may purchase services from the systems created for this purpose. In all general assembly meetings to be held, in accordance with this provision of the articles of association, it is ensured that the right holders and their representatives can exercise their rights specified in the provisions of said Regulation through the established system.

Our articles of association has no provisions preventing non-shareholders from voting by proxy as representatives. There is no company in which our company is a mutual subsidiary.

There are no concessions on share groups and shares in our company's capital. Accumulated voting method is not used in our company.

2.5. Right to Dividends

At the meeting of the Board of Directors dated 3/11/2011, the dividend policy of our Company was determined with the decision taken regarding profit distribution. There are no concessions in our articles of association regarding participation in the company's profit. Our company's "Profit Distribution Policy" has been made public through its annual reports and website. Said policy of our company is as follows:

“Our company may distribute the dividend in the amount determined by the Board of Directors and submitted to the approval of the General Assembly based on CMB communiqués and regulations, taking into account the investment, financing plans and profitability pursuant to the company's long-term growth strategies, by way of giving cash or free shares or by giving a certain amount of cash and a certain amount of free shares. Distribution of 50% of the distributable net profit as cash dividend to shareholders as long as our respective legislation and investment needs allow has been identified as our Company's dividend policy and it has been unanimously decided that this policy is to be presented by the Board of Directors to the approval of the General Assembly. The public will be further informed in the event of any changes in this policy in the future.”

As a result of the discussions held regarding the use of 2018 profit based on the decision of our Board of Directors of 2/28/2019, our Company decided to distribute gross TL 10,300,000 in the form of cash dividend to the current shareholders to be covered from the profit of the previous years. The decision of the attendants was adopted unanimously at the Ordinary General Assembly Meeting held on March 25, 2019,

2.6. Transfer of Shares

The transfer of shares is covered in Article 6 of our articles of association. Accordingly, the transfer of the Company's shares is free provided that the provisions of the Turkish Commercial Code, Capital Market legislation and the articles of association are reserved.

SECTION III
PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

Our company's website is www.bizimtoptan.com.tr in Turkish and English. The following information is available on our company's website under scope of informing the shareholders;

- Information about Bizim Toptan,
- Investor Relations
- Special Offers
- Products
- Customer applications
- Company’s Vision and Mission
- Our line of business
- Our contribution to Turkey’s economy
- Articles of Association of the Company
- Financial reports
- Financial calendar
- Special case statements
- General Assembly meeting minutes
- Prospectus and public offering circulars
- Insider list
- Investor Presentations
- Analyst Information
- Partnership structure
- Information and Profit Distribution Policies
- Top Management Staff Information
- Information Society Services
- Information Regarding Protection of Personal Data

In accordance with CMB Communiqué on Corporate Governance Principles, the address of our Company's website is on Company letterhead.

3.2. Annual Report

The Company's annual report is prepared in accordance with Serial: II-17.1 "Corporate Governance Communiqué" Corporate Governance Principles and the matters specified in the legislation in detail to ensure that shareholders and the public have full and accurate information about the Company's activities.

All necessary precautions have been taken to prevent the use of insider information, and information about directors who are in a position where they can have access to information that may affect the value of our Company's capital market instruments and other persons/organizations they procure services from is notified to respective organizations in accordance with the legislation in force and is published on the company's website.

SECTION IV STAKEHOLDERS

4.1. Informing Stakeholders

Our company's "Information Policy" is conducted within the framework of the rules determined by legal regulations, CMB legislation and issued communiqués. The Company prepared a written document on public disclosure and information and the document in question was approved by the Board of Directors and published on the Public Disclosure Platform on 2/6/2019 and announced to the shareholders and the public and published on the Company's website.

The Board of Directors is authorized with regard to creation of the information policy of our Company and regarding any changes in the policy. Changes to the policy and the information policy are published on the company's website following the approval of the Board of Directors. Investor Relations Management Office is responsible for conducting the information policy.

Moreover, it has been adopted as a fundamental principle that any information disclosed to the public should be communicated to the person concerned as soon as possible upon demand. Written or verbal notification is made if there is a request for information from shareholders. In case of significant developments to be announced to the public during the year, the necessary special case statements are also made in timely manner. Our annual report is prepared in such detail to ensure that the public has access to any information about the Company's activities.

Special Case Statementsı

Our Company issued 16 special case statements in January-December 2019 pursuant to CMB regulations. The aforementioned Special Case Statements can also be accessed via PDP (Public Disclosure Platform) and our Company's website. There is no special case statement that has not been made by our company in due time. No additional statement request has been received from the Capital Markets Board for the Special Case Statements made by our company.

In cases where the rights of the stakeholders are not regulated by legislation or contract, the interests of the stakeholders are protected within the framework of goodwill rules and to the extent the company can afford, taking into account the reputation of the Company.

Moreover, company employees are provided with access to circulars and announcements through the internal internet portal, and some important announcements are instantly communicated to all employees by e-mail.

There are no practices that make it difficult for stakeholders to communicate with the Corporate Governance Committee or the Committee in Charge of Audit regarding any procedures of the Company that are against the legislation or ethically inappropriate. All stakeholders can reach these committees by any method of communication of their choice.

Moreover, the Ethics Notification Line (0216 524 34 24) and e-mail address etik.bildirim@yildizholding.com.tr where our stakeholders can report any breaches of ethics can be found on the Investor Relations website. Also, all feedback on both general and ethical matters can be shared through Yıldız Holding Customer Relations Center by calling 0212 576 33 00 or sending an e-mail to mim@yildizholding.com.tr.

4.2. Stakeholders' Participation in Management

According to our articles of association, the Board of Directors consists of at least 5 members and these members are elected by the General Assembly with the proposal of various shareholders in accordance with the provisions of the articles of association. The Board of Directors consists of 8 members, 3 of whom are independent members. There are no practices on the participation of stakeholders in the management.

4.3. Human Resources Policy

The basic policy of human resources is to build a team with high performance through improvement and development efforts to human resources based on what has been done so far. The human resources policy adopted by our company generally comprises the policies adopted by Yıldız Holding and these policies are available at www.bizimtoptan.com.tr.

Relations between our company and its employees are conducted through Human Resources Management Directorate. To date, there have been no complaints about discrimination against the human resources policy implemented by our company. The Company believes that the value given to education and maintaining high quality is important for long-term success. For this purpose, continuous improvement of employees is among the main principles of the company. Our company announces its job descriptions and distribution, performance and reward criteria to its employees through Human Resources Management Directorate.

Our policy as Human Resources;

- Conduct environmental opportunity and areas of improvement analyses and contribute to our organization's strategies,
- Analyze the present and future needs of the organization in order to achieve the strategic objectives of the organization; to design the organization that is most suitable for these needs and to build systems to develop human resources,
- To structure Bizim Toptan Satış Mağazaları A.Ş. strategies to ensure sustainable quality, reputation and sectoral leadership with a customer satisfaction approach that will raise the standards in the field in which it operates (retailing / Cash and Carry) and to be one of the companies in Turkey where people want to work the most,
- To increase the level of satisfaction and motivation of the employees by acting with the awareness that it is people that makes the difference in a competitive environment, to continuously improve commitment to the company and cooperation between employees and to move competitiveness forward,
- To improve our human resources and our business with constant training,
- It is based on maintaining our "Happy Employees, Happy Customers" approach.

4.4. Ethical Rules and Social Responsibility

The ethical rules adopted by our company are available on our website. As Bizim Toptan, we have been a company, ever since our foundation, that respects its employees, the rights of its partners, shareholders, suppliers and customers, is committed to the law, attaches importance to community values, assumes social responsibility, adopts and strives to develop principles of management that are based on utmost love and respect, cooperation, high work performance, honesty, consistency, trust and responsibility among directors-employees-suppliers-customers.

Furthermore, our Company pays utmost attention to implementing policies that respect and support the environment, sports, education and public health.

SECTION V
BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

Our Board of Directors consists of 8 members, 3 of them independent. There are members of the Board of Directors who are in charge of execution and those who are not. The majority of board members consist of non-executive directors. Among the non-executive board members, there are independent members who meet all the criteria determined by the regulations of the Capital Markets Board and who are capable of performing their duties without being under any influence, who can follow through the operation of the company activities and allocate time to the extent that they can fully fulfill the requirements of the duties they undertake in the company affairs.

Chairman of Board of Directors and General Manager are not the same person. The General Manager of the Company is Hüseyin Balcı. Cengiz Solakoğlu, Fatma Fatma Füsun Akkal Bozok and Bendevi Palandöken are independent members in the Board of Directors.

As of 12/31/2019, information about our members of board of directors is as follows.

ADI SOYADI	POSITION	SELECTED ON	PERIOD	EXECUTION
Cengiz Solakoğlu	Chairman of the Board of Directors (the “BoD”)/BoD Independent Member	April 24, 2017	3 years	Non-executive
Mustafa Yaşar Serdengeçti	Deputy Chairman of Board of Directors	April 24, 2017	3 years	Executive
Murat Ülker	Member of the Board of Directors	April 24, 2017	3 years	Non-executive
Ali Ülker	Member of the Board of Directors	April 24, 2017	3 years	Non-executive
Mahmut Levent Ünlü*	Member of the Board of Directors	April 24, 2017	3 years	Non-executive
Erman Alkandelen	Member of the Board of Directors	April 24, 2017	3 years	Non-executive
Füsün Akkal Bozok	Independent Member of Board of Directors	April 24, 2017	3 years	Non-executive
Bendevi Palandöken	Independent Member of Board of Directors	April 24, 2017	3 years	Non-executive

** Mahmut Levent Ünlü represents EMAP Ltd Company.*

NAME SURNAME	POSITION	TERM IN THE COMPANY	PROFESSIONAL EXPERIENCE
Hüseyin Balcı	General Manager	3 years	21 years
Recep Çalışkan	Deputy General Manager in Charge of Sales Operations	15 years	25 years
Ahmet Alpir	Project Senior Manager	2 years	14 years
Işıl Bük	Investor Relations Senior Manager	6 years	14 years
Hamide Güven Şen	Human Resources Director	3 years	17 years
M. Murat Yanık	Supply Chain Senior Manager	18 years	18 years
Mustafa Topuz	Senior Manager of Channel Development and Occupational Health and Safety	18 years	21 years
Önder Arıkan	Financial Affairs Director	3 years	14 years
Raşit Çebi	Marketing and Customer Relations Director	3 years	14 years
Selman Karadağ	Information Technologies Director	1 years	17 years
Tarık Duvan	Special Channels Sales Director	3 years	19 years
Veysel Hasanhocaoğlu	Trade Director	3 years	20 years

BACKGROUND OF BOARD OF DIRECTORS

Cengiz Solakoğlu
Chairman of Board of Directors/
Independent Member of Board of Directors
Cengiz Solakoğlu graduated from Istanbul Academy of Economic and Commercial Sciences, which currently operates as Marmara University, in 1964. He began to work as a salesman at Beko Ticaret A.Ş. in 1967 and became the General Manager of the company in 1977. He held this position until 1983, when he became the General Manager of Atılım Company, which also belonged to Koç Group. During this 8-year office, he led the works on “Restructuring and strengthening Arçelik Authorized Dealer System”. He was appointed Vice President of Koç Holding Consumption Group in 1991 and Chairman of Consumption Group in 1994. Solakoğlu, who also served as a Member of the Group Executive Board between 1996 and 1998, was appointed as the Chairman of Koç Holding Consumer Durables Group in 2002 and retired from Koç Group in 2004 due to 60 years of age principle. He had worked in Koç Group for 38 years without interruption. Solakoğlu was among the founders of 1907 Fenerbahçe Association and The Educational Volunteers Foundation of Turkey (TEGV). He was chosen the Civil Society Leader of 2003 as the Chairman of the Board of Directors of Educational Volunteers Foundation of Turkey by Economist Magazine.

Mustafa Yaşar Serdengeçti
Deputy Chairman of Board of Directors
Mustafa Yaşar Serdengeçti graduated from Istanbul University Faculty of Economics in 1982 and started working as an auditor at Deva Holding the same year. He began to work as an auditor at Yıldız Holding in 1985. He worked as Deputy General Manager of İstanbul Gıda Dış Ticaret A.Ş. between 1992 and 1998 and as General Manager between 1998 and 2004. He led the foundation of the foreign trade company of Ülker Group and led the company to export to 106 countries in 12 years. He carried out the project of merging and outsourcing the transportation and storage operations of Ülker group companies between 2004 and 2006. He took part in the restructuring of Bizim Toptan Satış Mağazaları A.Ş. between 2005 and 2010 and worked as Deputy Chairman of Board of Directors in the process of realizing the new vision and making it one of the notable organizations in the industry. Following the acquisition of Şok Chain Markets from Migros Group in 2011, it created the new management and roadmap. He later took part in the acquisition of UCZ Markets, development of the organization and the creation of new formats. Serdengeçti, who served as Retail Group Chief in 2011-2019, has notable expertise on sales and retail and enabled the restructuring and performance improvement of many companies. The sale and retail companies were affiliated to the Retail Group Head Office until 2017. After the establishment of Pladis, joint venture companies and some holding affiliates (g2m, EKSPER) selling to the retail and non-domestic consumption channel were affiliated to the Retail Group Head Office. Having also been a member of the Board of Directors of Şok Marketler A.Ş. since 2011, Serdengeçti has a master's degree on auditing in Istanbul University Business Administration. Mustafa Yaşar Serdengeçti is married and has four children. He speaks English.

Murat Ülker
Member of Board of Directors
Murat Ülker was born in 1959. He graduated from the Management Department of the School of Administrative Sciences at Boğaziçi University, Istanbul. Mr Ülker studied sector-specific subjects at international schools such as the American Institute of Baking (AIB) and Zentralfachschule der Deutschen Süßwarenwirtschaft (ZDS), serving an internship at American company Continental Baking. In three years, he visited nearly 60 biscuit, chocolate and food factories in the United States and Europe. He also worked on various projects for the International Executive Service Corps (IESC). Mr Ülker joined Yıldız Holding in 1984 as a control coordinator. Over the following years he assumed the roles of assistant general manager, and then general director. As a member of the executive committee and a board member of various companies in the group, he led a series of cornerstone investments. In 2000 Mr Ülker became chairman of the executive committee, serving as chairman for eight years. In 2008 he became chairman of the Board of Directors. As of January 29, 2020, Ülker continues to take an active role in companies affiliated to the holding as a Member of the Board; also he continues to be the Chairman of Board of Director in pladis and Godiva. Mr Ülker is known for his interest in modern art and Islamic calligraphy. He enjoys sailing and travelling with his wife and three children.

Ali Ülker
Member of Board of Directors
Ali Ülker was born in 1969 and educated in the Business Administration Department of the Faculty of Economics and Administrative Sciences at Boğaziçi University, Istanbul. He has also attended various programs at IMD and Harvard. He worked in the Internal Kaizen Projects at De Boccard & Yorke Consultancy (1992) and on IESC Sales System Development and Internal Organization Projects (1997).

Mr Ülker joined the group in 1985 as an intern in the quality control department of Ülker Gıda. From 1986 to 1998 he worked at chocolate production facilities and at Atlas Gıda Pazarlama in positions including sales manager, sales coordinator, product group coordinator, and product group director. In 1998 Mr Ülker became general director of Atlas Gıda Pazarlama, and in 2001 became the general director of Merkez Gıda Pazarlama. In 2002, he rose to vice chairman of the food group and in 2005 chairman of the group. After worked as vice chairman of the Yıldız Holding Board of Directors for nine years, as of January 29, 2020 Ali Ülker became the Chairman of Yıldız Holding. Ali Ülker is married with three children. He enjoys fishing, cinema and literature, as well as playing basketball and billiards.

Fatma Füsun Akkal Bozok
Independent Member of Board of Directors
Fatma Füsun Akkal Bozok completed her academic education with a master's degree from Boğaziçi University, Faculty of Administrative Sciences and a doctorate degree from Istanbul University, Faculty of Business Administration. After graduation, she started working at Arthur Andersen Audit Company in 1980. She joined Koç Group in 1983 and worked as Audit Expert and Assistant Coordinator in Audit and Financial Group department within the organization of the Holding. She was appointed as Audit and Financial Group Coordinator in 1992 and held office for 11 years. Having worked as Director of Financing Group between 2003-2006, Akkal served as a Member of Board of Directors of Yapı Kredi Bank between 2004-2019. She is currently an independent member of board of directors of Ford-Otosan, Tat Gıda, Akiş GYO and İzocam companies. She is also a lecturer at Sabancı University and teaches Auditing and International Accounting. She is member to Akkal, TKYD, TİDE, Expert Accountants Association of Turkey and Boğaziçi Alumni Association.

Mahmut Levent Ünlü
Member of Board of Directors
(Representing EMAP LTD.)
Mahmut Ünlü works as Chairman of Board of Directors and CEO in ÜNLÜ & Co., Turkey's leading investment banking and asset management group. He founded Dundas Ünlü, offering merger and acquisition consultation services in 1996. Dundas Ünlü, where Mahmut Ünlü worked as Managing Partner improved its assortment of services and maintained its growth on the way to be an investment bank, whereupon the South African Standard Bank acquired the majority shares of the company in 2007 and became a partner. Following this partnership, Dundas Ünlü changed its name to Standard Ünlü and Mahmut Ünlü worked as Deputy Chairman of Board of Directors and CEO in this new period. He was also a member of the International Executive Board of Standard Bank between 2007 and 2012. In 2012, Ünlü acquired the main shares in the Standard Bank company as well as various asset management companies of the group and founded ÜNLÜ & Co. In 2016, Wellcome Trust, the UK's leading social responsibility foundation, acquired minority shares and became partner to ÜNLÜ & Co, where Standard Bank was a minority shareholder in 2015. After graduating from the Department of Mechanical Engineering of Georgia Institute of Technology University in 1989, he did his MBA at Rice University in 1991.

Erman Kalkandelen
Member of Board of Directors
Erman Kalkandelen is the Country Manager In Charge of Research for Turkey, Middle East and Eastern Europe companies of Franklin Templeton Investments. He is the CEO of Franklin Templeton Türkiye Danışmanlık A.Ş. He works on Developing Markets, Small Companies and Turkish equities, also he is the board member of Defacto Perakende Ticaret A.Ş., Şok Marketler Ticaret A.Ş. and Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. Kalkandelen graduated from Ankara University Faculty of Political Sciences, Department of Labor Economics

with a high honor degree. He then graduated with honors from Sabancı University Master's Degree in Business Administration (MBA) program and went through a period of specialization on strategic management at the University Of Florida Warrington College Of Business Administration during his MBA training.

Bendevi Palandöken
Independent Member of Board of Directors
Born in Malatya in 1949, Bendevi Palandöken served as Acting Chairman of Ankara Groceries and Dealers Association between 1978 and 1984, where he was elected a member of the Supervisory Board in 1965. Then he was elected as Chairman of the Association in 1984 and has been the Chairman of Ankara Chamber of Groceries and Dealers ever since. Palandöken also continues to serve as the Chairman of Ankara Groceries, Dealers, Merchant Loan and Bail Cooperative, which he founded in 1978. Elected a Member of Board of Directors of the Confederation of Tradesmen and Artisans of Turkey (TESK) in 1996, Palandöken was then elected the Acting Chairman of TESK in 1999 and has been the General President of the Confederation of Tradesmen and Artisans of Turkey since 2007. Palandöken holds office as the Acting Chairman of the European Mediterranean Merchants and Artisan Businesses and SME Association (EUROMED), Member of the EU-Turkey Joint Consultative Committee (JCC), Founding Member of the Foreign Economic Relations Board of Turkey (DEİK), Small and Medium Enterprises Development Organization of Turkey (KOSGEB) Executive Committee Member, Social Security Institution Board Member, Vocational Qualifications Authority Board Member, Coordination Term President of Turkish Research and Business Organizations AISBL (TuR&Bo AISBL) Brussels Office, founded in partnership with TESK, TOBB, TÜBİTAK and KOSGEB, as well as Chairman of Merchants and Artisans Association. Palandöken has also been running a grocery store in Ankara Cebeci Telli Kaya Street without interruption since 1962.

Please find Independent Board Member's Statement of Indepence at pages between 82 and 84

5.2. Operating Principles of the Board of Directors

Our Board of Directors met 5 times in January-December period of 2019 and took 30 resolutions. Attention is paid to determine the meeting dates of the Board of Directors in such a way as to allow the participation of all our members. The average attendance of the members of the board of directors to the meetings is 87.5%.

According to the Articles of Association of the Company, the Board of Directors meets at the times when it is required by the company's activities. All members must be notified in writing at least 3 calendar days before a scheduled meeting date and the agenda of the meeting must be stated in this notification. Any member of the Board of Directors may request the Chairman of the Board of Directors or the Deputy Chairman of the Board of Directors to call the Board of Directors to a meeting, in which case the Chairman of the Board of Director is obliged to call the Board of Directors to a meeting.

In accordance with article 390/4 of the Turkish Commercial Code, the resolutions of the Board of Directors may be taken without a meeting by one plus half of the total number of the members, provided that the proposal made by one of the members in writing is submitted to each member of the Board of Directors and no member requests a meeting for this proposal.

The meetings of the Board of Directors may be held in the head office of the company or in an appropriate location in the city where the head office is located, or they may be held in another city by the decision of the Board of Directors. The members of the Board of Directors determine whether they will make division of duties with a resolution that they will make.

It is essential that the members of the Board of Directors attend the meeting in person. The opinions of the member, who does not attend the meeting but provides his/her opinions in writing, are submitted to the information of the other members.

The meetings and decisions of the Board of Directors must be entered into the records of the meeting to be attached to the decision book and signed by the participants of the meeting. The members who cast negative vote are required to sign the records by stating the reasonings. The Boar d of Directors meets with the participation of at least one plus half of its members and delivers its resolutions by the majority of the participants. In the case of an equality of votes, the matter subject to vote is placed on the agenda of the next meeting, and if the majority of votes is not obtained at this meeting, the proposal is considered rejected. Each member of the Board of Directors, regardless of their position and duties, has one vote.

The powers and responsibilities of the members and directors of the Board of Directors are explicitly mentioned in the Articles of Association of the Company found at www.bizimtoptan.com.tr and in the Public Disclosure Platform (PDP).

Our Board of Directors having all the knowledge needed to be able to carry out its duties in full exercises its powers in a prudent manner and within the framework of the rules of good faith. In the meetings held during the operation period of the year 2019, no different views were expressed against the resolutions taken by the members of the board of directors.

Important resolutions on the matters that need to be shared with the public were made public immediately after the meeting.

5.3. Numbers, Structures and Independence of the Committees Established in the Board of Directors

Our Board of Directors has unanimously decided on the following matters with the Resolution No 24 dated 02.05.2017 and the resolution in question was posted on the Public Disclosure Platform as a Special Case Statement on the same date: In accordance with the

Board of Directors

	POSITION	POSITION OUTSIDE OF THE COMPANY
Cengiz Solakoğlu	Chairman of the Board of Directors	Membership of Board of Directors in Non-group Companies
Mustafa Yaşar Serdengeçti	Deputy Chairman of Board of Directors	Membership of Board of Directors in Group Companies
Murat Ülker	Member of the Board of Directors	Membership of Board of Directors in Group Companies
Ali Ülker	Member of the Board of Directors	Chairmanship of Board of Directors in Group Companies
Mahmut Levent Ünlü*	Member of the Board of Directors	Membership of Board of Directors in Group Companies
Erman Kalkandelen	Member of the Board of Directors	Membership of Board of Directors in Group Companies
Füsun Akkal Bozok	Independent Member of the Board of Directors	Membership of Board of Directors in Non-group Companies
Bendevi Palandöken	Independent Member of the Board of Directors	General President of the Confederation of Tradesmen and Artisans of Turkey

(*) Mahmut Levent Ünlü represents EMAP Ltd. company.

Communiqué On Corporate Governance Numbered II-14.1 (the "Communiqué") of the Capital Markets Board (the "CMB"), it was decided that

- Cengiz Solakoğlu was elected as the Chairman of the Audit Committee and Fatma Füsun Akkal Bozok was elected as the member of committee.

- Cengiz Solakoğlu was elected as the Chairman of the Corporate Governance Committee and Mahmut Levent Ünlü and Işıl Bük were elected as the members of the committee.

- Fatma Füsun Akkal Bozok was elected as the Chairman of the Committee for Early Detection of Risk and Erman Kalkandelen was elected as the Member of the Committee.

- It was also decided that no separate Nominating Committee and Remuneration Committee are created due to structure of the Board of Directors and that the Corporate Governance Committee carries out the duties of these committees and makes them public.

Audit Committee
The Audit Committee is responsible for taking all necessary measures to ensure that all internal and independent audits are conducted in an adequate and transparent manner, and particularly is in charge of and responsible for carrying out the following matters:

- Conducting explorations related to the selection of an independent audit company, and submitting it to the Board of Directors after preliminary approval,

- Auditing and approving the compliance of the financial statements and footnotes that will be disclosed to the public with the legislation and international accounting standards,

- Observing the operation and effectiveness of the company accounting system, disclosure of financial information to the public, independent audit and company internal control system.

- Examining and finalizing the complaints about company accounting, internal control system and independent audit.

- The Audit Committee meets at least every three months upon the invitation of the chairman of the committee. It may receive information by inviting the managers, internal and independent auditors who are deemed necessary to attend its meetings. The chairman and members of the Audit Committee are elected from among the independent members of the Board of Directors.

- Due to the structure of the Board of Directors and the number of its independent members, some members of the Board of Directors take part in more than one committee.

The Audit Committee has held 4 meetings in 2019.

As of 31.12.2019, the members of the Audit Committee are indicated in the table below.

Members of the Audit Committee

NAME SURNAME	POSITION	STATUS
Cengiz Solakoğlu	Chairman of the Audit Committee	Member of the Board of Directors (Independent) Non-executive
Füsun Akkal Bozok	Member of the Audit Committee	Member of the Board of Directors (Independent) Non-executive

Corporate Governance Committee

- The Corporate Governance Committee is responsible for monitoring the Company's compliance with the corporate governance principles and, in particular, is in charge of carrying out the matters of exploring to what extent the corporate governance principles are applied in the Company, determining its reasons if they are not implemented, and recommending that the remedial measures should be taken by identifying the negative effects that have developed as a result of not implementing in full. It also supports the Board of Directors by conducting studies on remuneration, reward and performance valuation, career planning, investor relations and public disclosure.

- The Corporate Governance Committee consists of at least two (2) members. If necessary, the persons who are not members of the Board of Directors and who are experts in their field may also be appointed as members of the Corporate Governance Committee. At least one of the members of the Corporate Governance Committee is elected from among the non-executive independent members of the Board of Directors. The committee meets at least every 3 months.
- The Corporate Governance Committee has held 4 meetings in 2019. The members of the Audit Committee, who are in office as of 31.12.2019, are indicated in the table below.

- With the resolution of the Board of Directors No. 27 dated May 02, 2017, it was decided that the Corporate Governance Committee shall also perform the duties of the Nominating and Remuneration Committees.

- Due to the structure of the Board of Directors and the number of its independent members, some members of the Board of Directors take part in more than one committee.

Members of the Corporate Governance Committee

NAME SURNAME	TITLE	STATUS
Cengiz Solakoğlu	Chairman of the Corporate Governance Committee	Member of the Board of Directors (Independent), Non-executive
Mahmut Levent Ünlü	Member of the Corporate Governance Committee	Member of the Board of Directors Non-executive
Işıl Bük	Member of the Corporate Governance Committee	Investor Relations Senior Manager

Committee for Early Detection of Risk
The committee for early detection of risk is responsible to carry out the studies aiming at early detection of risks that may endanger the existence, development and continuation of the company, taking the necessary measures related to identified risks and managing the risk and reviews the risk management systems at least once a year. The Committee for Early Detection of Risk has held 6 meetings in 2019.

In addition, the working principles of the Committee for Early Detection of Risk were updated in 2019 with the resolution of our Board of Directors and shared with the public by publishing them on the Public Disclosure Platform on 28.11.2019.

As of 31.12.2019, the members of the Committee for Early Detection of Risk are indicated in the table below. sistemlerini en az yılda bir kez gözden geçirir. 2019 yılı içinde Riskin Erken Saptanması Komitesi 6 kez toplantı gerçekleştirmiştir.

Members of the Committee for Early Detection of Risk

NAME SURNAME	TITLE	STATUS
Fatma Füsun Akkal Bozok	Chairman of the Committee for Early Detection of Risk	Member of the Board of Directors (Independent), Non-executive
Erman Kalkandelen	Member of the Committee for Early Detection of Risk	Member of the Board of Directors Non-executive

Due to the structure of the Board of Directors and the number of its independent members, some members of the Board of Directors take part in more than one committee.

5.4. Risk Management and Internal Control Mechanism

Our company's risk management activities are carried out by the Committee for Early Detection of Risk. In addition, the Internal Audit Directorate has been established to serve within our company. Our company is also regularly audited by the audit units of its main partner Yıldız Holding A.Ş. and an independent audit company. The findings obtained from these audits are reported to the members of the committee responsible for the audit and to the other members of the board of directors. Our company's business flows, procedures, and the powers and responsibilities of our employees are brought under control and made subject to a continuous audit within the framework of risk management. In addition, there is no lawsuit brought against our Company that could significantly affect financial state and operations of our company, and that will in particular affect the activity of our Company within the scope of its main operation.

5.5. Strategic Objectives of the Company

Our company and all companies affiliated to Yıldız Holding were founded with the belief that “Every person, no matter what country he/she lives in, has the right to have a beautiful childhood”. The vision of Bizim Toptan is "To be number one wholesaler in Turkey with its widespread, contemporary and reliable concept in the fast-moving consumer goods sector". Our mission, on the other hand, is "To be a strategic business partner that reduces the costs and risks of its customers and suppliers providing competitive advantage." The vision and mission of Yıldız Holding and our company declared to public can be found in the addresses www.yildizholding.com.tr and www.bizimtoptan.com.tr/ www.biziminvestorrelations.com.

The Company's Board of Directors closely monitored the performance of the Company by holding meetings at the required frequency in 2019, and will continue to monitor.

5.6. Material Rights

The wages of the members of the Board of Directors are determined by the General Assembly separately in respect of each of them considering the financial state of the company. The wages paid to independent members of the Board of Directors were determined at the company's Ordinary General Meeting held on April 24, 2017. No wage is paid to the members of the Board of Directors other than independent members.

In 2019, the total amount of benefits provided to the members of the Board of Directors and top management staff was TL 5,932,367. During the period, no loan was provided to any member of the Board of Directors or manager, no credit was made available under the name of personal credit either directly or through a third party, or no guarantees such as surety were provided in their favor. The Remuneration Policy setting out the remuneration principles for the Board of Directors and senior executives that was presented to the shareholders at the Ordinary General Assembly meeting held on May 29, 2012 is as follows. The policy in question was posted on the Company's website and on the Public Disclosure Platform (the "PDP"). “The principles of remuneration for the members of the Board of Directors and senior executives aim to manage and execute the rights to be provided to the members of the Board of Directors and senior executives in accordance with the legislation of the Capital Markets Board and Turkish Commercial Code by taking into account the long-term objectives and performance of the company. The wages of the members of the board of directors are determined as monthly gross by taking the opinions of the relevant committee into consideration and submitted to the General Assembly for approval. It is essential that the wages of independent members of the Board of Directors are at a level so as to maintain their independence. Stock options or payment plans based on the Company's performance cannot be used in the remuneration of the independent members of the Board of Directors. The wages and benefits of the senior executives are determined by taking the duties and responsibilities they assume in the company, their experience and performance indicators into account, in a manner that is appropriate for the work conditions and in compliance with the company's strategies and policies. The wages paid and all other benefits provided are disclosed to the public through the annual activity report. Fringe benefits and performance-based premiums serving the company's long-term performance are also possible for the senior executives and members of the Board of Directors in addition to their fixed monthly salaries determined within the scope of said principles. The policy regarding the remuneration of the members of the board of directors and senior executives and any changes made in this policy are approved by the Board of Directors, submitted to the General Assembly and disclosed to the public on the Company's website.

Statement of Independence

I was selected as “independent member” to the Board of Directors of Bizim Toptan Satış Mağazaları Anonim Şirketi (the “Company”) in the Ordinary General Assembly Meeting dated 24 April 2017 within the scope of legislation, articles of association and the criteria determined in the Corporate Management Principles set out in the Communiqué On Corporate Governance (II-14.1) of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871. In this scope, I declare that;

In the last five years, neither me nor my husband, my blood relatives and relatives by marriage have an employment relationship in executive position assuming significant duties and responsibilities with the Company, the partnerships that the company has the control of management or significant influence, the shareholders who have the control of management of or significant influence on the company, and the entities that these shareholders have the control of management, and have, jointly or alone, more than 5% of capital or voting rights or privileged shares or a significant commercial relationship.

In the last five years, I was not partner (5% or more), nor did I worked in an executive position assuming significant duties and responsibilities or was member of the board of directors in the companies to which the Company purchase or sell significant amount of services or products within the framework of the agreements entered into, and in particular the companies that conduct the audit, rating and consultancy of the company in the periods when significant amount of services or products were purchased or sold.

I have the professional education, knowledge and experience to perform the tasks that I will undertake because of the fact that I am an independent member of the board of directors,

I will not work full-time in public institutions and organizations,
According to the Income Tax Law No. 193 of 31/12/1960, I am resident in Turkey,

I have strong ethical standards, professional reputation and experience that I can contribute positively to company activities, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely considering the rights of stakeholders.

I can allocate time to the Company business to the extent that I can monitor the operation of the company's activities and fulfill the requirements of the duties that I undertake in full,

I have not served in the Board of Directors of the Company for more than six years in the last ten years,

I do not serve as an independent member in the Board of Directors in more than three of the Company or the companies of which the partners, who have the control of the management of the company, have the control of the management, and in more than totally five of the companies that are traded on the stock exchange,

I am not registered and declared in the name of the legal person elected as the Member of the Board of Directors,

to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Fatma Füsun Akkal Bozok

Statement of Independence

I was selected as “independent member” to the Board of Directors of Bizim Toptan Satış Mağazaları Anonim Şirketi (the “Company”) in the Ordinary General Assembly Meeting dated 24 April 2017 within the scope of legislation, articles of association and the criteria determined in the Corporate Management Principles set out in the Communiqué On Corporate Governance (II-14.1) of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871. In this scope, I declare that;

In the last five years, neither me nor my wife, my blood relatives and relatives by marriage have an employment relationship in executive position assuming significant duties and responsibilities with the Company, the partnerships that the company has the control of management or significant influence, the shareholders who have the control of management of or significant influence on the company, and the entities that these shareholders have the control of management, and have, jointly or alone, more than 5% of capital or voting rights or privileged shares or a significant commercial relationship,

In the last five years, I was not partner (5% or more), nor did I worked in an executive position assuming significant duties and responsibilities or was member of the board of directors in the companies to which the Company purchase or sell significant amount of services or products within the framework of the agreements entered into, and in particular the companies that conduct the audit, rating and consultancy of the company in the periods when significant amount of services or products were purchased or sold,

I have the professional education, knowledge and experience to perform the tasks that I will undertake because of the fact that I am an independent member of the board of directors,

I will not work full-time in public institutions and organizations,
According to the Income Tax Law No. 193 of 31/12/1960, I am resident in Turkey,

I have strong ethical standards, professional reputation and experience that I can contribute positively to company activities, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely considering the rights of stakeholders,

I can allocate time to the Company business to the extent that I can monitor the operation of the company's activities and fulfill the requirements of the duties that I undertake in full,

I have not served in the Board of Directors of the Company for more than six years in the last ten years,

I do not serve as an independent member in the Board of Directors in more than three of the Company or the companies of which the partners, who have the control of the management of the company, have the control of the management, and in more than totally five of the companies that are traded on the stock exchange,

I am not registered and declared in the name of the legal person elected as the Member of the Board of Directors,

to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Cengiz Solakoğlu

Statement of Independence

I was selected as “independent member” to the Board of Directors of Bizim Toptan Satış Mağazaları Anonim Şirketi (the “Company”) in the Ordinary General Assembly Meeting dated 24 April 2017 within the scope of legislation, articles of association and the criteria determined in the Corporate Management Principles set out in the Communiqué On Corporate Governance (II-14.1) of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871. In this scope, I declare that;

In the last five years, neither me nor my wife, my blood relatives and relatives by marriage have an employment relationship in executive position assuming significant duties and responsibilities with the Company, the partnerships that the company has the control of management or significant influence, the shareholders who have the control of management of or significant influence on the company, and the entities that these shareholders have the control of management, and have, jointly or alone, more than 5% of capital or voting rights or privileged shares or a significant commercial relationship.

In the last five years, I was not partner (5% or more), nor did I worked in an executive position assuming significant duties and responsibilities or was member of the board of directors in the companies to which the Company purchase or sell significant amount of services or products within the framework of the agreements entered into, and in particular the companies that conduct the audit, rating and consultancy of the company in the periods when significant amount of services or products were purchased or sold,

I have the professional education, knowledge and experience to perform the tasks that I will undertake because of the fact that I am an independent member of the board of directors,

I will not work full-time in public institutions and organizations,
According to the Income Tax Law No. 193 of 31/12/1960, I am resident in Turkey,

I have strong ethical standards, professional reputation and experience that I can contribute positively to company activities, maintain my impartiality in conflicts of interest between the company and shareholders, and make decisions freely considering the rights of stakeholders.

I can allocate time to the Company business to the extent that I can monitor the operation of the company's activities and fulfill the requirements of the duties that I undertake in full,

I have not served in the Board of Directors of the Company for more than six years in the last ten years,

I do not serve as an independent member in the Board of Directors in more than three of the Company or the companies of which the partners, who have the control of the management of the company, have the control of the management, and in more than totally five of the companies that are traded on the stock exchange,

I am not registered and declared in the name of the legal person elected as the Member of the Board of Directors,

to the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Bendevi Plandöken

06 Financial Statements

Bizim Toptan Satış Mağazaları A.Ş.

Convenience Translation into English of Financial Statements as of 1 January - 31 December 2019 Together with Independent Auditor's Report

(Originally Issued in Turkish)

Independent Auditor's Report

To the General Assembly of Bizim Toptan Satış Mağazaları A.Ş.

A. AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion

We have audited the accompanying financial statements of Bizim Toptan Satış Mağazaları A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes (Notes 1-25) to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT
FIRST TIME APPLICATION OF TFRS 16 "LEASES"	
Accounting policies, estimations, assumptions and explanatory notes related with TFRS 16 application are disclosed at Notes 2.3, 2.5, 4 and 9. TFRS 16, "Leases" ("TFRS 16") is effective for periods beginning on or after 1 January 2019. The application of the new standard resulted in the recognition of right of use assets and lease liability amounting to TRY 160 million as of 1 January 2019. The Group has preferred the simplified transition method in the first time adoption of TFRS 16 and has not restated comparative consolidated financial statements. The amounts recognized as a result of the adoption of TFRS 16 are significant for the consolidated financial statements. In addition, the measurement of the right of use assets and lease liability are based on significant estimates and assumptions of the management. The substantial part of these estimates are interest rates used to discount cash flows and rent period. Therefore, the impacts of the first time adoption of TFRS 16 on the consolidated financial statements and the notes to the consolidated financial statements are determined as a key audit matter for our audit.	We performed understanding and evaluating the significant processes affecting financial reporting related to the adoption of TFRS 16. The completeness of the contract lists obtained from the Group management were tested. We evaluated the compliance of the simplified transition method applied by the Group in the transition period to the provisions related to transition. The discount rate and reasonableness of rent contract periods were checked by comparison of industry examples. Recalculation of the right of use assets and related lease liabilities were performed on a sampling basis recognised in the consolidated financial statements for the lease contracts that are in scope of TFRS 16. We tested the disclosures in the consolidated financial statements in relation to the application of TFRS 16, and evaluated the adequacy of such disclosures.

4. Other information

Management is responsible for the other information. The other information comprises the Appendix I added to "Other information" section in the report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consoldiated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of management and those charged with governance for the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Auditor's responsibilities for the audit of the financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

· Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. OTHER RESPONSIBILITIES ARISING FROM REGULATORY REQUIREMENTS

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 27 February 2020.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mert Tüten, SMMM
Partner

İstanbul, 27 February 2020

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BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) AT 31 DECEMBER 2019 AND 2018
(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Current Period	**Prior Period**
Assets	**Notes**	**31 December 2019**	**31 December 2018**
Current Assets		**767,898,691**	**663,654,681**
Cash and Cash Equivalents	3	402,750,436	277,627,501
Trade Receivables		62,616,154	42,259,114
Due from Related Parties	*5, 23*	*492,269*	*683,154*
Due from Non-Related Parties	*5*	*62,123,885*	*41,575,960*
Other Receivables		-	55,401,483
Other Receivables from Related Parties	*6, 23*	*-*	*55,078,537*
Other Receivables from Non-Related Parties	*6*	*-*	*322,946*
Inventories	7	296,428,554	280,679,743
Prepaid Expenses	8	6,103,547	7,469,759
Current Income Tax Assets	21	-	217,081
Non-Current Assets		**372,747,905**	**178,528,198**
Other Receivables - UV		2,416,405	2,099,075
Other Receivables from Non-Related Parties - UV	*6*	*2,416,405*	*2,099,075*
Tangible Assets	9	174,410,656	141,658,397
Right of Use Assets	9	156,955,212	-
Intangible Assets	10	38,323,354	30,853,656
Prepaid Expenses- UV	8	504,483	3,917,070
Deferred Tax Assets	21	137,795	-
TOTAL ASSETS		**1,140,646,596**	**842,182,879**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) AT 31 DECEMBER 2019 AND 2018
(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Liabilities	Notes	Current Period 31 December 2019	Prior Period 31 December 2018
Current Liabilities		**860,710,332**	**690,151,060**
Short Term Borrowings	4	57,312,498	6,476,006
- Financial Lease Obligations	*4*	*5,747,350*	*6,476,006*
- Lease Liabilities due to Related Parties	*4.23*	*190,400*	-
- Lease Liabilities due to Non-Related Parties	*4*	*51,374,748*	-
Trade Payables		751,694,665	642,462,338
- Due to Related Parties	*5.23*	*150,930,750*	*134,993,482*
- Due to Non-Related Parties	*5*	*600,763,915*	*507,468,856*
Liabilities for Employee Benefits	12	13,237,201	8,684,977
Deferred Revenue	8	1,702,749	1,247,960
Deferred Tax Liabilities	21	585,700	-
Short Term Provisions		28,858,145	24,456,664
- Provision for Employee Benefits	*12*	*11,717,973*	*11,782,471*
- Other Short Term Provisions	*11*	*17,140,172*	*12,674,193*
Other Current Liabilities		7,319,374	6,823,115
- Other current liabilities to related parties	*13*	*14,000*	*117,178*
- Other current liabilities to non-related parties	*13*	*7,305,374*	*6,705,937*
Non-Current Liabilities		**138,660,706**	**28,181,818**
Long Term Borrowings	4	115,096,854	9,265,087
- Financial Lease Obligations	*4*	*3,385,965*	*9,265,087*
- Lease Liabilites due to Related Parties	*4.23*	*579,441*	-
- Lease Liabilities due to Non-Related Parties	*4*	*111,131,448*	-
Long Term Provisions		22,592,289	16,029,639
- Provision for Employee Benefits	*12*	*22,592,289*	*16,029,639*
Deferred Tax Liabilities	21	-	1,827,205
Deferred Revenue	8	971,563	1,059,887
Shareholders' Equity		**141,275,558**	**123,850,001**
Share Capital	14	60,000,000	60,000,000
Advance of capital		13,570,500	13,570,500
Treasury shares		(13,533,492)	(13,533,492)
Other Comprehensive /Expense Not To Be Reclassified Subsequently to Profit or Loss		(17,034,648)	(11,684,670)
Defined benefit plans re-measurement		(17,034,648)	(11,684,670)
- Defined benefit plans re-measurement Gains/(Losses)	*14*	*(17,034,648)*	*(11,684,670)*
Restricted Reserves Appropriated from Profits	14	12,179,669	10,037,476
Retained Earnings	14	53,017,994	43,822,691
Net Profit for the Year		33,075,535	21,637,496
Total Equity and Liabilities		**1,140,646,596**	**842,182,879**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018
(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

PROFIT OR LOSS	Notes	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
Revenue	15	4,520,672,511	3,725,343,576
Cost of Sales (-)	15	(4,005,212,864)	(3,315,956,510)
GROSS PROFIT		**515,459,647**	**409,387,066**
Marketing, Sales and Distribution Expenses (-)	16, 17	(274,164,024)	(250,091,102)
General Administrative Expenses (-)	16, 17	(49,025,757)	(37,776,984)
Other Income from Operating Activities	18	18,898,955	19,854,750
Other Expenses from Operating Activities (-)	18	(132,238,164)	(111,019,776)
OPERATING PROFIT/(LOSS)		**78,930,657**	**30,353,954**
Income from Investing Activities	19	74,358,011	48,376,471
Expense from Investing Activities (-)	19	(2,556,911)	(2,797,543)
PROFIT/(LOSS) BEFORE FINANCE EXPENSES		**150,731,757**	**75.932.882**
Financial Expenses (-)	20	(109,171,640)	(48,051,677)
PROFIT/(LOSS) BEFORE TAX		**41,560,117**	**27,881,205**
Tax Expense		**(8,484,582)**	**(6,243,709)**
Current Tax Expense	21	(9,112,087)	-
Deferred Tax Income/(Expense)	21	627,505	(6,243,709)
NET PROFIT/(LOSS) FOR THE YEAR		**33,075,535**	**21,637,496**
Earning per share from continued operation			
Earnings/(Losses) per share (TRY	22	0,562	0,368
OTHER COMPREHENSIVE EXPENSE		**(5,349,978)**	**(3,573,151)**
Items not to be reclassified to profit or loss		(5,349,978)	(3,573,151)
Defined benefit plans re-measurement losses		(6,687,473)	(4,466,439)
Items not to be reclassified to profit or loss Taxes for other comprehensive income	21	1,337,495	893,288
Deferred tax income	21	1,337,495	893,288
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		**27,725,557**	**18,064,345**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
STATEMENTS OF CHANGE IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018
(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Share Capital	Restricted Reserves Appropriated from Profits	Treasury Shares	Advance of Capital	Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss – Revaluation and Remeasurement Gain/Loss – Actuarial Loss of Provision of Termination Indemnity	Retained Earning – Retained Earnings	Retained Earning – Net Profit for the Period	Total
Balance as of 1 January 2018		**60,000,000**	**10,037,476**	**(13,533,492)**	**13,570,500**	**(8,111,518)**	**74,181,031**	**(30,358,340)**	**105,785,657**
Transfers	14	-	-	-	-	-	(30,358,339)	30,358,339	-
Total comprehensive income	14	-	-	-	-	(3,573,151)	-	21,637,496	18,064,345
Balance as of 31 December 2019		**60,000,000**	**10,037,476**	**(13,533,492)**	**13,570,500**	**(11,684,670)**	**43,822,691**	**21,637,496**	**123,850,001**
Balance as of 1 January 2019		**60,000,000**	**10,037,476**	**(13,533,492)**	**13,570,500**	**(11,684,670)**	**43,822,691**	**21,637,496**	**123,850,001**
Transfers	14	-	2,142,193	-	-	-	19,495,303	(21,637,496)	-
Dividends paid	14	-	-	-	-	-	(10,300,000)	-	(10,300,000)
Total comprehensive income	14	-	-	-	-	(5,349,978)	-	33,075,535	27,725,557
		60,000,000	**12,179,669**	**(13,533,492)**	**13,570,500**	**(17,034,648)**	**53,017,994**	**33,075,535**	**141,275,558**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018
(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		**225,661,338**	**137,836,883**
Net Profit for the period		**33,075,535**	**21,637,496**
Adjustments to reconcile net profit to net cash			
Adjustments for depreciation and amortisation expense	9,10	66,907,548	26,616,634
Adjustments related to provisions	11,12	26,019,007	44,684,183
Provision for impairment of trade receivable allowance	5	3,843,874	4,590,647
Provision for impairment of inventories	7	(314,165)	1,780,288
Gain on sale of fixed assets, net	19	2,057,023	2,060,787
Adjustment for profit/(loss) reconciliation		4,707,282	10,499,744
Other adjustments related to profit/(loss) reconciliation interest income	19,20	35,843,460	411,962
Adjustment for income tax expense	21	8,484,582	6,243,709
Changes in working capital		**77,388,412**	**36,389,340**
Changes in trade receivables	5	(23,745,993)	(9,252,228)
Changes in inventories	7	(15,434,646)	(33,957,987)
(Increase)/decrease in other receivables and current assets		222,697	(445,181)
Decrease in other non-current asset		4,778,799	2,074,600
Changes in trade payables	5	104,070,124	71,351,870
Increase/decrease in other payables and current liabilities		7,497,431	6,618,266
Cash generated from operating activities		**258,012,558**	**154,914,790**
Income tax paid	21	(8,526,387)	(217,081)
Employee benefits paid	12	(23,824,833)	(16,860,826)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**735,111**	**17,717,619**
Proceeds from sale of tangible and intangible assets	9,10	(447,793)	828,552
Cash outflows of purchases of tangible and intangible assets	9,10	(72,145,276)	(30,750,648)
Interest received	19	73,328,180	47,639,715
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(101,273,514)**	**(108,898,011)**
Cash inflows from borrowings	4	55,078,537	(52,610,558)
Cash outflows of payment borrowings due from leasing agreements		(6,607,778)	(8,235,776)
Cash outflows of payment borrowings due from lease liabilities		(30,272,633)	-
Interest paid	20	(109,171,640)	(48,051,677)
Dividends paid		(10,300,000)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**125,122,935**	**46,656,491**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	**277,627,501**	**227,239,220**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	3	**402,750,436**	**273,895,711**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Bizim Toptan Satış Mağazaları A.Ş. (the "Company"), was established in 2001 and registered in Istanbul in accordance with Turkish Commercial Code. The headoffice of the Company is located in Kuşbakışı Cad. No.19 Altunizade-Üsküdar/İstanbul.

The main operation of the Company is to wholesale and retail fast moving consumer goods to catering companies, corporate customers, legal entities and persons who are tax payers, as well as retail outlets such as; small dealers, small markets, canteens.

The Company has 175 stores in 69 cities as of 31 December 2019 (31 December 2018: 174 stores in 69 cities). As of 31 December 2019, the number of personnel is 2,164 (31 December 2018: 2,012). The Company has 801 franchise shops as of 31 December 2019 (31 December 2018: 539).

The Company's ultimate parent and the party controls the Company is Yıldız Holding A.Ş. The shares of the Company are publicly traded on the İstanbul Stock Exchange Market (ISE) since 3 February 2011.

As of 31 December 2019 the names and percentages of the shareholders of the Company's share capital are as follows

Name of the Shareholders(*)	(%)	31 December 2019	(%)	31 December 2018
Yıldız Holding A.Ş.	55.19	33,111,291	55.19	33,111,291
Emap Limited	9.36	5,616,919	9.36	5,616,919
Public quotation	35.45	21,271,790	35.45	21,271,790
	100	**60,000,000**	**100**	**60,000,000**

(*) Organized according to partnership structure and Central Registry Agency data published in KAP.

Approval of Financial Statements:

The financial statements have been presented for the approval of the Board of Directors and given authority to publish as of 27 February 2020. The General Assembly has the authority to amend/modify the financial statements.

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation

Basis of the Preparation of the Financial Statements and Accounting Policies:

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

Financial statements and its notes are also presented in accordance with the model requirements as announced by the CMB's statement issued on 7 June 2013.

Financial statements are prepared on the basis of historical cost principal. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Determination of Functional Currency

Financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the entity is expressed in TRY, which is the functional and presentation currency of the Company.

Preparation of Financial Statements in Hyperinflationary Periods:

CMB, with its resolution dated 17 March 2005 and decree no 11/367 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards (IAS/IFRS applications, including those who adopt), effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied.

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 set TRY the liability simultaneously.

2.2 Changes in the Accounting Policies

Financial statements of the Company have been prepared comparatively with the prior year in order to give information about financial position and performance. The Company has not made any changes to its accounting policies in the current year.

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates

If the changes in the accounting policies are related to one period they are applied in the current year; if they are related with the future period they are applied both in the current period and future periods. The Company did not have any changes in the accounting estimates in the current year. Significant accounting errors are applied retrospectively and prior period financial statements are rearranged.

The Company has applied accounting policy changes resulting from the first time adoption of IFRS 16, "Leases" effective from 1 January 2019, in accordance with the transition requirements of the related standard.

The impacts of the accounting policy changes and first time adoption are as follows:

IFRS 16, "Leases":

The Company as the lessee

At inception of a contract, the Company 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. The Company considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period of time:

a. The contract contains an identified asset: - this may be specified explicitly or implicitly,
b. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
c. The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use and
d. The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
    i. The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
    ii. The customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At the commencement date, the Company recognize a right-of-use asset and a lease liability in interim consolidated financial statements.

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INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates (Continued)

Right of use asset

The cost of the right-of-use asset shall comprise:

a. The amount of the initial measurement of 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 lessee, and

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

a. Less any accumulated depreciation and any accumulated impairment losses, and
b. Adjusted for any remeasurement of the lease liability.

The Company apply the depreciation requirements in IAS 16, "Property, Plant and Equipment" in depreciating the right-of-use asset, subject to the requirements. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company apply IAS 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 Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company use the lessee's incremental borrowing rate.

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INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates (Continued)

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. The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
d. Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease

After the commencement date, the Company 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 payments made; and
c. Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Company remeasure the lease liability to reflect changes to the lease payments.

The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a. There is a change in the lease term. The Company determine the revised lease payments on the basis of the revised lease term; or.
b. There is a change in the assessment of an option to purchase the underlying asset. The Company determine the revised lease payments to reflect the change in amounts payable under the purchase option.

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates (Continued)

The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Company remeasure the lease liability by discounting the revised lease payments, if either:

a. There is a change in the amounts expected to be payable under a residual value guarantee. The Company determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
b. There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments

The Company management used the alternative borrowing rate as the discount rate during the acquisition of the lease obligation. The alternative borrowing rate consists of the estimated interest rate that the company management will incur for a loan in the amount of the gross lease obligation.

The company account for lease modification as a separate lease if both:

The Company determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Company uses an unadjusted interest rate.

The Company determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Company uses an unadjusted discount rate.

The Company recognises the restructuring of the lease as a separate leasing if both of the following are met:

a. The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
b. The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates (Continued)

The Company as the lessor

All the leasings of the Company as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties, tangible assets or other current assets in the consolidated balance sheet and rental income is accounted in the consolidated income statement in equal amounts for the leasing period. Rental income is accounted in the consolidated income statement for the leasing period on a straight-line basis.

The Company distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the IFRS 15 "Revenue arising from agreements made with customers" standard.

First adoption on IFRS 16

The Company has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average of the alternative borrowing rates used by the Company is 22% as of 31 December 2019

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	1 January 2019
Total leasing liabilities:	345,023,442
Discounted lease obligation with alternative borrowing rate	**158,464,263**
- Short term leasing liabilities:	50,055,899
- Long term leasing liabilities:	108,408,364

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
INDEPENDENTLY AUDITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes and Errors in Accounting Estimates (Continued)

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019	**1 January 2019**
Store	175,656,093	150,153,228
Vehicle	7,812,217	5,807,703
Warehouse	6,850,485	4,612,362
Total right of use asset	**190,318,795**	**160,573,293**

The depreciation expenses related to the right of use of the accounted asset are as follows:

	31 December 2019	**1 January 2019**
Store	28,255,793	-
Vehicle	3,425,169	-
Warehouse	1,682,621	-
Total asset utilization right depreciation expense	**33,363,583**	**-**

Extension and termination options

Lease liability is determined considering the extension and termination options in the agreements. The majority of extension and termination options held are by the Company and by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments

Lease payments arising from a portion of the Company's lease agreements consist of variable lease payments related to turnover. These variable lease payments are recognized as income in the related period. The total lease payments arising from the Company's contracts subject to variable lease payments would increase by approximately 6% if the turnover from related assets increased by 5%.

Effects of "Segmental reporting" and "Earnings per share" disclosure effects

As of 31 December 2019 earnings per share decreased by 24% due to the application of IFRS 16.

During the period related to the sub-leases of the right to use assets, TRY 903,009 income was generated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Application of New and Revised International Financial Reporting Standards (IFRSs)

Turkish Accounting Standards (TAS) or Turkish Financial Reporting Standards (IFRS) in the preparation of financial statements in compliance with standards changes in the footnotes and comments should be shown as follows;

a. Standards, amendments and interpretations applicable as of 31 December 2019:

- **Amendment to IFRS 9, "Financial instruments";** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **IFRS 16, "Leases";** 1 effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

- **IFRIC 23, "Uncertainty over income tax treatment;"** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Application of New And Revised International Financial Reporting Standards (IFRSs) (Continued)

a. Standards, amendments and interpretations applicable as of 31 December 2019 (Continued)

- **Annual improvements 2015-2017** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

    - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
    - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
    - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
    - IAS 23 Borrowing Costs considers each borrowing to be made available for the intended use or sale of a qualifying asset as part of the general borrowing.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

    - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and;
    - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b.Standards, amendments and interpretations applicable as of 31 December 2019:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

    i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
    ii) clarify the explanation of the definition of material; and
    iii) incorporate some of the guidance in IAS 1 about immaterial information

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Application of New And Revised International Financial Reporting Standards (IFRSs) (Continued)

b.Standards, amendments and interpretations applicable as of 31 December 2019: (Continued)

- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The Company evaluates the effects of the changes above and does not expect these changes to have any significant effect on the financial statements

2.5 Summary of Significant Accounting Policies

Inventories:

Inventories are valued at the lower of cost or net realizable value. Stocks are valued according to the first-infirst- out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs required to make the sale. When the net realizable value of the inventories falls below its cost, the inventories are reduced to their net realizable value and reflected to the profit or statement as an expense in the year in which the impairment occurs. In the event that the conditions that previously caused the inventories to be reduced to net realizable value have proved invalid or there is an increase in the net realizable value due to changing economic conditions, the provision for impairment is canceled. The amount canceled is limited to the amount of the impairment beforehand.

Revenues from the suppliers, turnover premiums and discounts received from sellers are recognized on an accrual basis in the period in which the sellers benefit from the services and deducted from the cost of goods sold.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Tangible Assets:

Property, plant and equipment are carried at amortized cost less accumulated depreciation and accumulated impairment losses for the items purchased before January 1, 2005 for the items purchased in 2005 and after the cost adjusted for inflation.

Except for land and construction in progress, cost of tangible assets are depreciated on a straight-line basis over their estimated useful lives. Fixed assets acquired through financial leasing are depreciated on a straight-line basis over their estimated useful lives or longer than the period specified in the agreement.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss..

Special Costs

Private costs consist of permanent improvements to the stores that the Company expects to benefit from in the future. The Company recognizes the cost of acquisition by deducting the accumulated depreciation and any impairment, if any.

Leasing Transactions

The Company as lessor:

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. Direct initial costs incurred in the realization of the lease and negotiation are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

The Company as lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessee are classified as finance leases and other leases are classified as operating leases.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are allocated as the primary payment for the financing expenses and the decrease in the lease obligation, and thus, it provides a constant rate of interest on the remaining balance of the liability. Financial expenses are recorded in the profit or loss statement except for the capitalized portion of the financing expenses in accordance with the general borrowing policy detailed above. Payments made for operating leases (incentives received or to be received in order to be able to perform leasing from the lessor are recorded in the income statement on a straight-line basis over the period of the lease) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognized as an expense in the period in which they are incurred. Information on operating leases of the Company is given in Note 11.

Intangible Assets:

Intangible assets are carried at amortized cost and are amortized on a straight-line basis at 31 December 2004 for items purchased before January 1, 2005, less any amortization costs and permanent impairment losses for items acquired during and after 2005. The estimated useful life and amortization method are reviewed at the end of each annual reporting period and the changes in the estimates are accounted for on a prospective basis.

Franchise Rights and Trademarks

The net cash flows that are expected to be provided to the company, including the brands, are not calculated due to the fact that it cannot be foreseen how long they can use them as a result of the analyzes. Therefore, these assets are not depreciated, but annual impairment test is applied.

Impairment of Assets:

Assets with unlimited life are not subject to redemption. An impairment test is performed annually for these assets. For assets that are subject to amortization, impairment test shall be performed if there is a situation or events in which it is not possible to recover the book value. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, the assets are grouped at the lowest level of separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Borrowing Costs:

In the case of assets (qualifying assets) requiring considerable time to be ready for use and sale, the borrowing costs directly associated with the acquisition, construction or production are included in the cost of the asset until the asset is ready for use or sale.

Borrowing costs are recognized in profit or loss in the period in which they are incurred. TAS 23 (Revised), "Borrowing costs", there is no scope of a company's borrowing costs should be capitalized.

Financial Instruments:

Revenue

The Company adopted IFRS 15 " Revenue From Contracts with Customers" from 1 January 2018 which proposes a five step model framework mentioned below for recognizing the revenue.

- Identification of customer contracts,
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled.

The Company evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations. The Company determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Company transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. When a performance obligation is satisfied by transferring promised goods or services to a customer, the Company recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services, a) presence of The Company's collection right of the consideration for the goods or services, b) customer's ownership of the legal title on goods or services, c) physical transfer of the goods or services, d) customer's ownership of significant risks and rewards related to the goods or services, e) customer's acceptance of goods or services. If the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

is not adjusted On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Financial assets

Classification and measurement: Company classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Company's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified, as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment: Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if no provision provided to the trade receivables because of a specific events, Company measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectation based on the macroeconomic indications.

Cash and cash equivalents

Cash and cash equivalents are cash items, demand deposits and other short-term investments with a high liquidity of less than 3 months or less than 3 months from the date of purchase, which are immediately convertible to cash and do not carry a significant risk of change in value.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Financial Liabilities

The Company's financial liabilities and equity instruments are classified according to the substance of the contractual agreemenrs entered into and the definitions of a financial liability and an equity instrument. The contract representing the right in the assets of the Company after deducting all of its liabilities and an equity instrument. The accounting policies applied fot certain financial liabilities and equity instruments are as follows.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and revalued at their fair value at the balance sheet date. Changes in fair values are recognized in profit or loss. The net gain or loss recognized in the statement of profit or loss includes the interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including financial liabilities, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relavent period. Effective interest rate; it is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, where appropriate , a shorter period of time to the net present value of the financial liability.

Trade Receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are shown as offseted deferred financial income. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A doubtful receivable provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception Also, Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Company measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectations for the future indications.

Effects of Exchange Rate Change:

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the entity are expressed in Turkish Lira (TRY), which is the functional currency of the Company and the presentation currency for the financial statements.

During the preparation of the financial statements of the Company, transactions in foreign currencies (currencies other than TRY) are recorded on the basis of exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value is determined. Non-monetary items measured in terms of historical cost in a foreign currency are not subject to re-translation.

Foreign exchange differences are recognized in profit or loss in the period in which they arise:

- Exchange rate differences related to interest costs on foreign currency denominated liabilities related to future assets, which are included in the cost of such assets,
- Foreign exchange differences arising from transactions carried out to provide financial protection against risks arising from foreign currency.

Basic earnings per share

It is calculated by restating the profit share items in ordinary shares issued during the year and by dividing the share of the equity from the equity by the weighted average number of ordinary shares existing during the financial year. At the same time, the increase in the number of internal resources and capital increases the replay of the previous year's calculation.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Events After the Reporting Period:

Events after the reporting period; This standard covers all events between the balance sheet date and the date on which the balance sheet is authorized for issue, even if any announcement or other financial information related to the period profit has been disclosed to the public. The Company adjusts its financial statements if such subsequent events arise that require an adjustment to the financial statements.

Provisions Contingent Assets and Liabilities:

Provisions

Provisions are set when the Company has a statutory or contractual obligation as a result of past events and a future outflow of resources for the purpose of fulfilling this obligation is also available and the amount payable is reliably estimated (Note 11).

Contingent assets and liabilities

Liabilities and assets arising from past events that may be confirmed by the occurrence of one or more uncertain future events that are not under the full control of the entity are not included in the financial statements and are considered as contingent liabilities and assets (Note 11).

Related Parties:

Related parties are the person or entity associated with the entity that is preparing the financial statements (the reporting entity).

a) A person or a member of his or her close family shall be considered to be associated with the reporting entity if:

- in case of control or joint control over the reporting entity,
- has a significant impact on the reporting entity,
- is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

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

b) If any of the following conditions exist, the entity is considered to be associated with the reporting entity:

- If the entity and the reporting entity are members of the same group (ie, each parent company, subsidiary and other subsidiary are associated with others).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

- The entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- If one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- In the event that the entity has a post-employment benefit plan for the employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also associated with the reporting entity.
- If the entity is controlled or jointly controlled by a person identified in (a).
- That a person identified in point (i) of the Article has significant influence on the entity or is a member of the key management personnel of that entity (or the parent company of that entity).

The transaction with the related party is the transfer of resources, services or obligations between the reporting entity and the related party, regardless of whether a price is charged or not.

Taxes on Corporate Income:

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss as it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas 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.

Deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and not affecting both commercial and financial profit or loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Company is able to control the

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

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

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Company expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration.

Current and deferred tax for the period

Deferred tax, income or expense in the statement of deferred tax, profit or loss for the period other than those directly attributable to debt or liability in equity (in which case deferred tax is also recognized directly in equity) or resulting from initial recognition of business combinations is accounted for. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

Employee Benefits:

Severance compensation:

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. Such payments are considered as being part of defined retirement benefit plan in accordance with TAS 19 as Employee Benefits. (TAS 19).

The retirement benefit obligation recognized in the balance sheet is calculated based on the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the financial statements. All actuarial gains and losses are recognized in other comprehensive income.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Summary of Significant Accounting Policies (Continued)

Cash Flow Statement:

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities.

Cash flows from operating activities reflect cash flows from wholesale operations of the Company.

Cash flows related to investment activities indicate the cash flows that the Company uses and acquires in its investment activities (fixed investments and financial investments).

Cash flows from financing activities represent the resources used by the Company in financing activities and the repayments of these resources.

Cash and cash equivalents and other short-term investments with maturities of less than 3 months or less than 3 months from the date of purchase and which are immediately convertible to cash and do not carry a significant risk of change in value.

Capital and Dividends:

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized as dividends payable by deducting from retained earnings in the period in which they are decided to distribute dividends.

Retrieved shares

The amount of the Company's share of undiscounted shares is deducted from retained earnings and presented under a separate line in the statement of financial position under equity,

The company may have the right to resell such shares in accordance with the legal regulations to which the Company is affiliated.

2.6 Significant Accounting Reviews, Estimates and Assumptions

Estimates and assumptions carried out by the Company when applying accounting policies

In the process of applying the accounting policies specified in Note 2.5, management made the following comments, which had a significant impact on the amounts recognized in the financial statements:

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.6 Significant Accounting Reviews, Estimates and Assumptions (Continued)

Impairment of franchise rights:

In order to increase the penetration in the market channel within the framework of our growth strategies, our Company acquired franchising contracts for 196 franchising stores operating under Şok Marketler Ticaret A.Ş. Fixed assets belonging to Şok Marketler Ticaret A.Ş., which is located in Franchising stores, were purchased and for all these purchases. TRY 27,000,000 goodwill + TRY 3,000,000 fixed assets paid a total of TRY 30,000,000 + VAT.

It cannot be calculated because the estimated life expectancy of intangible assets, franchise rights and the net cash flows likely to be provided to the company cannot be estimated for how long they can use as a result of the analyzes. Therefore, these assets are not depreciated, but annual impairment test will be performed.

Reduced cash flow method is used in the determination of the impairment of franchise rights with unlimited life. In the discounted cash flow study, the 5-year business plan was prepared by the company management as followed during the management by the company management and the discount rate and the growth rate of 7,8% in the range of 18.3- 20.1% were used in the valuation for 5 years. Sensitivity analysis is also given below.;

Sensitivity analysis of the variables used in the valuation study of franchise rights is as follows;

	31 December 2019			
	Discount rate	**Discount rate 1% Change +/-(TRY000)**	**Final growth rate**	**Final growth rate 1% Change +,- (TRY000)**
Franchise Rights	18,3%-20,1%	(10.513)/12.746	7,8%	(8,948)/7,396

	31 December 2018			
	Discount rate	**Discount rate 1% Change +/-(TRY000)**	**Final growth rate**	**Final growth rate 1% Change +,- (TRY000)**
Franchise Rights	19,2%-37,1%	(1.871)/1.790	6,9%	(3,249)/3,824

Lifetimes foreseen in the calculation of right of use

The lease obligation is determined by considering the extension and termination options in the contracts. The majority of the extension options in the contracts consist of options that can be jointly applied by the Company and the lessor. The early termination option is in the hands of the Company. Due to these assessments, the Company has evaluated the extension and early termination options and used the lease term without adding or subtracting the terms of the contracts. The relevant contract periods are evaluated by the Company management at the end of each year.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.6 Significant Accounting Reviews, Estimates and Assumptions (Continued)

Comparative Information and Restatement of Prior Period Financial Statements

In order to allow for the determination of financial position and performance trends, the Company's financial statements are prepared comparatively with the prior period. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period financial statements. In the past years, the Company has decided to classify its credit card receivables, which are classified as trade receivables, into cash and cash equivalents with maturity and risk assessment. For the purpose of conformity with the presentation of the current period financial statements, credit card receivables amounting to TRY 3,731,790 which is classified to credit card receivables in the balance sheet of 31 December 2018 are accounted in cash and cash equivalents.

3. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash on hand	8,498,116	8,626,592
Time deposits(*)	367,003,020	218,368,254
Demand deposits	23,536,070	46,900,865
Credit card receivables	3,713,230	3,731,790
	402,750,436	**277,627,501**

(*) The majority of time deposits have overnight maturities. The average interest rate in 2019 is 9%.

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4. FINANCIAL LIABILITIES

Financial leasing borrowings	31 December 2019	31 December 2018
To be paid within 1 year	6,885,144	8,319,128
To be paid within 2-4 years	3,385,965	10,402,872
Present value of finance charges	(1,137,794)	(2,980,907)
Present value of finance lease obligations	**9,133,315**	**15,741,093**
Amounts due to settlement within 12months	5,747,350	6,476,006
Amounts due for settlement after 12 months	3,385,965	9,265,087

Lease Liabilities	31 December 2019	31 December 2018
To be paid within 1 year	51.565.148	-
Longer than one year	111.710.889	-
Present value of lease liabilities	**163.276.037**	**-**

The discount ranges used for leases under IFRS 16 are as follow:

	31 December 2019		
Currency	**Discount range (%)**	**Short - term(%)**	**Long – term(%)**
TL	14%-23%	14%-18%	19%-23%
EUR	3%-7%	3%-5%	5,5%-7%
USD	5%-10%	5%-7%	8%-10%

Financial leasing is related to the machine and equipment with the lease term of 4 years. The Company has the option of purchase on the machine and the equipment with lease period of 4 years. The liabilities of the Company is assured with the property right of the lessee on leased asset.

As of balance sheet date, net book value of the assets subjecting to the financial leasing is TRY 21,385,326 (31 December 2018: TRY 26,656,948).

As of contract dates, interest rates of financial leasing transactions are fixed for the entire leasing period. Average effective rate of contracts are 13.90% per annum (31 December 2018:13.90%).

The amount of liability arising from leasing transactions is calculated over the future rents within the scope of the contract for the stores, warehouses and vehicles within the scope of the right to use and control within the scope of the new IFRS 16.

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5. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	**31 December 2019**	**31 December 2018**
Trade receivables	78,062,936	54,505,254
Trade receivables from related parties (Note 23)	492,269	683,154
Notes receivable	118,208	250,525
Allowance for doubtful receivables (-)	(16,057,259)	(13,179,819)
Total current trade receivables	**62,616,154**	**42,259,114**

In 2019, the Company has reclassified its credit card balances to cash and cash equivalents due to converting into cash 1 day after, except for the Bizim Professional Card balances with an average maturity of 50 days.

As of 31 December 2019, the average period for the sale of goods is 5 days (31 December 2018: 4 days). Trade receivables are carried at amortized cost and are calculated over discount rate of 19.6%
(31 December 2018: 18.9%)

The movement of the allowance for doubtful receivables as of 31 December 2019 and 31 December 2018 are as follows:

Movement of allowance for doubtful receivables	**31 December 2019**	**31 December 2018**
Balance at beginning of the year	(13,179,819)	(9,342,894)
Current period charge	(3,843,874)	(4,590,647)
Amounts recovered during the year	966,434	753,722
Closing balance	**(16,057,259)**	**(13,179,819)**

Current trade payables	**31 December 2019**	**31 December 2018**
Trade payables	600,763,915	507,468,856
Trade payables to related parties (Note 23)	150,930,750	134,993,482
Total current trade payables	**751,694,665**	**642,462,338**

Average payment period for trade payables varies depending on the sector and suppliers. As of 31 December 2019, the average payment period, although varies as per the product categories is 62 days (31 December 2018: 59 days).

Trade payables are carried at amortized cost and are calculated over discount rate of 19.6% (31 December 2018: 18.9%).

Qualification and level of risks on trade receivables and trade payables explained in Note 24.

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6. OTHER RECEIVABLES AND PAYABLES

Short term other receivables	**31 December 2019**	**31 December 2018**
Other receivables from related parties (Note 23)	-	55,078,537
Receivables from personnel	-	16,328
Other sundry receivables	-	306,618
	-	**55,401,483**

Long termother receivables	**31 December 2019**	**31 December 2018**
Deposits and guarantees given	2,416,405	2,099,075
	2,416,405	**2,099,075**

7. INVENTORIES

	31 December 2019	**31 December 2018**
Trade goods	298,204,512	282,186,322
Other inventory	790,165	1,373,709
Provisions for inventories (*)	(2,566,123)	(2,880,288)
	296,428,554	**280,679,743**

(*) Inventories are valued with lower of cost or net realizable values and as of 31 December 2019, an amount of TRY 2,566,123 has been reserved for inventory impairment. (31 December 2018: TRY 2,880,288).

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8. PREPAID EXPENSES AND DEFERRED INCOMES

a) Prepaid Expenses

Short-Term Prepaid Expenses	**31 December 2019**	**31 December 2018**
Advances given for inventories	2,966,485	769,331
Prepaid expenses for insurance	1,684,591	1,518,443
Prepaid expenses for rent (*)	1,349,700	5,140,880
Other prepaid expenses	102,771	41,105
	6,103,547	**7,469,759**

Long-Term Prepaid Expenses	**31 December 2019**	**31 December 2019**
Prepaid expenses (*)	504,483	3,917,070
	504,483	**3,917,070**

(*) Within the scope of the new IFRS 16 standards, a total of TRY 7,022,760 of the prepaid expenses of the following months and years are considered within the scope of the asset/liability.

b) Deferred Revenue

Short term deferred revenue	**31 December 2019**	**31 December 2018**
Advances received	1,670,405	794,685
Other deferred revenue	32,344	453,275
	1,702,749	**1,247,960**

Uzun vadeli ertelenmiş gelirler	**31 December 2019**	**31 December 2018**
Gelecek yıllara ait gelirler	971,563	1,059,887
	971,563	**1,059,887**

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9. TANGIBLE ASSETS AND RIGHT OF USE ASSETS

a) Movements of tangible assets between 1 January 2019 and 31 December 2019 are as follows:

Cost Value	**Furniture and Fixture**	**Other Tangible Fixed Assets**	**Leasehold Improvements**	**Total**
Opening balance as of 1 January 2019	134,159,840	25,575,852	131,354,728	291,090,420
Additions	23,365,535	7,367,924	30,886,179	61,619,638
Disposals	(200,065)	-	(2,742,773)	(2,942,838)
Closing balance as of 31 December 2019	**157,325,310**	**32,943,776**	**159,498,134**	**349,767,220**
Accumulated Depreciation				
Opening balance as of 1 January 2019	(85,870,748)	(10,063,235)	(53,498,040)	(149,432,023)
Charge for the period	(13,901,736)	(2,940,321)	(10,416,092)	(27,258,149)
Disposals	173,326	-	1,160,282	1,333,608
Closing balance as of 31 December 2019	**(99,599,158)**	**(13,003,556)**	**(62,753,850)**	**(175,356,564)**
Net book value as of 31 December 2019	**57,726,152**	**19,940,220**	**96,744,284**	**174,410,656**

Depreciation expense of TRY 24,590,584 has been charged in marketing sales and distribution expenses and TRY 5,723,504 in general administrative expenses.

As of 1 January 2019 - 31 December 2019, there are no property, plant and equipment by financial lease.

There are no pledges or any other restrictions over tangible assets.

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9. TANGIBLE ASSETS AND RIGHT OF USE ASSETS (CONTINUED)

a) Movements of tangible assets between 1 January 2018 and 31 December 2018 are as follows:

Cost Value	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Opening balance as of 1 January 2018	127,075,727	19,344,958	124,439,301	270,859,986
Additions	8,986,868	6,310,845	11,865,625	27,163,338
Disposals	(1,902,755)	(79,952)	(4,950,198)	(6,932,904)
Closing balance as of 31 December 2018	**134,159,840**	**25,575,852**	**131,354,728**	**291,090,420**
Accumulated Depreciation				
Opening balance as of 1 January 2018	(73,800,918)	(7,495,441)	(46,743,811)	(128,040,170)
Charge for the period	(13,808,932)	(2,587,923)	(9,038,563)	(25,435,418)
Disposals	1,739,102	20,129	2,284,334	4,043,565
Closing balance as of 31 December 2018	**(85,870,748)**	**(10,063,235)**	**(53,498,040)**	**(149,432,023)**
Net book value as of 31 December 2018	**48,289,092**	**15,512,616**	**77,856,689**	**141,658,397**

Depreciation expense of TRY 23,944,729 has been charged in marketing sales and distribution expenses and TRY 2,671,906 in general administrative expenses

As of 1 January 2018 - 31 December 2018, there are no property, plant and equipment by financial lease.

There are no pledges or any other restrictions over tangible assets.

The useful lives of tangible assets are as follows:

	Useful Life
Furniture and fixture	2 - 50 year
Other tangible fixed assets	2 - 7 year
Leasehold Improvement	2-20 year

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9. TANGIBLE ASSETS AND RIGHT OF USE ASSETS (CONTINUED)

b) Movements of right of use assets between 1 January 2019 and 31 December 2019 are as follows:

Cost Value	Stores	Vehicles	Warehouses	Total
Opening balance as of 1 January 2019	150,153,228	5,807,703	4,612,362	160,573,293
Additions	26,025,282	4,746,739	2,238,123	33,010,144
Disposals	(522,417)	(2,742,225)	-	(3,264,642)
Closing balance as of 31 December 2019	**175,656,093**	**7,812,217**	**6,850,485**	**190,318,795**
Accumulated Depreciation				
Opening balance as of 1 January 2019	-	-	-	-
Charge for the period	(28,743,443)	(6,167,394)	(1,682,621)	(36,593,458)
Disposals	487,650	2,742,225	-	3,229,875
Closing balance as of 31 December 2019	**(28,255,793)**	**(3,425,169)**	**(1,682,621)**	**(33,363,583)**
Net book value as of 31 December 2019	**147,400,300**	**4,387,048**	**5,167,864**	**156,955,212**

Depreciation expense of TRY 34,443,541 has been charged in marketing sales and distribution expenses and TRY 2,149,918 in general administrative expenses.

Under the new IFRS 16, lessors are required to write to their balance sheet on future lease payments to be paid in future, for the stores, warehouses and vehicles that are on the right of use and control. Within the scope of this standard, the asset utilization rights and the accumulated depreciation of them have occurred.

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10. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2019- 31 December 2019 are as follows:

Cost Value	Franchising Rights	Rights	Total
Opening balance as of 1 January 2019	26,724,490	7,028,792	33,753,282
Additions	-	10,525,638	10,525,638
Closing balance as of 31 December 2018	**26,724,490**	**17,554,430**	**44,278,920**
Accumulated Amortization			
Opening balance as of 1 January 2019	-	(2,899,626)	(2,899,626)
Charge of the period	-	(3,055,940)	(3,055,940)
Closing balance as of 31 December 2019	**-**	**(5,955,566)**	**(5,955,566)**
Carrying value as of 31 December 2019	**26,724,490**	**11,598,864**	**38,323,354**

For intangible assets which have indefinite useful time, including brands, probable net cash flows cannot be calculated hence it cannot be predicted economic life of the asset with the analysis. Therefore, these assets are not amortised but the assets are tested for impairment test annually.

Discounted cash flow method has been used for the impairment calculations on franchise rights with unlimited lifespans. In the discounted cash flow study, a 5-year business plan has been prepared by the relevant management, 20.1% in 2020, 20.2% in 2021, 20.2% in 2022, 20.02 in 2023 and in 2024 20.2% discount rate and 7.8% growth rate were used.

As a result of the impairment analysis on franchise rights with the details listed above, no impairments have been found as of 31 December 2019 (31 December 2018: None).

All of the amortization expense has been charged in general administrative expenses.

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10. INTANGIBLE ASSETS (CONTINUED)

Movements of intangible assets between 1 January 2018 - 31 December 2018 are as follows:

Cost Value	Franchising hakları	Rights	Total
Opening balance as of 1 January 2018	26,724,490	3,441,482	30,165,972
Additions	-	3,587,310	3,587,310
Closing balance as of 31 December 2018	**26,724,490**	**7,028,792**	**33,753,282**
Accumulated Amortization			
Opening balance as of 1 January 2018	-	(1,718,410)	(1,718,410)
Charge of the period	-	(1,181,216)	(1,181,216)
Closing balance as of 31 December 2018	**-**	**(2,899,626)**	**(2,899,626)**
Carrying value as of 31 December 2018	**26,724,490**	**4,129,166**	**30,853,656**

Intangible assets are depreciated straight line in accordance with useful life.

	Useful Life
Rights	3 - 5 years
financial Rights	Unlimited

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS AND OBLIGATIONS

Current provisions	31 December 2019	31 December 2018
Provision for lawsuits	10,127,587	7,744,091
Provision for risky shops (*)	3,839,301	2,907,803
Provision for sales activities (**)	2,108,653	1,778,246
Provision for rent expenses (***)	1,064,631	-
Other provisions	-	244,053
	17,140,172	**12,674,193**

(*) Risky Store Provisions consist of provisions that are set aside by the store special costs due to possible risks that may arise from the company's store closing or moving decisions.
(**) Activity reserves consist of the monetary point campaign applications that the Company organized in order to support the sales in the current period.
(***) Provision for rent expenses consist of provision of unbilled rent expeses.

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11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS AND OBLIGATIONS (CONTINUED)

The movement of the legal case provision for the years ended 31 December 2019 and 31 December 2018 are as follows:

Movement of Lawsuit Provision	31 December 2019	31 December 2018
Balance at beginning of the period	7,744,091	3,290,053
Current period charge (*)	2,383,496	4,454,038
Closing balance	**10,127,587**	**7,744,091**

(*) As of 31 December 2019, and 31 December 2018, a significant portion of the litigation provisions consist of the lawsuits filed by the dismissed personnel. Increased work contract termination after the change of management and additional cases brought against the increase in the number of counterparties.

a) Guarantees Given

Deposits and Guarantess given	31 December 2019			31 December 2018		
	TRY Equivalent	TRY	USD	TRY Equivalent	TRY	USD
A. Total guarantees pledges and liens ("GPL") given in the legal name of the Company	-	-	-	-	-	-
B. Total GPL given in the name of fully consolidated companies	-	-	-	-	-	-
C. Total GPL given to manage trading operations of entity in the name of 3rd parties	-	-	-	-	-	-
D. Total - Other GPL given						
i.Total GPL given in the name of the parent (*)	134,780,755	75,212,429	10,028,000	127,968,734	75,212,429	10,028,000
ii. Total GPL given in the name of other Group Companies not included in article B and C	-	-	-	-	-	-
iii. Total GPL given in the name of 3rd parties not included in article C	-	-	-	-	-	-
Total commitment & contingencies	**134,780,755**	**75,212,429**	**10,028,000**	**127,968,734**	**75,212,429**	**10,028,000**

(*) On 12 April 2018, Yıldız Holding and some of its group companies, including the Company, entered into a syndicated loan agreement with some of the lenders of Yıldız Holding and group companies. The syndication loan process was signed on 11 May, 2018. The Company has no total cash loans covered by this scope and the non-cash loans are USD 10,028,000 + TRY 75,212,429. There was no increase in the Company's total debt burden due to the syndication loan; only non-cash risks Yıldız Holding A.Ş. At the same time, with respect to the Company itself, the non-cash loan transferred to Yıldız Holding A.Ş. has been a guarantor to Yıldız Holding A.Ş. No pledge or collateral has been established on the Company's assets (immovables, subsidiary shares, etc.). The syndication loan will result in the payment of guarantees during the term of the contract and will not result in any limitation or commitment that could negatively affect the Company's operations in the contract. . Bizim Toptan Holding is a guarantor of commitments. The amount of the letter of guarantee given to the third parties by Yıldız Holding on the surety of Yıldız Holding is TRY 140,119,470.

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11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS AND OBLIGATIONS (CONTINUED)

b) Lawsuits Filed by and Against to the Company

Lawsuits filed by the Company:

	31 December 2019	31 December 2018
Compensation suits (*)	6,303,133	4,591,134
Enforcement suits (*)	3,824,454	3,152,957
	10,127,587	**7,744,091**

There are various lawsuits filed against the Company in favor of the Company. The Company management evaluates the financial impact of the possible consequences of the cases at the end of each period and as a result, the required provisions are set aside against the liabilities. Total amount of legal cases filed against the Company is TRY 10,127,587 as 31 December 2019 (31 December 2018: TRY 7,744,091). Provision has been provided for all court cases filed against the Company.

12. SHORT AND LONG TERM EMPLOYEE BENEFITS

Short term provisions	31 December 2019	31 December 2018
Due to personnel	10,580,888	10,832,376
Unused vacation provision	1,137,085	950,095
	11,717,973	**11,782,471**

Payables to employee benefits	31 December 2019	31 December 2018
Due to personnel	7,375,681	5,240,348
Social security premiums payable	4,075,070	2,176,542
Taxes and funds payable	1,786,450	1,268,087
	13,237,201	**8,684,977**

Long term provisions	31 December 2019	31 December 2018
Provision for employment termination benefits	19,181,034	13,179,354
Provision for unused vacation	3,411,255	2,850,285
	22,592,289	**16,029,639**

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12. SHORT AND LONG TERM EMPLOYEE BENEFITS (CONTINUED)

The company, according to the Turkish Business Laws, is required to provide an employee termination benefit to any worker who has worked for a minimum of one year and completed has retired after their 25th year of working (58 for females, 60 for males), terminated employees, employees that are drafted to the military or employees that have passed away.

The amount payable consists of one month's salary limited to a maximum of TRY 6,730.15 for each period of service at 31 December 2019 (31 December 2018: TRY 6,017.60).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel 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 financial statements as at 31 December 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7.56% and a interest rate of 11.86%, resulting in a real discount rate of approximately 4% (31 December 2018: 4.67%). On-demand turnover rates are considered as 0% for employees working for 0-15 years and above 15 years but for those with SSI entries after September 1999, 7% for employees who are 16 and over, and 0% for SSI entrants before September 1999. The maximum liability is revised semi annually. The basis considered in calculating the provisions is the amount of maximum liability of TRY 6,730.15 which became effective as of 1 January 2020 (1 January 2019: TRY 6,017.60).

Movement of provision for employee termination benefits is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Provision at 1 January	13,179,354	10,309,067
Service cost	2,434,228	2,403,786
Interest cost	492,741	469,822
Employment termination benefits paid	(3,612,762)	(4,469,760)
Acturial loss	6,687,473	4,466,439
Provision at 31 December	**19,181,034**	**13,179,354**

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12. SHORT AND LONG TERM EMPLOYEE BENEFITS (CONTINUED)

Movement of unused vacation provision is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Provision at 1 January	3,800,380	3,282,877
Increase in the period	4,217,719	3,479,460
Used in the period	(3,469,759)	(2,961,957)
Provision at 31 December	**4,548,340**	**3,800,380**

Movement of performance premium provision is as follows:

	31 December 2019	31 December 2018
Provision at 1 January	8,432,376	4,550,066
Increase in the period	16,490,824	16,273,377
Paid in period	(16,742,312)	(12,391,067)
Provision at 31 December	**8,180,888**	**8,432,376**

13. OTHER ASSETS AND LIABILITIES

Other Current Liabilities	31 December 2019	31 December 2018
Taxes and funds payable	7,305,374	6,705,937
Other	14,000	117,178
	7,319,374	**6,823,115**

14. SHAREHOLDERS' EQUITY

The Company is subject to the registered capital system with registered share capital of TRY 200,000,000.

The Company's paid-in share capital as of 31 December 2019 and 31 December 2018 as follows:

Name of the Shareholders (*)	(%)	31 December 2019	(%)	31 December 2018
Yıldız Holding A.Ş.	55.19	33,111,291	55.19	33,111,291
Emap Limited	9.36	5,616,919	9.36	5,616,919
Public quotation	35.45	21,271,790	35,45	21,271,790
	100	**60,000,000**	**100**	**60,000,000**

(*) It is organized according to the shareholding structure published on PDP and Central Registry Agency data.

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14. SHAREHOLDERS' EQUITY (CONTINUED)

The total number of ordinary shares authorized is 60,000,000 shares (2018: 60,000,000 shares) with a par value of TRY 1 per share.

Total of TRY 16,000,000 Company shares at nominal value, consisting the Company's shareholders interests amounting to 14,000,000 at nominal value and addtional sales rights, were offered to public and this transaction (no:6/62) has been registered in accordance with Article 4 of the Capital Market Board (the "CMB") on 21 January 2011. The Company's shares have been trading on the İstanbul Stock Exchange since 3 February 2011.

Restricted Reserves

	31 December 2019	31 December 2018
Legal reserves	12,179,669	10,037,476
	12,179,669	**10,037,476**

Actuarial Loss Funds to Retirement Pay Provision

	31 December 2019	31 December 2018
1 January	(11,684,670)	(8,111,518)
Actuarial loss	(6,687,473)	(4,466,439)
Tax income related actuarial loss	1,337,495	893,288
31 December	**(17,034,648)**	**(11,684,670)**

Details of the retained earnings are as follows:

	31 December 2019	31 December 2018
Extraordinary reserves	56,561,034	36,459,367
Retained earnings	(3,543,040)	7,363,324
	53,017,994	**43,822,691**

The Board of Directors has decided to pay dividends for the year of 2019 at 27 February 2020, dividens pay need to be approvable by general assembly and the General Assembly approved a dividend distribution of TRY 10,300,000 on March 25, 2019.

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15. REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2019	1 January - 31 December 2018
Domestic sales	4,593,671,166	3,779,035,984
Tobacco	*1,126,877,254*	*995,632,896*
Non-Tobacco	*3,466,793,912*	*2,783,403,088*
Sales returns (-)	(9,801,985)	(6,738,088)
Sales discounts (-)	(63,196,670)	(46,954,320)
	4,520,672,511	**3,725,343,576**

b) Cost of Sales

	1 January - 31 December 2019	1 January - 31 December 2018
Tobacco	*(1,093,334,766)*	*(975,588,822)*
Non-Tobacco	*(2,911,878,098)*	*(2,340,367,688)*
Cost of sales	**(4,005,212,864)**	**(3,315,956,510)**

16. MARKETING, SELLING AND DISTRIBUTION AND GENERAL ADMINISTRATION EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Marketing, selling and distribution expenses (-)	(274,164,024)	(250,091,102)
General administrative expenses (-)	(49,025,757)	(37,776,984)
	(323,189,781)	**(287,868,086)**

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17. EXPENSES BY NATURE

The details of marketing expenses are as follows:

The Details of Marketing Expenses	1 January - 31 December 2019	1 January - 31 December 2018
Personnel expenses	(133,872,189)	(110,127,763)
Amortization expenses (Note 9-10) (*)	(59,034,125)	(23,944,729)
Utility expenses (electricity, naturalgas, water etc.)	(20,325,198)	(20,801,644)
Advertising expenses	(11,065,073)	(8,523,727)
Outsourcing expenses	(8,894,911)	(7,008,435)
Maintenance expenses	(8,088,395)	(6,472,194)
Logistics expenses	(7,290,397)	(9,045,467)
Rent expenses (*)	(5,680,267)	(52,616,207)
Other	(19,913,469)	(11,550,937)
	(274,164,024)	**(250,091,102)**

The details of general administrative expenses are as follows:

The Details of General Administrative Expenses	1 January - 31 December 2019	1 January - 31 December 2018
Personnel expenses	(24,494,241)	(21,861,186)
Amortization and depreciation expenses (Note 9-10) (*)	(7,873,422)	(2,671,906)
Consultancy and service expenses	(7,433,495)	(4,569,685)
Outsourcing expenses	(2,397,589)	(1,621,069)
Suplementary expenses	(1,802,173)	(902,696)
Travel expense	(778,232)	(600,567)
Accountant expense	(1,429,791)	(705,563)
Rent expenses (*)	(10,841)	(2,377,585)
Other	(2,805,973)	(2,466,727)
	(49,025,757)	**(37,776,984)**

(*)Within the scope of the new IFRS 16, asset utilization rights have been calculated and an additional TRY 36,048,173 additional depreciation expense and TRY 38,358,374 financing expense have occurred. As per this standard, the rent amounting to TRY 61,062,962 related to the leases received for the assets has not been deducted.

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18. OTHER OPERATING INCOME/EXPENSES

a) The detail of other income related to operating activities is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Finance income from credit sales	15,368,138	18,451,299
Foreign exchange gains	1,530,283	348,892
Insurance compensation	286,484	42,489
Other income	1,714,050	1,012,070
	18,898,955	**19,854,750**

b) The detail of other expenses related to operating activities are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Finance expense from credit purchase	(124,567,620)	(101,060,818)
Provision for doubtful receivable expenses	(3,843,874)	(4,590,647)
Provision for lawsuits expenses	(2,383,496)	(4,454,038)
Foreign exchange losses	(1,215,059)	(325,872)
Other expenses	(228,115)	(588,401)
	(132,238,164)	**(111,019,776)**

19. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) The detail of income related to investing activities is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Interest income from non-trade recaivables (*)	71,568,874	46,669,153
Allowance for prepaid expenses	1,759,306	970,562
Profit on sale of tangible assets	499,888	736,756
Other incomes	529,943	-
	74,358,011	**48,376,471**

(*) Disclosure: NOTE 24-(2) Foreign currency risk management

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19. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (CONTINUED)

c) The detail of expenses related to investing activities are as follows;

	1 January - 31 December 2019	1 January - 31 December 2018
Loss on sale of tangible assets	(1,625,413)	(53,475)
Loss on leasehold improvements of closed and moved stores	(931,498)	(2,744,068)
	(2,556,911)	**(2,797,543)**

20. FINANCIAL EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Interest on bank overdrafts and loans (*)	(66,762,744)	(43,553,336)
Leasing Operations Financial Expense (**)	(38,358,374)	-
Leasing interest expense	(2,144,448)	(2,895,531)
Interest expense for benefit obligations	(492,741)	(469,822)
Guarantee letter commision and other expenses	(1,413,333)	(1,132,988)
	(109,171,640)	**(48,051,677)**

(*) Disclosure: NOTE 24-(2) Foreign currency risk management
(**) The detail of leasing operations financial expense is interest expenses related to the resources created under IFRS 16.

21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Company, accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with IFRS. Those differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with IFRS.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, ''Law on the Amendment of Certain Tax Acts and Some Other Laws'', corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for temporary differences which will be realized in 2019 and 2020 and with 20% tax for those which will be realized after 2021 and onwards, within materiality (2018: 20-22%).

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities)

	1 January - 31 December 2019	1 January - 31 December 2018
Restatement and depreciation/ amortization differences of property, plant and equipment and other intangible assets	12,774,995	11,911,071
Discount on trade receivables and payables	5,519,652	4,473,354
Allowable losses	-	(1,076,104)
Performance premiums and other social rights	(257,599)	-
Provision for unpaid vacation	(909,668)	(760,076)
Provision for doubtful receivables	(1,000,019)	(220,000)
Provision for lawsuits	(2,025,517)	(1,703,700)
Lease liabilities	(2,935,589)	-
Provision for employee termination benefits	(3,836,207)	(2,635,871)
Expense accruals	(6,514,537)	(7,027,526)
Other	(953,306)	(1,133,943)
	(137,795)	**1,827,205**

Movement of deferred tax (asset)/ liabilities:

Movement of deferred tax (asset)/ liabilities	1 January - 31 December 2019	1 January - 31 December 2018
Opening balance at January 1	1,827,205	(3,523,215)
Charged to income statement	(627,505)	6,243,708
Charged to equity	(1,337,495)	(893,288)
Closing balance at 31 December	**(137,795)**	**1,827,205**

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 22% in 2019 (31 December 2018: 22%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income witholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax was used 10% between 24 April 2003- 22 July 2006. This rate was changed to 15% with the Cabinet Decision code numbered 2006/10731 commencing from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

As the Company did not use any investment incentives, the Company has used 22% corporate tax rater.

Provision for taxation as of 31 December 2019 and 31 December 2018 are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Current period corporate tax provision	9,112,087	-
Less: prepaid taxes and funds	(8,526,387)	(217,081)
Tax liability in the balance sheet	**585,700**	**(217,081)**

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21. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

	1 January - 31 December 2019	1 January - 31 December 2018
Current tax charge	(9,112,087)	-
Deferred tax expense/(income)	627,505	(6,243,709)
Tax charge	**(8,484,582)**	**(6,243,709)**

Reconciliation of taxation

	1 January - 31 December 2019	1 January - 31 December 2018
Profit before tax	**41,560,117**	**27,881,205**
Calculated tax (%22)	(9,143,226)	(6,133,865)
Effect of different tax rates	246,515	305,189
Non-deductible expenses	412,129	(415,033)
Tax charge	**(8,484,582)**	**(6,243,709)**

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22. EARNINGS PER SHARE

A summary of the Company's weighted average number of shares outstanding for the years ended 31 December 2019 and 2018 and computation of earnings per share as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Basic earnings per share		
Weighted average number of ordinary shares outstanding during the period (in full)	58,842,000	58,842,000
Net income for the period	33,075,535	21,637,496
Earnings per share (TRY)	**0,562**	**0,368**

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The detail of receivables from related parties is as follows:

	31 December 2019	31 December 2018
Trade Receivables	492,269	683,154
Non-trade receivables	-	55,078,537
	492,269	**55,761,691**

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	31 December 2019		31 December 2018	
Balances with related parties	**Trading**	**Non-trading**	**Trading**	**Non-trading**
Parent company				
Yıldız Holding A.Ş.	-	-	7,323	55,078,537
Other related parties				
Adapazarı Şeker Fabrikası A.Ş.	-	-	5,785	-
Atademir Gıda San. ve Tic. A.Ş.	-	-	1,396	-
Besler Gıda ve Kimya San.ve Tic. A.Ş.	-	-	17,054	-
Beta Marina Liman Yat ve Çekek İşletmeciliği A.Ş.	-	-	2,452	-
Biskot Bisküvi Gıda San.ve Tic. A.Ş.	65,961	-	23,933	-
CCC Gıda San. ve Tic. A.Ş.	5,865	-	7,213	-
Dank Gıda San. ve Tic. A.Ş.	6,157	-	-	-
DuruG2M Gıda Tarım ve Tic.	18,154	-	2,144	-
Della Gıda ve Sanayi Tic A.Ş.	3,926	-	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	185,446	-	35,268	-
Gözde Girişim Sermayesi Yat. Ortaklığı A.Ş.	349	-	1,020	-
Hüner Pazarlama ve Ticaret A.Ş.	-	-	118	-
İzsal Gayrimenkul Geliştirme A.Ş.	3,836	-	-	-
Kellogg Med Gıda Ltd.Şti. (Gruptan ayrıldı.)	-	-	2,187	-
Kerevitaş Gıda San.ve Tic. A.Ş.	37,152	-	38,211	-
Kümaş Manyezit Sanayi A.Ş.	9,641	-	12,288	-
Makina Takım End.A.Ş.	11,243	-	11,264	-
Mevsim Taze Meyve Sebze San.ve Tic.A.Ş.	29,935	-	11,526	-
Milhans Gıda ve Tarım Ürün.San. ve Tic.A.Ş.	49	-	50	-
Odak Refrakter ve Madencilik Tic.A.Ş.	-	-	301	-
Önem Gıda San.ve Tic.A.Ş.	7,974	-	199	-
Penta Teknoloji Ürünleri Dağ.Tic.A.Ş.	-	-	802	-
Pendik Marina Yat ve Çekek İşletmesi A.Ş.	7,716	-	-	
Polinas Plastik San. Tic. A.Ş.	-	-	238	-
Sağlam İnşaat Taahhüt Tic. A.Ş.	14,759	-	30,026	-
Özen Kişisel Bakım Ürünleri Üretim olarak A.Ş.	-	-	3,128	-
Toroslar Unlu Mamüller ve Fırıncılık A.Ş.	-	-	4,376	-
Ülker Ailesi ve Yönetim Kurulu Üyeleri	11,136	-	401,017	-
Ülker Bisküvi Sanayi A.Ş.	72,970	-	39,478	-
Ülker Çikolata Sanayi A.Ş.	-	-	22,805	-
Other	-	-	1,554	-
	492,269	**-**	**683,154**	**55,078,537**

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

b) The detail of purchases from and sales to related parties is as follows:

	31 December 2019	31 December 2018
Trade Payables	150,930,750	134,993,482
	150,930,750	**134,993,482**

Payables to related parties are arised from purchases and approximately matured in between 30 and 60 days

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	31 December 2019	31 December 2018
Balances with related parties	**Trading**	**Trading**
Parent company		
Yıldız Holding A.Ş.	1,690,235	-
Other related parties		
Adapazarı Şeker Fabrikası A.Ş.	2,874,726	688,253
Asil Hamur Undan Mamüller Gıda Sanayi ve Ticaret A.Ş.	150	150
Aytaç Gıda Yatırım Sanayi ve Ticaret A.Ş.	821,382	694,073
Azmüsebat Çelik San.ve Tic.A.Ş.	164,017	150,351
Besler Gıda ve Kimya San.ve Tic. A.Ş.	5,992,528	1,818,232
Beta Marina Liman Yat ve Çekek İşletmeciliği A.Ş.	18,338	40,060
Çayırovası İnşaat Taahhüt Tic. A.Ş.	182,929	99,690
Dank Gıda San. ve Tic. A.Ş.	-	2,895
Donuk Fırıncılık Ürünleri Sanayi ve Ticaret A.Ş.	16,132	27,332
Future Star E Ticaret A.Ş. (Pame Dan. ve Tic. A.Ş. Unvan değişti)	56,035	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	2,006	546,503
Horizon Hızlı Tüketim Ürün.Paz.Satış ve Dağıtım A.Ş.	98,443,386	94,326,627
Hüner Pazarlama ve Ticaret A.Ş.	-	23
İstanbul Gıda Dış Tic.A.Ş.	32,616	35,918
İzsal Gayrimenkul Geliştirme A.Ş.	399,875	77,278
Marsa Yağ San.ve Tic.A.Ş.	35,761	23,453
Most Tek. Çöz. A.Ş. (Enfesler Gıda Pazarlama A.Ş. Unvan değişti.)	1,854,347	-
Natura Gıda Sanayi ve Tic. A.Ş. (Gruptan ayrıldı.)	-	75,718
Northstar Innovation A.Ş.	267	267
Nissin Yıldız Gıda San.ve Tic.A.Ş. (Gruptan ayrıldı.)	-	336
Önem Gıda San.ve Tic.A.Ş.	-	538,865
Pasifik Tüketim Ürünleri Satış ve Tic.A.Ş.	2,659,220	1,473,340
Pendik Marina Yat ve Çekek İşletmesi A.Ş.	72,685	-
Penta Teknoloji Ürünleri Dağ.Tic.A.Ş.	130,865	12,242
PNS Pendik Nişasta Sanayi A.Ş.	172,619	982,431
Polinas Plastik San. Tic. A.Ş.	1,500,580	-
Sağlam İnşaat Taahhüt Tic.A.Ş.	45,248	16,781
Özen Kişisel Bakım Ürünleri Üretim olarak A.Ş.	3,037,848	404,157
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	189,686	-
Şok Marketler Tic.A.Ş.	25,521,431	20,276,036
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	4,251	16,130
Unmaş Unlu Mamüller San.ve Tic. A.Ş.	521,974	434,057
Ülker Ailesi ve Yönetim Kurulu Üyeleri	74,075	-
Ülker Çikolata Sanayi A.Ş.	21,678	135,203
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	4,393,860	12,097,043
Other	-	37
	150,930,750	**134,993,482**

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The Company purchases finished goods from the related parties. Sales to related parties include premium revenues, service expenses and sales of various goods.

c) The detail of purchases from and sales to related parties is as follows:

	31 December 2019		31 December 2018	
Transactions with related parties	**Purchases**	**Sales**	**Purchases**	**Sales**
Parent Company				
Yıldız Holding A.Ş.	2,534,857	17,901	1,102,005	14,181
Other Related Parties				
Adapazarı Şeker Fabrikası A.Ş.	5,200,389	61,605	228,330	56,316
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	-	46,875
Atademir Gıda San. ve Tic. A.Ş.	-	22,947	-	21,092
Aytaç Gıda Yatırım Sanayi ve Ticaret A.Ş.	8,311,993	40,406	8,611,723	18,674
Azmüsebat Çelik San.ve Tic. A.Ş.	1,237,909	382	-	-
Batı Unlu Mamüller A.Ş.	-	391	-	436
Besler Gıda ve Kimya San. ve Tic. A.Ş.	32,958,209	336,187	28,229,760	213,898
Beta Marina Liman Yat ve Çekek İşletmeciliği A.Ş.	-	45,289	-	52,599
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	699,852	-	533,333
CCC Gıda San. ve Tic. A.Ş.	-	357,060	-	248,455
Dank Gıda San. ve Tic. A.Ş.	-	39,506	-	7,555
Donuk Fırıncılık Ürünleri Sanayi ve Ticaret A.Ş.	111,160	-	163,624	-
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	-	-	-	-
Emirkan Gıda Paz. San. Tic. Ltd. Şti. (Gruptan ayrıldı.)	-	-	-	303.605
Future Star E Ticaret A.Ş. (Pame Dan. ve Tic. A.Ş. Unvan değişti)	87,085	-	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	167,385	325546	6,247,353	2,806,205
Golf Gıda Paz. ve Dağ. Ltd. Şti.	-	-	-	7,366
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	330	-	4,784
Horizon Hızlı Tüketim Ürünleri Paz. Sat. ve Dağ. A.Ş.	315,108,085	822	278,056,217	-
İstanbul Gıda Dış Tic. A.Ş.	-	3,178	-	2,786
İzsal Gayrimenkul Geliştirme A.Ş.	-	3,340	-	-
Karma Tarımsal Üretim ve Tic. A.Ş.	-	-	-	107,192
Kellogg Med Gıda Tic. Ltd. Şti. (Gruptan ayrıldı.)	-	-	-	32,854
Kerevitaş Gıda San. ve Tic. A.Ş.	-	459,100	-	333,907
Kümaş Manyezit Sanayi ve A.Ş.	-	139,106	-	118,056
Makina Takım Endüstrisi A.Ş	-	24,318	-	23,234
Marsa Yağ San. ve Tic. A.Ş.	-	115,315	-	122,698
Mevsim Taze Sebze Meyve Sanayi ve Tic. A.Ş.	-	87,968	-	41,213
Milhans Gıda ve Tarım Ürün.San. ve Tic.A.Ş.	-	35,423	-	19,780
Most Tek. Çöz. A.Ş. (Enfesler Gıda Pazarlama A.Ş. Unvan değişti.)	7,688,603	1,530	-	-
Natura Gıda Sanayi ve Tic. A.Ş. (Gruptan ayrıldı.)	-	-	3,021,750	2,563,862
Nesos Gıda San. A.Ş.	-	98	-	38
Nissin Yıldız Gıda San.ve Tic.A.Ş. (Gruptan ayrıldı.)	-	-	-	7,162
Odak Refrakter ve Madencılık San. Ve Tıc. A.S.	-	633	-	3,478
Önem Gıda San. ve Tic. A.Ş.	-	77,406	-	71,185
Özen Kişisel Bakım Ürünleri Üretim A.Ş.	8,217,343	78,588	2,800,876	83,417
Pasifik Tük. Ür. Sat. ve Tic. A.Ş.	8,592,207	823	8,366,688	1,003
Pendik Marina Yat ve Çekek İşletmesi A.Ş.	-	40,645	-	-
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	999,432	17,938	-	9.010
PNS Pendik Nişasta San. A.Ş.	7,076,827	57,564	5,007,395	37,536
Polinas Plastik San. Tic. A.Ş.	4,089,855	-	-	222
Sağlam İnşaat Taahhüt Tic. A.Ş.	-	35,797	-	430
Sebat Çakmak Sınai ve Tüketim Malları San. ve Tic. A.Ş.	-	238	-	895
Şok Marketler Ticaret A.Ş.	121,156,541	2,213,936	78,373,705	1,115,204
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.			25,056,770	5,262
Toroslar Unlu Mamüller ve Fırıncılık A.Ş.	-	29,528	-	79,023
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	1,979,225	27,006	1,925,637	4,591
Ülker Ailesi ve Yönetim Kurulu Üyeleri	215,583	5,655,001	-	6,056,247
Ülker Bisküvi San. A.Ş.	-	765,448	-	598,290
Ülker Çikolata Sanayi A.Ş.	-	296,543	-	314,061
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	23,570,249	13,761	36,091,168	3,497
	549,302,937	**12,128,455**	**483,283,000**	**16,091,506**

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

d) The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows:

1 January - 31 December 2019	**Interest income**	**Interest expense**	**Rent revenue**	**Rent expense (*)**	**Service Income**	**Service expense**
Parent company						
Yıldız Holding A.Ş.	63,880,804	(3,076,027)	-	(122,604)	100,596	(1,858,925)
Other related parties						
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	-	-	5,509	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	-	-	192,169	-
Azmüsebat Çelik Sanayi ve Tic. A.Ş.	-	-	-	-	14,796	(49,023)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	-	-	5,748	(18,231)
Beta Marina Liman Yat ve Çekek İşletmeciliği A.Ş.	-	-	-	(22,339)	17,333	(9,830)
CCC Gıda San. ve Tic. A.Ş.	-	-	-	-	-	(874)
Çayırovası İnşaat Taahhüt Tic. A.Ş.	-	-	-	(350,827)	-	(155,858)
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	-	-	39,968	-	-	-
G2MEKSPER Satış ve Dağıtım Hizmetleri A.Ş.	-	-	581,902	-	103,505	(4,458)
Horizon Hızlı Tüketim Ürünleri Paz. Sat. ve Dağ. A.Ş.	-	(109,354)	-	-	15,626,385	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	-	-	(306,899)
Marsa Yağ San. ve Tic. A.Ş.	-	-	-	(213,704)	-	(148,373)
Most Tek. Çöz. A.Ş. (Enfesler Gıda Pazarlama A.Ş. Unvan değişti.)	-	-	-	-	9,557	(2,633,172)
Nissin Yildiz Gida San. ve Tic. A.S.	-	-	-	-	5,230	-
Önem Gıda San. ve Tic. A.Ş.	-	-	-	-	-	(859,266)
Pasifik Tük. Ür. Sat. ve Tic. A.Ş.	-	-	-	-	347	(30,135)
Pendik Marina Yat ve Çekek İşletmesi A.Ş.	-	-	-	(447,984)	-	(4,259)
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	-	-	-	-	11,825	(41,554)
Polinas Plastik San. Tic. A.Ş.	-	-	-	-	72,998	-
Sağlam İnşaat Tah. Tic. A.Ş.	-	-	277,560	-	-	(1,199,460)
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	-	-	-	24,024	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	-	(162,652)	-	-
Şok Marketler Ticaret A.Ş.	-	(47,479)	14,195	(1,041,675)	847,740	(13,721)
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	-	-	-	8,564	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	-	-	12,094	-
Ülker Çikolata Sanayi A.Ş.	124,525	-	33,962	(657,728)	-	(109,010)
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	-	-	-	56,017	(362,799)
	64,005,329	**(3,232,860)**	**947,587**	**(3,019,513)**	**17,114,437**	**(7,805,847)**

(*) Rediscounted liability consisting of 1 store leased from related party within the scope of IFRS 16 is TRY 190,400.

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

1 January - 31 December 2018	**Interest income**	**Interest expense**	**Rent revenue**	**Rent expense (*)**	**Service revenue**	**Service expense**
Parent company						
Yıldız Holding A.Ş.	43,646,481	(841,500)	-	(64,255)	232,146	(2,105,098)
Other related parties						
Adapazarı Şeker Fabrikası A.Ş.	-	-	-	-	9,952	-
Aktül Kağıt Üretim Paz. A.Ş.	-	-	-	-	553	-
Atademir Gıda San. ve Tic. A.Ş.	-	-	-	-	361	-
Atlas Gıda Paz. San. Tic. A.Ş.	-	-	-	-	4,946	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	-	-	211,199	-
Azmüsebat Çelik Sanayi ve Tic. A.Ş.	-	-	-	(49,569)	2,363	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	25,773	-	-	-	51,537	-
Beta Marina Liman Yat ve Çekek İşletmeciliği A.Ş.	-	-	-	(273,417)	3,041	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	-	-	5,933	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	-	-	28,339	-	61,552	-
Enfesler Gıda Pazarlama A.Ş.	-	-	-	-	2,688	-
G2M Dağıtım Pazarlama ve Tic. A.Ş.	-	-	489,379	(4,070)	442,997	-
Golf Gıda Paz. ve Dağ. Ltd. Şti.	-	-	-	-	7,366	-
Horizon Hızlı Tüketim Ürünleri Paz. Sat. ve Dağ. A.Ş.	-	(1,114,403)	-	-	16,987,155	-
Hüner Pazarlama Tic. A.Ş.	-	-	-	-	13,127	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	-	12,745	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	-	-	8,327	-
Marsa Yağ San. ve Tic. A.Ş.	-	-	-	(168,256)	-	-
Mevsim Taze Sebze Meyve Sanayi ve Tic. A.Ş.	-	-	-	-	975	-
Natura Gıda San. ve Tic. A.Ş.	10,868	-	-	-	146,377	-
Nissin Yıldız Gıda. San. ve Tic. A.Ş.	-	-	-	-	487	-
Önem Gıda San. ve Tic. A.Ş.	-	-	-	-	826	(2,134,236)
Pasifik Tük. Ür. Sat. ve Tic. A.Ş.	-	(26,038)	51,620	-	949	-
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	-	-	-	-	-	(17,964)
Pervin Finansal Kiralama A.Ş.	-	(60,293)	-	-	-	-
PNS Pendik Nişasta San. A.Ş.	-	-	-	-	12,864	-
Polinas Plastic of America, Inc	-	-	-	-	3,413	-
Sağlam İnş. Taah. Tic. A.Ş.	-	-	228,662	-	6,250	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	-	-	-	340,776	-
Sebat Çakmak Sınai ve Tüketim Malları San. ve Tic. A.Ş.	-	-	-	-	488	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	944,688	-	-	-	-	-
Şok Marketler Ticaret A.Ş.	-	-	24,374	(1,662,238)	1,841,838	(9,078)
Teközel Gıda Tem. Sağ. Hizm. A.Ş.	-	-	-	-	145,434	(34,801)
UCZ Mağazacılık Ticaret A.Ş.	-	-	-	-	166,640	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	-	-	38,250	-
Ülker Bisküvi San. A.Ş.	-	-	-	-	9,083	-
Ülker Çikolata Sanayi A.Ş.	264,811	-	-	(585,318)	4,585	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	-	-	-	11,485	(194,403)
	44,892,620	**(2,042,233)**	**822,374**	**(2,807,122)**	**20,788,705**	**(4,495,580)**

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23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Trade receivables from retailed parties is mainly composed of sales transactions and approximate maturity is 30-60 days. Non-trade receivables are loans given to related parties, and interest is received as quarterly based on effective market interest rate. The interest rate used in 31 December 2019 is 13 – 26.6% for TRY (31 December 2018: 15.6 – 30.3% for TRY).

e) Benefits provided to board members and key management personnel:

	1 January-31 December 2019	**1 January-31 December 2018**
Salaries and other short term benefits	5,932,367	5,109,516
	5,932,367	**5,109,516**

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

1) Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Company manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provide measures if required.

The Company is mainly exposed to foreign currency risk in USD and EUR.

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

1) Foreign currency risk management (Continued)

	31 December 2019			
	TRY Equivalent (Functional Currency)	**USD**	**EUR**	**GBP**
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	7,001,286	1,057,498	107,256	800
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	**7,001,286**	**57,498**	**107,256**	**800**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	173,430	18,000	10,000	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	**173,430**	**18,000**	**10,000**	**-**
9. TOTAL ASSETS	**7,174,716**	**1,075,498**	**117,256**	**800**
10. Trade Payables	896,066	144,838	5,367	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabi-lities	1,036,535	174,495	-	
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	**1,932,601**	**319,333**	**5,367**	**-**
14. Ticari borçlar	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabi-lities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	**-**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**1,932,952**	**319,393**	**5,367**	**-**
19. Net foreign currency liability position (9-18)	**5,242,115**	**756,165**	**111,889**	**800**
20. Net foreign currency assets/ liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**5,142,115**	**756,165**	**101,889**	**800**

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

1) Foreign currency risk management (Continued)

	31 December 2018			
	TRY Equivalent (Functional Currency)	**USD**	**EUR**	**GBP**
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	29,202,544	5,417,282	115,942	582
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	**29,202,544**	**5,417,282**	**115,942**	**582**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	154,976	18,000	10,000	-
8. NON-CURRENT ASSETS	**154,976**	**18,000**	**10,000**	**-**
9. TOTAL ASSETS	**29,357,520**	**5,435,282**	**125,942**	**582**
10. Trade Payables	462,448	87,903	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabi-lities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. CURRENT LIABILITIES	**462,448**	**87.903**	**-**	**-**
14. Ticari borçlar	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabi-lities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	**-**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**462,448**	**87,903**	**-**	**-**
19. Net foreign currency liability position (9-18)	**28,895,072**	**5,347,379**	**125,942**	**582**
20. Net foreign currency assets/ liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**28,740,096**	**5,329,379**	**115,942**	**582**

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

1) Foreign currency risk management (Continued)

Interest rate sensitivity

The Company is exposed to foreign exchange risk arising primarily from USD and EUR currency exposures.In the table below, the foreign currency sensitivity of the Company arrising from 10% change in US dollar and TRY rates. 10% is the rate used when reporting to senior management of the Company. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in US dollar and TRY foreign currency rates. Positive value implies the effect of 10% increase in US dollar and TRY foreign currency.

	31 December 2019	
	Appreciation of foreign currency by 10%	**Devaluation of foreign currency by 10%**
1- US Dollar net asset/liability	449,177	(449,1771)
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1+2)	**449,177**	**(449,177)**
4- Other net assets/liabilities	75,035	(75,035)
5- Part of hedged from other risk (-)	-	-
6- Other net effect (4+5)	**75,035**	**(75,035)**

	31 December 2018	
	Appreciation of foreign currency by 10%	**Devaluation of foreign currency by 10%**
1- US Dollar net asset/liability	2,813,202	(2,813,202)
2- Part of hedged from US Dollar risk (-)	-	-
3- US Dollar net effect (1+2)	**2,813,202**	**(2,813,202)**
4- Other net assets/liabilities	76,305	(76,305)
5- Part of hedged from other risk (-)	-	-
6- Other net effect (4+5)	**76,305**	**(76,305)**

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

2) Interest rate risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk. The related risk is controlled by interest rate swap agreements and floating interest rate agreements by balancing the fixed and floating interest rate borrowings. Risk strategies are reviewed periodically considering the interest rate expectations and predetermined interest risks; which aims to establish optimum interest risk management regarding the balance sheet position and the interest expenses.

31 December 2019	**Loans and Receivables (including cash and cash equivalents)**	**Financial liabilities at amortized cost**	**Carrying value**	**Note**
Financial assets				
Cash and cash equivalents	339,037,206	-	339,037,206	3
Trade receivables	62,616,154	-	62,616,154	5
Due from related parties	492,269	-	492,269	23
Other financial assets	2,416,405	-	2,416,405	6
Financial liabilities				
Lease liabilities	-	9,133,315	9,133,315	4
Leasing Liabilities	-	163,276,037	163,276,037	9
Trade payables	-	600,763,915	600,763,915	5
Due to related parties	-	150,930,750	150,930,750	23
Other financial liabilities	-	20,556,575	20,556,575	12.13

31 December 2018	**Loans and Receivables (including cash and cash equivalents)**	**Financial liabilities at amortized cost**	**Carrying value**	**Note**
Financial assets				
Cash and cash equivalents	273,895,711	-	273,895,711	3
Trade receivables	45,307,750	-	45,307,750	5
Due from related parties	683,154	-	683,154	23
Other financial assets	57,500,558	-	57,500,558	6
Financial liabilities				
Lease liabilities				
Leasing Liabilities	-	15,741,093	15,741,093	4
Trade payables	-	507,468,856	507,468,856	5
Due to related parties	-	134,993,482	134,993,482	23
Other financial liabilities	-	15,508,092	15,508.092	12,13

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24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

2) Interest rate risk management (continued)

The gross payment plan of the lease liabilities which are not discounted is as follows:

31 December 2019	Net book value	Total contractual cash outflow (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-3 years (III)	3-5 yeras (IV)	5 years and overs (V)
Lease Liabilities	163,276,037	313,563,595	929,318	4,736,679	9,296,462	52,681,716	245,919,420
Total	**163,276,037**	**313,563,595**	**929,318**	**4,736,679**	**9,296,462**	**52,681,716**	**245,919,420**

25. EVENTS AFTER REPORTING DATE

None.

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APPENDIX-1 SUPPLEMENTARY OTHER INFORMATION

As a supporting information note, which is not required by IFRS, it has been evaluated as significant by the Company's management in order to demonstrate its financial performance, and the profit before Interest, Amortization, Amortization and Pre-Tax (EBITDA) and Interest, Depreciation, Amortization, Amortization, Tax, and Expense on Profit (TFP) calculation table is presented below. The Company (EBITDA) calculates the amount of the loss in the statement of profit or loss for the period profit, tax expense, finance expenses and investment activities by adding the amortization expense and amortization, and the adjusted EBITDA is calculated by adding other income and expense to EBITDA. Adjusted EBITDA was calculated by adding rental expenses on adjusted EBITDA. EBITDA is not a benchmark in IFRS. In addition, IFRS was included in the pre-16 figures in order to be comparable to the study.

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APPENDIX-1 SUPPLEMENTARY OTHER INFORMATION (CONTINUED)

	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
NET PROFIT FOR THE YEAR (without IFRS 16)	**43,483,531**	**21,637,496**
NET PROFIT FOR THE YEAR	**33,075,535**	**-**
Tax Expense (without IFRS 16)	**(11,420,171)**	**(6,243,709)**
Tax Expense	**(8,484,582)**	**(6,243,709)**
PROFIT BEFORE TAX (without IFRS 16)	**54,903,702**	**27,881,205**
PROFIT BEFORE TAX	**41,560,117**	**-**
Financial Expenses (-) (without IFRS 16)	(70,813,266)	(48,051,677)
Financial Expenses (-)	(109,171,640)	-
Income (Expense) from Investing Activities	71,801,100	45,578,928
Amortization Expense (without IFRS 16)	(30,863,783)	(26,616,635)
Amortization Expense	(66,907,547)	-
EBITDA (Without IFRS 16)	**84,779,651**	**56,970,588**
EBITDA	**145,838,204**	**-**
Other Income/(Expense) from Operating Activities	(113,339,209)	(91,165,026)
ADJUSTED EBITDA (without IFRS 16)	**198,118,860**	**148,135,614**
ADJUSTED EBITDA	**259,177,413**	**-**
Warehouse, center and shop lease expense (without IFRS 16)	66,754,070	51,461,746
Warehouse, center and shop lease expense	59,034,125	-
ADJUSTED EBITDAL (without IFRS 16)	**264,872,930**	**199,597,360**
ADJUSTED EBITDAL	**318,211,538**	**-**

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APPENDIX-1 SUPPLEMENTARY OTHER INFORMATION (CONTINUED)

Effect of application of new international financial reporting standard about lease liabilities on the Company's financials is as below;

	(REPORTED) 31 December 2019	Effect of TFRS 16	(without IFRS 16) 31 December 2019
ASSETS			
Current Assets	**767,898,691**	**(5,115,493)**	**773,014,184**
Prepaid Expenses	6,103,547	(5,115,493)	11,219,040
Non-Current Assets	**372,747,905**	**155,047,945**	**217,699,960**
The right of use assets	156,955,212	156,955,212	-
Prepaid Expenses	504,483	(1,907,267)	2,411,750
TOTAL ASSETS	**1,140,646,596**	**149,932,452**	**990,714,144**
LIABILITIES			
Current Liabilities	**860,710,332**	**51,565,148**	**809,145,184**
Short Term Borrowings	57,312,498	51,565,148	5,747,350
Non-Current Liabilities	**138,660,706**	**108,775,300**	**29,885,406**
Long Term Borrowings	115,096,854	111,710,889	3,385,965
Deferred Tax Liabilities	-	(2,935,589)	2,935,589
SHAREHOLDERS' EQUITY	**141,275,558**	**(10,407,996)**	**151,683,554**
Net Profit for the Year	33,075,535	(10,407,996)	43,483,531
TOTAL EQUITY AND LIABILITIES	**1,140,646,596**	**149,932,452**	**990,714,144**

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APPENDIX-1 SUPPLEMENTARY OTHER INFORMATION (CONTINUED)

PROFIT OR LOSS	(REPORTED) 31 December 2019	Effect of TFRS 16	(without IFRS 16) 31 December 2019
Revenue	4,520,672,511	-	4,520,672,511
Cost of Sales (-)	(4,005,212,864)	-	(4,005,212,864)
GROSS PROFIT	**515,459,647**	**-**	**515,459,647**
Marketing, Sales and Distribution Expenses (-)	(274,164,024)	26,359,176	(294,575,206)
General Administrative Expenses (-)	(49,025,757)	(1,344,387)	(53,629,364)
Other Income from Operating Activities	18,898,955	-	18,898,955
Other Expenses from Operating Activities (-)	(132,238,164)	-	(132,238,164)
OPERATING PROFIT	**78,930,657**	**25,014,789**	**53,915,868**
Income from Investing Activities	74,358,011	-	74,358,011
Expense from Investing Activities (-)	(2,556,911)	-	(2,556,911)
PROFIT/(LOSS) BEFORE FINANCE EXPENSES	**150,731,757**	**25,014,789**	**125,716,968**
Financial Expenses (-)	(109,171,640)	(38,358,374)	(70,813,266)
PROFIT BEFORE TAX	**41,560,117**	**(13,343,585)**	**54,903,702**
Tax Expense (-)	**(8,484,582)**	**2,935,589**	**(11,420,171)**
Current Tax Expense (Income)	(9,112,087)	-	(9,112,087)
Deferred Tax Income/(Expense)	627,505	2,935,589	(2,308,084)
NET PROFIT FOR THE YEAR	**33,075,535**	**(10,407,996)**	**43,483,531**

Contact

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