

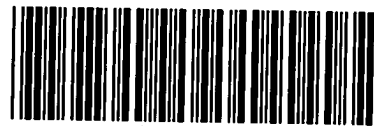
Registered number: 10127251

NUSRET UK LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

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COMPANIES HOUSE

LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

NUSRET UK LIMITED

COMPANY INFORMATION

Directors	Nihan Turgay Nimet Yazoglu Yegin Eryigit Umur
Registered number	10127251
Registered office	C/O Dogus International Limited 10 Stratford Place London United Kingdom W1C 1BA
Independent auditors	Lubbock Fine LLP Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB

NUSRET UK LIMITED

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NUSRET UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006. It has been prepared solely to provide the shareholders with information to assess how Directors have performed their duty to promote the success of the Company.

Business review

The Company, together with its subsidiary entities, has been set up as a restaurant business. The Company operates in the United Kingdom and commenced trading on 23 September 2021.

Turnover for the year ended 31 December 2022 amounted to £13,643,734 (2021 - £8,226,410) and the Company made a profit for the year before tax of £3,329,381 (2021 - £2,308,245). The Company had net assets of £6,880,928 at 31 December 2022 (2021 - £4,033,747).

The Company started trading in September 2021 and performed higher than the expected results for the last quarter of 2021. The Company continued to perform in line with the expectations in 2022 and the Directors believe that the Company will be able to continue to trade for the foreseeable future based on the profits generated during the year and management's thorough reviews on the cash flows.

Principal risks and uncertainties

The Directors consider that the principal risk to businesses in the restaurant industry is competition from other restaurants. Nusret London started to operate in September 2021; however the Company has built a strong network and gained awareness through its subsidiaries located in the US and generated operating profit in each year operated. The results have been fairly stable and the Company has gained customer attention since the opening.

The Company aims to ensure that it retains a sufficient level of cash reserves to ensure that the Company has sufficient liquidity to operate. The Company has sufficient cash at the end of the current year and does not utilise any loans.

Liquidity risk

The liquidity risk refers to the possibility of the Company, being unable to meet its cash obligations mainly in relation to the settlement of amounts due to suppliers/ third parties. The daily liquidity position is monitored. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management manages liquidity risk by monitoring forecast cash flows and has not experienced any cash deficit in the current year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, other assets and cash balances held with banks. Due to the nature of restaurant operations, the Company has relatively low exposure to credit risk.

NUSRET UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Interest rate risk

Interest rate risk arises from bank loans and intercompany balances that bear interest at a fixed rate. The Directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

Operational risk

Demand levels at the restaurant and the competition in the market could erode the Company's position. To address this, the Company and its parent entity Dream International BV (hereinafter referred to as the "Group") regularly monitors the market trends, consumer behaviours and reviews of their customers. Management's aim is to keep customer satisfaction at the highest level and improve service standards where necessary.

Financial key performance indicators

The size and nature of the Company's business requires the use of an array of Key Performance Indicators ('KPIs') both financial and strategic to measure performance in relation to our objectives. Such KPIs have been regularly reviewed by the shareholders and monitored by the management in order to identify any underperformance and these are subject to budget vs actual reviews. With regards to day to day operation of the restaurant, the financial KPIs on the revenue side include cover turns, average spend per head and like for like sales growth, and on the cost side gross profit, payroll and cost margins. For the Company, Revenue and Earnings before Interest Tax Depreciation and Amortisation are the primary financial KPIs and are shown below.

	2022	2021
Revenue	13,643,734	8,226,410
EBITDA	3,951,562	2,905,991
EBITDA % of Revenue	29.0%	35.3%

Section 172 statement

The Company's long term success is at the forefront of the Board's thinking and the Directors have full regard for their duties and the matters set out in Section 172 of the UK Companies Act 2006. Indeed, it's the Board's belief that the Company can only be successful when the interest of those it works with are considered, and particularly when customer, supplier, employee, shareholder interests and the environment, climate and societies we operate in are understood and responded to and appropriately reflected in how the business develops.

The Company engages with its suppliers on appropriate terms and pays invoices promptly. Naturally, quality and value play an important role in choosing which suppliers to use but the Company also place significant weight on suppliers' qualitative credentials such as sustainable sourcing. The Company regularly conducts sustainable food audits.

Staff engagement is critical to the success of the Nusret brand. The Company is focused on ensuring that employees are well-informed of its key imperatives including its philosophy, values and ethics and the common guidelines and policies that support them. This includes the provision of open communication led by higher management, including company meetings and question and answer sessions allowing individuals to raise questions and concerns directly to Board members. The Company follows code of conduct that was put in place by Dogus Holding A.S. (ultimate parent entity in Turkey) concerning staff related matters. In addition to regular engagement with employees to discuss any issues and our focused development and training programmes, the Company has bonus and incentive schemes in place for staff appropriate to their positions and roles. The incentive and bonus schemes are appraisal driven with the balance of the assessment based on maintenance of quality standards rather than financial measures.

The shareholders receive regular and timely information (at least weekly) including on the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs) and cash flows.

NUSRET UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Company is conscious of its environment impact and has a number of programmes underway to reduce carbon emissions such as upgrading equipment for more energy and/or water efficient models, replacing halogen lighting with LED and replacing gas heaters with electric alternatives. We are also actively reducing the use of items such as cling film in favour of re-usable containers and have introduced biodegradable and recyclable take-away containers and straws.

This report was approved by the board and signed on its behalf.



Nihan Turgay
Director

Date: 04 May 2023

NUSRET UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is the provision of restaurant services.

Results and dividends

The profit for the year, after taxation, amounted to £2,847,181 (2021 - £1,989,715).

Directors

The Directors who served during the year were:

Nihan Turgay
Nimet Yazoglu Yegin
Eryigit Umur

Future developments

There are no future developments of significance identified.

Engagement with suppliers, customers and others

The restaurant opened for trade in September 2021. With the effect of Covid-19, the Company has experienced multiple market fluctuations in UK and adapted its capex program accordingly to be able to manage the cash flow while getting the venue ready for the target opening date. Management are comfortable with the financial stability of the Company and the future forecasts while looking forward to continue trading.

NUSRET UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Streamlined Energy and Carbon Reporting

The Company's greenhouse gas emissions and energy consumption are as follows:

	2022	2021
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	36	10
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	54	48
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	470,830	282,818

Methodology

The reporting period covers the period from 1 January 2022 to 31 December 2022. All measured emissions from the Company's activities are included as required under the government policy for Streamlined Energy and Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Scope 1, 2 and 3 consumption and CO2e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for the reporting period.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Nusret UK Limited were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 15% of reported consumption.

For properties where Nusret UK Limited is indirectly responsible for utilities (i.e. via a landlord or service charge), an average kWh/£ charged by the landlord was calculated at meter level and applied to the electricity meter.

There has been an increase in the reported Scope 1 emissions for FY2022 compared with FY2021. This is due to enhanced data collection processes leading to previously unavailable data being captured from FY2022 onwards.

We are committed to year-on-year improvements in our operational energy efficiency. Nusret UK Limited opened their first restaurant in the UK in September 2021. The renovation of the restaurant was completed with best practice in mind, with LED lights being installed and energy saving insulation.

In the past year, Nusret UK Limited has sought to improve energy efficiency on an operational level. This included turning off central heating systems after closing or during peak hours when heating demand is lower, limiting the operational times of the air curtain, and turning off lights during closing hours.

The Company has calculated an intensity ratio (tonnes of carbon dioxide equivalent emissions per cover) of 0.00098.

NUSRET UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



Nihan Turgay
Director

Date: 04 May 2023

NUSRET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUSRET UK LIMITED

Opinion

We have audited the financial statements of Nurset UK Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

NUSRET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUSRET UK LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

NUSRET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUSRET UK LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the sector and the impact of Covid-19 on financial and operating performance and policies;
- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with entities in similar sectors and this experience was relevant to the discussion about where fraud risks might arise.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included health and safety regulations, employment law, environmental regulations and food hygiene standards.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition, management override and potential employee fraud. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing revenue recognition on a sample basis;
- performing cash count and comparing to amounts recorded in ledgers;
- reviewing intercompany loan agreements and interest calculations and obtaining direct confirmations from third parties;
- performing employee existence testing;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the Company's operations.

NUSRET UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUSRET UK LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lubbock Fine LLP

Stephen Banks (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 05 May 2023

NUSRET UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	13,643,734	8,226,410
Cost of sales		(6,340,381)	(3,581,539)
Gross profit		7,303,353	4,644,871
Administrative expenses		(4,226,953)	(2,244,041)
Other operating income	5	193,343	54,797
Operating profit	6	3,269,743	2,455,627
Interest receivable and similar income	9	634,057	156,828
Interest payable and expenses	10	(574,419)	(304,210)
Profit before tax		3,329,381	2,308,245
Tax on profit	11	(482,200)	(318,530)
Profit for the financial year		2,847,181	1,989,715

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 14 to 27 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	5,462,472	6,004,722
Investments	13	80	80
		<u>5,462,552</u>	<u>6,004,802</u>
Current assets			
Stocks	14	301,452	305,088
Debtors: amounts falling due after more than one year	15	6,384,285	9,086,625
Debtors: amounts falling due within one year	15	10,510,656	1,304,936
Cash at bank and in hand	16	2,800,456	1,546,240
		<u>19,996,849</u>	<u>12,242,889</u>
Creditors: amounts falling due within one year	17	(12,886,156)	(4,577,262)
Net current assets		<u>7,110,693</u>	<u>7,665,627</u>
Total assets less current liabilities		<u>12,573,245</u>	<u>13,670,429</u>
Creditors: amounts falling due after more than one year	18	(5,650,587)	(9,483,152)
Provisions for liabilities			
Deferred tax	19	(41,730)	(153,530)
Net assets		<u><u>6,880,928</u></u>	<u><u>4,033,747</u></u>
Capital and reserves			
Called up share capital	20	1	1
Other reserves	21	1,970,903	1,970,903
Profit and loss account	21	4,910,024	2,062,843
		<u><u>6,880,928</u></u>	<u><u>4,033,747</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Nihan Turgay
Director

Date: 04 May 2023

The notes on pages 14 to 27 form part of these financial statements.

NUSRET UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	1	1,970,903	73,128	2,044,032
Profit for the year	-	-	1,989,715	1,989,715
At 1 January 2022	1	1,970,903	2,062,843	4,033,747
Profit for the year	-	-	2,847,181	2,847,181
At 31 December 2022	1	1,970,903	4,910,024	6,880,928

The notes on pages 14 to 27 form part of these financial statements.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Nusret UK Limited is a private company limited by shares and incorporated in England and Wales. The company's registered office is C/O Dogus International Limited, 10 Stratford Place, London, W1C 1BA and its principal place of business is The Park Tower, Knightsbridge Hotel, London, SW1X 7RN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nahita Restoran Isletmeciligive Yatirim A.S. as at 31 December 2022 and these financial statements may be obtained from Maslak Mah. Buyukdere Caddesi No: 249/12 Sariyer, Istanbul, Turkey.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Revenue

Revenue from the operation of the restaurant is the amounts billed for goods and services, exclusive of Value Added Tax or other sales taxes, provided to customers during the period. Revenue is recognised at the point of service delivery to customers, or at the point of transfer of ownership of the goods.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of the lease
Plant and machinery	- 20% straight line
Fixtures and fittings	- 10-20% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rent paid under operating leases is charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. There are considered to be no key sources of estimation uncertainty or judgements which would have a significant impact on the amounts recognised in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Restaurant sales	13,643,734	8,226,410

All turnover arose within the United Kingdom.

NUSRET UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Other operating income	<u>193,343</u>	<u>54,797</u>

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Exchange differences	112,393	134,708
Other operating lease rentals	<u>1,021,303</u>	<u>200,263</u>

7. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>26,000</u>	<u>20,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

NUSRET UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022****8. Employees**

	2022	2021
	£	£
Wages and salaries	3,732,624	2,131,788
Social security costs	128,902	77,774
Cost of defined contribution pension scheme	26,955	6,119
	<u>3,888,481</u>	<u>2,215,681</u>

None of the Directors received remuneration through the Company during the year (2021 - £nil).

During the year ended 31 December 2021, an adjustment of £1,198,144 has been made in the financial statements to recognise gross up of tronc received in turnover and a corresponding increase in cost of sales. There was no impact on the reserves position.

The average monthly number of employees, including the Directors, during the year was as follows:

	2022	2021
	No.	No.
Directors	3	3
Management	12	6
Restaurant Staff	78	46
	<u>93</u>	<u>55</u>

9. Interest receivable and similar income

	2022	2021
	£	£
Other interest receivable	<u>634,057</u>	<u>156,828</u>

10. Interest payable and similar expenses

	2022	2021
	£	£
Other loan interest payable	<u>574,419</u>	<u>304,210</u>

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
Current tax on profits for the year	594,000	165,000
Deferred tax		
Origination and reversal of timing differences	(111,800)	153,530
Total deferred tax	(111,800)	153,530
Taxation on profit on ordinary activities	482,200	318,530

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	3,329,381	2,308,245
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	632,582	438,566
Effects of:		
Expenses not deductible for tax purposes	21	62
Capital allowances for year in excess of depreciation	(38,603)	-
Utilisation of tax losses	-	(120,098)
Other timing differences leading to a decrease in taxation	(111,800)	-
Total tax charge for the year	482,200	318,530

Factors that may affect future tax charges

The UK main corporation tax rate will be increased to 25% applying to profits over £250,000 (effective from 1 April 2023) following the Chancellor's Budget on 3 March 2021. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2022	150,055	90,779	6,098,266	115,986	6,455,086
Additions	1,850	945	136,774	-	139,569
Transfers between classes	389,587	-	(389,587)	-	-
At 31 December 2022	541,492	91,724	5,845,453	115,986	6,594,655
Depreciation					
At 1 January 2022	9,851	10,356	401,849	28,308	450,364
Charge for the year	36,033	18,221	588,911	38,654	681,819
Transfers between classes	26,299	-	(26,299)	-	-
At 31 December 2022	72,183	28,577	964,461	66,962	1,132,183
Net book value					
At 31 December 2022	469,309	63,147	4,880,992	49,024	5,462,472
At 31 December 2021	140,204	80,423	5,696,417	87,678	6,004,722

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	80
At 31 December 2022	80

NUSRET UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Nusret US Inc	Holding company	Ordinary	100
Nusret Holdings USA LLC*	Holding company	Ordinary	90
Nusret Miami LLC*	Restaurant	Ordinary	90
Nusret South Beach LLC*	Restaurant	Ordinary	90
Nusret New York LLC*	Restaurant	Ordinary	90
Saltbae NY LLC*	Restaurant	Ordinary	90
Nusret Boston LLC*	Restaurant	Ordinary	90
Nusret Dallas LLC*	Restaurant	Ordinary	90
Nusret Food Hall NY LLC*	Restaurant	Ordinary	90
Nusret Las Vegas LLC*	Restaurant	Ordinary	90
Nusret BH LLC*	Restaurant	Ordinary	90
MeatMaster LLC*	Restaurant	Ordinary	100

* Indirectly held

All subsidiary undertakings are incorporated in the United States.

The registered office addresses of the subsidiaries are as follows:

- Nusret US Inc: C/O United Corporate Services Inc, 874 Walker Road, Suite C, Dover, Delaware 19904
- Nusret Holdings USA LLC: C/O United Corporate Services Inc, 874 Walker Road, Suite C, Dover, Delaware 19904
- Nusret Miami LLC: C/O Corporation Service Company, 1201 Hays Street, Tallahassee, Florida, 2301-2525
- Nusret South Beach LLC: C/O Corporation Service Company, 1201 Hays Street, Tallahassee, Florida, 2301-2525
- Nusret New York LLC: C/O United Corporate Services Inc, 874 Walker Road, Suite C, Dover, Delaware 19904
- Saltbae NY LLC: C/O Corporation Service Company, 80 State Street Albany, New York, 12207
- Nusret Boston LLC: 100 Arlington Street, Boston, Massachusetts, 02116
- Nusret Dallas LLC: C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808
- Nusret Food Hall NY LLC: C/O Corporation Service Company, 80 State Street Albany, New York, 12207
- Nusret Las Vegas LLC: C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808
- Nusret BH LLC: 3390 Mary St. Ste 116, Miami, Florida, 33133
- MeatMaster LLC: C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808

Saltbae LA LLC, a 90% indirectly held subsidiary, was liquidated during the year.

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. Stocks

	2022 £	2021 £
Raw materials and consumables	301,452	305,088

15. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings	5,821,785	9,086,625
Other debtors	562,500	-
	<u>6,384,285</u>	<u>9,086,625</u>

	2022 £	2021 £
Due within one year		
Trade debtors	14,559	51,099
Amounts owed by group undertakings	10,121,419	26,291
Other debtors	86,037	992,637
Prepayments and accrued income	227,839	231,071
Tax recoverable	60,802	3,838
	<u>10,510,656</u>	<u>1,304,936</u>

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,800,456	1,546,240

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	333,237	372,888
Amounts owed to group undertakings	10,142,341	170,735
Corporation tax	222,828	165,000
Other taxation and social security	672,533	838,109
Other creditors	920,994	1,055,209
Accruals and deferred income	594,223	1,975,321
	<u>12,886,156</u>	<u>4,577,262</u>

18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	3,658,248	9,483,152
Accruals and deferred income	1,992,339	-
	<u>5,650,587</u>	<u>9,483,152</u>

19. Deferred taxation

	2022 £
At beginning of year	153,530
Charged to profit or loss	(111,800)
At end of year	<u>41,730</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>41,730</u>	<u>153,530</u>

NUSRET UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1.00	1	1
	<u>1</u>	<u>1</u>

21. Reserves**Other reserves**

Other reserves relate to accumulated capital contributions received from the immediate parent entity.

Profit and loss account

The Profit and loss account comprises all retained profits and losses to date, less distributions paid.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £26,955 (2021 - £6,119). Contributions payable to the fund at the balance sheet date totalled £1,306 (2021 - £7,168) which are included in creditors.

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	331,657	229,158
Later than 1 year and not later than 5 years	2,372,461	2,070,793
Later than 5 years	2,458,297	3,033,286
	<u>5,162,415</u>	<u>5,333,237</u>

NUSRET UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. Related party transactions

Amounts owed by entities in which the Company has a controlling interest totalled £8,719 as at 31 December 2022 (2021 - £8,719). This balance is unsecured, interest-free and repayable on demand.

Amounts owed to entities which hold a controlling interest in the Company totalled £13,794,583 as at 31 December 2022 (2021 - £9,483,152). This balance is unsecured, accrues interest at a rate between 4.5% and 6% per annum depending on the specific agreements and is repayable over 2023 and 2024 in line with the loan agreements in place. During the year ended 31 December 2022 drawdowns of £2,902,080 (2021 - £11,491,147) and repayments of £574,419 (2021 - £3,634,203) were made against the loan balance. Interest charged in the year on the balance amounted to £592,535 (2021 - £303,788). A foreign exchange loss of £1,267,864 (2021 - gain of £908,938) was recognised on the outstanding balance in the year.

Amounts owed by fellow group companies totalled £15,934,117 as at 31 December 2022 (2021 - £9,086,625). This balance is unsecured, accrues interest at a rate between 4.5% and 6% per annum depending on the specific agreements and is repayable over 2023 and 2024 in line with the loan agreements in place. During the year ended 31 December 2022 repayments of £47,048 (2021 - £4,361,374) were received against this balance and advances of £5,064,192 (2021 - £14,467,792) were made. Interest income accruing on the balance during the year amounted to £771,140 (2021 - £156,828). A foreign exchange gain of £1,216,036 (2021 - loss of £1,019,793) was recognised on the outstanding balance in the year.

Included within debtors at the year end there is a balance of £367 (2021 - £17,571) and within creditors there is a balance of £6,006 (2021 - £170,735) due from and to, respectively, related entities which are not part of the same wholly owned group. This balance is unsecured, interest-free and repayable on demand.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is D Nusret International Holding B.V. a company incorporated in the Netherlands. Dogus Holding AS, a company incorporated in Turkey, is the Company's ultimate parent undertaking.

Dream International B.V., a company incorporated in the Netherlands, is the parent undertaking of the smallest group to consolidate the results of Nusret UK Limited at 31 December 2022. Dogus Holding AS, a company incorporated in Turkey, is the parent undertaking of the largest group to consolidate these results as at 31 December 2022. The parent undertaking of the largest group to consolidate these results and for which financial statements are publicly available is Nahita Restoran Isletmeciligive Yatirim A.S.

Copies of the financial statements of Nahita Restoran Isletmeciligive Yatirim A.S. may be obtained from Maslak Mah. Buyukdere Caddesi No: 249/12 Sariyer, Istanbul, Turkey.

PARENT COMPANY FINANCIAL STATEMENTS FOR FILING
ALONGSIDE ACCOUNTS OF COMPANY #10127251

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**(CONVENIENCE TRANSLATION OF FINANCIAL INFORMATION
ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Nahita Restoran İşletmeciliği ve Yatırım A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Nahita Restoran İşletmeciliği ve Yatırım A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, 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 Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (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 consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated 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
<p>Application of TFRS 16, "Leases" standard</p> <p>The accompanying consolidated financial statements include right of use assets in amounting to TRY1.791.648 thousand and lease liabilities in amounting to TRY1.949.198 thousand respectively.</p> <p>The amounts recognized as a result of the adoption of TFRS 16 are significant for the consolidated financial statements and the determination of the accounting policy requires the assessment of the Group management. In addition, the measurement of the right of use assets and financial lease liabilities 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 assessment of options to extend or terminate lease contracts.</p> <p>Therefore, the impacts of application of TFRS 16 on the consolidated financial statements are determined as a key audit matter for our audit.</p> <p>Please refer to notes 2.4, 2.5 and 12 to the consolidated financial statements for the disclosures, including the related accounting policies.</p>	<p>We performed the following procedures in relation to the application of TFRS 16:</p> <ul style="list-style-type: none"> • Understanding and evaluating the significant processes and validation of key controls affecting financial reporting related to the application of TFRS 16, • Evaluating the completeness of the contract lists obtained from the Group management and whether it is in the scope of TFRS 16, • On a sample basis, recalculation of the right of use assets and related financial lease liabilities recognised in the accompanying consolidated financial statements by using rates such as interest rate, rent increase rate etc. for the lease contracts that are in scope of TFRS 16, • Testing the compliance of the term of the lease contracts and the assessment of the extension options applied if such options exist with the provision of the contract through sampling method, • Testing the disclosures in the consolidated financial statements in relation to the right-of-use assets and lease liabilities and evaluating the adequacy of such disclosures in accordance with the rules in TFRS 16.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

5. Auditor's responsibilities for the audit of the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 2022 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.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Selma Canbul Çorum, SMMM
Independent Auditor

Istanbul, 13 July 2023

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		31 December	Restated	Restated
	Notes	2022	31 December	31 December
			2021 (*)	2020 (*)
ASSETS				
Current assets				
Cash and cash equivalents	6	1.537.943	980.638	392.819
Financial investments		244.954	25.445	-
Trade receivables	8	301.380	188.985	88.285
- Due from third parties	8	301.380	188.985	88.285
Other receivables	9, 25	996.065	47.372	42.106
- Due from related parties	9, 25	987.732	44.306	41.356
- Due from third parties	9	8.333	3.066	750
Inventories	16	1.010.379	287.476	193.386
Other current assets	17	457.471	264.412	183.924
Total current assets		4.548.192	1.794.328	900.520
Non-current assets				
Financial investments		2.067	2.673	3.111
Investments accounted for using the equity method	7	4.139.949	3.027.153	1.676.880
Property and equipment	11	1.815.540	1.400.609	684.606
Right of use assets	12	1.791.648	1.372.711	850.488
Intangible assets		1.520.229	1.295.791	1.024.590
- Goodwill	13	1.029.241	863.293	658.375
- Other intangible assets	13	490.988	432.498	366.215
Deferred income tax assets	10	145.467	66.508	101.624
Other non-current assets		60.586	34.139	13.096
Total non-current assets		9.475.486	7.199.584	4.354.395
TOTAL ASSETS		14.023.678	8.993.912	5.254.915

(*) Note 2.6

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

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 December 2022	Restated 31 December 2021 (*)	Restated 31 December 2020 (*)
LIABILITIES				
Current liabilities				
Short term borrowings	15	28.583	-	-
Short term portion of long term borrowings	15	934.337	344.049	230.300
Liabilities from leasing transactions	15	465.943	287.621	167.453
Trade payables	8	955.540	485.323	180.134
- Due to third parties	8	955.540	485.323	180.134
Other payables	9	534.599	2.437.991	436.477
- Due to related parties	25	534.599	2.437.991	436.477
Current income tax liabilities	10	82.872	-	4.445
Short term provisions		49.951	47.824	22.087
- Short term provisions for employment termination benefits	14	40.996	39.645	14.665
- Other provisions	14	8.955	8.179	7.422
Other current liabilities	17	851.459	396.320	163.089
Total current liabilities		3.903.284	3.999.128	1.203.985
Non-current liabilities				
Long term borrowings	15	4.976.268	4.670.051	2.952.546
Liabilities from leasing transactions	15	1.483.255	1.153.795	729.734
Deferred income tax liabilities	10	78.413	77.294	75.520
Other payables	9	-	-	1.641.270
- Due to related parties	25	-	-	1.641.270
Long term provisions	14	208.180	36.582	23.585
- Long term provisions for employment termination benefits	14	119.339	36.582	23.585
Deferred revenue		88.841	39.339	90.355
Other non-current liabilities	17	687.891	717.827	264.191
Total non-current liabilities		7.434.007	6.694.888	5.777.201
Total liabilities		11.337.291	10.694.016	6.981.186
EQUITY				
Equity attributable to owners of the Company				
Share capital	23	1.044.629	1.044.629	892.877
Other comprehensive income/expense to be reclassified to profit or loss				
- Currency translation differences		3.408.380	1.610.792	480.869
Other comprehensive income/expense not to be reclassified to profit or loss		(70.103)	(21.259)	(12.803)
Impact of combination of entities under common control		(1.534.447)	(1.534.447)	(1.534.447)
Restricted reserves		39.439	12.334	9.994
Accumulated losses		(3.219.498)	(2.660.520)	(1.174.970)
Loss for the period		(560.113)	(1.420.802)	(1.065.744)
Total equity attributable to owners of the Company		(891.713)	(2.969.273)	(2.404.224)
Total non-controlling interests	23	3.578.100	1.269.169	677.953
Total equity		2.686.387	(1.700.104)	(1.726.271)
TOTAL LIABILITIES AND EQUITY		14.023.678	8.993.912	5.254.915

(*) Note 2.6

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

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2022	Restated 2021 (*)
Profit or loss			
Revenue	18	9.452.693	3.810.607
Cost of sales (-)	18	(6.110.039)	(2.359.527)
Gross profit		3.342.654	1.451.080
General administrative expenses (-)	19	(946.050)	(362.257)
Selling and distribution expenses (-)	19	(490.786)	(177.825)
Share of profit of equity accounted investees	7	604.806	200.602
Other operating income	20	95.879	85.654
Other operating expense (-)	20	(29.818)	(19.753)
Operating profit		2.576.685	1.177.501
Gains from investment activities	22	82.138	1.475
Losses from investment activities (-)	22	(18.814)	(58.719)
Operating profit before finance income/(expense)		2.640.009	1.120.257
Finance income	21	874.373	812.642
Finance expense (-)	21	(2.659.733)	(2.764.026)
Profit/(loss) before taxation on income		854.649	(831.127)
Tax expense			
- Current income tax expense	10	(386.064)	(97.946)
- Deferred income tax (expense)/income	10	65.629	(39.004)
Profit/(loss) for the year		534.214	(968.077)
Other comprehensive income			
Items that will not be reclassified to profit or loss		(48.844)	(8.456)
Remeasurements of defined benefit liabilities	14	(61.055)	(10.570)
- Deferred income tax income	10	12.211	2.114
Items that are or may be reclassified to profit or loss:			
Currency translation differences		1.425.331	369.180
Equity accounted investees- share of other comprehensive income	7	1.000.192	1.149.621
Other comprehensive income		2.376.679	1.510.345
Total comprehensive income/(loss)		2.910.893	542.268
Loss attributable to:			
Non-controlling interests		1.094.327	452.725
Owners of the Company		(560.113)	(1.420.802)
Total comprehensive loss attributable to:			
Non-controlling interests		1.796.268	839.263
Owners of the Company		1.114.625	(296.995)
Total comprehensive profit/(loss) for the year		2.910.893	542.268

(*) Note 2.6

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

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Other comprehensive income/expense not to be reclassified to profit/loss	Other comprehensive income/expense may or to be reclassified to profit/loss	Accumulated profit/(losses)							
	Share capital	Restricted reserves	Remeasurements of defined benefit liabilities	Currency translation differences	Impacts of combination of entities under common control (*)	Accumulated losses	Loss for the period	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balances at 1 January 2021	892.877	9.994	(12.803)	480.869	(1.534.447)	(1.174.970)	(1.065.744)	(2.404.224)	677.953	(1.726.271)
Total comprehensive income/(loss)	-	2.340	(8.456)	1.129.923	-	-	(1.420.802)	(296.995)	839.263	542.268
Transfers	-	-	-	-	-	(1.065.744)	1.065.744	-	-	-
Impacts of combination of entities under common control	-	-	-	-	-	(15.304)	-	(15.304)	-	(15.304)
Share capital increase (Note 23)	151.752	-	-	-	-	-	-	151.752	8.417	160.169
Dividends paid (Note 23)	-	-	-	-	-	-	-	-	(272.520)	(272.520)
Increase/(decrease) due to other changes (Note 17)	-	-	-	-	-	(404.502)	-	(404.502)	16.056	(388.446)
Balances at 31 December 2021	1.044.629	12.334	(21.259)	1.610.792	(1.534.447)	(2.660.520)	(1.420.802)	(2.969.273)	1.269.169	(1.700.104)
Balances at 1 January 2022	1.044.629	12.334	(21.259)	1.610.792	(1.534.447)	(2.660.520)	(1.420.802)	(2.969.273)	1.269.169	(1.700.104)
Total comprehensive income/(loss)	-	-	(48.844)	1.723.582	-	-	(560.113)	1.114.625	1.796.268	2.910.893
Transfers	-	27.105	-	-	-	(1.447.907)	1.420.802	-	-	-
Share capital increase	-	-	-	-	-	-	-	-	4.576	4.576
Dividends paid (Note 23)	-	-	-	-	-	(100.260)	-	(100.260)	(376.064)	(476.324)
Other transactions with non-controlling interests (**)	-	-	-	15.085	-	(980.216)	-	(965.131)	(56.197)	(1.021.328)
Change in non-controlling interests in consolidated subsidiaries without change of control (***)	-	-	-	58.921	-	2.207.487	-	2.266.408	940.348	3.206.756
Increase/(decrease) due to other changes (Note 17) (****)	-	-	-	-	-	(238.082)	-	(238.082)	-	(238.082)
Balances at 31 December 2022	1.044.629	39.439	(70.103)	3.408.380	(1.534.447)	(3.219.498)	(560.113)	(891.713)	3.578.100	2.686.387

(*) Note 2.6

(**) On 19 May 2022, additional 5.00% shares of D Et ve Et Ürünleri Gıda Pazarlama ve Ticaret A.Ş. and D Nusret International B.V. companies, a subsidiary of the Group were purchased by Dream International B.V. and direct ownership interest rate for both companies increased to 56%. On 6 December 2022, additional 10% shares of Cüneyt Usta Restoran Gıda Turizm Ticaret A.Ş., a subsidiary of the Group were purchased by Nahita Restoran İşletmeciliği ve Yatırım A.Ş., a subsidiary of the Group and direct ownership interest rate of the Group increased from 60% to 70%.

(***) Increase/decrease in change in non-controlling interests in consolidated subsidiaries without a change of control consist of transfer of 19.99% of shares of Dream International B.V., who established in the Netherlands, 83.66% subsidiary of Dream International Coöperatief U.A to QH Oil Investments LLC (subsidiary of Qatar Investment Authority) through capital increase and share transfer on 19 May 2022 and transfer of 51%, 24.5% and 24.5% shares of Meng Unlu Mamuller Gıda Sanayi ve Ticaret A.Ş. on 9 May 2022, whose 100% share were previously owned by D Et ve Et Ürünleri Gıda Pazarlama Ticaret A.Ş. to Nahita Restoran İşletmeciliği A.Ş., Mitco Yeme İçme Ticaret A.Ş. and Arena Otel Lokanta ve Eğlence Yerleri İşletmeciliği ve Yatırım A.Ş.

(****) Increase/(decrease) due to other changes in accumulated losses consist of fair value change of the put option liability for non-controlling interests.

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

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2022	2021
A. Cash flows from operating activities		3.027.281	1.830.390
Profit/(loss) for the year		534.214	(968.077)
Adjustments for:			
Depreciation and amortization	11, 12, 13	732.423	377.483
Tax expense	10	320.435	136.950
Share of gain of equity accounted investees	7	(604.806)	(200.602)
Gain on sale of property and equipment, net	22	(4.717)	(1.475)
Impairment of tangible assets	22	18.814	58.719
Provision for unused vacation pay liability	14	20.234	8.120
Adjustments to provision for legal provisions		1.363	1.797
Provision for employee severance indemnity	14	31.705	5.714
Interest income		(117.201)	(23.693)
Interest expense		513.500	421.680
Adjustments to provision for doubtful receivables		407	37
Adjustments to provision for personnel premium		-	18.373
Adjustments to unrealized foreign exchange losses		1.809.394	1.819.661
Changes in net working capital		3.255.765	1.654.687
Changes in other assets		(220.213)	(88.150)
Changes in inventories		(722.903)	(56.055)
Changes in trade and other receivables		(112.448)	(97.763)
Changes in trade payables		441.669	304.742
Changes in other liabilities		(49.036)	237.877
Employee termination indemnity paid	14	(10.003)	(3.938)
Other provision paid	14	(569)	(993)
Cash outflows related to employee benefits	14	(18.587)	(151)
Dividends from equity accounted investees and associates	7	492.202	-
Taxes paid	10	(28.950)	(116.917)
Recoveries from doubtful receivables		354	(2.949)
Net cash generated from operating activities		(228.484)	175.703
Acquisition of property and equipment and intangible assets	11, 13	(526.421)	(611.513)
Proceeds from sales of property and equipment		40.064	61.930
Acquisition of joint ventures and associates	7	-	(61.314)
Proceeds from sale of shares of subsidiaries without a change in control		3.206.756	-
Change in non-controlling interests in consolidated subsidiaries without a change in control		(1.021.328)	16.056
Acquisition of interests in other entities or funds		-	(42.965)
Increase/(decrease) in financial investments		(218.903)	(25.007)
Net cash used in investing activities		1.691.500	(662.813)
Capital increase	23	-	151.752
Dividends paid	23	(476.324)	(272.520)
Interest received	21	117.201	23.693
Changes in due to related parties	25	(1.874.844)	357.424
Changes in due from related parties	25	(948.693)	(5.172)
Proceeds from borrowings	15	28.583	1.531
Repayment of borrowings	15	(155.061)	(239.516)
Cash outflows related to lease liabilities	15	(436.059)	(180.672)
Interest paid	21	(416.279)	(416.278)
Net cash (used in) / generated from financing activities		(4.161.476)	(579.758)
NET INCREASE IN CASH AND CASH EQUIVALENTS		557.305	587.819
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		980.638	392.819
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	1.537.943	980.638

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

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Nahita Restoran İşletmeciliği ve Yatırım A.Ş. ("Nahita" or "the Company") was established in Istanbul on 12 March 2012, and its main activity is to manage and coordinate and invest in companies operating in the fields of restaurant and cafe establishment and management, food and beverage production.

As at 31 December 2022, Nahita had 75 (31 December 2021: 75) subsidiaries ("the Subsidiaries"), 38 (31 December 2021: 35) joint arrangements ("the Joint Arrangements") and 13 (31 December 2021: 12) associates ("the associates") (collectively referred to as the "Group" or "Nahita Group").

The Group operates partnerships and has distribution, management and franchise agreements with internationally recognised brand names, such as Kitchenette, Zuma, Roka, Mezzaluna, Mezzaluna Express, Coya and Oblix and is the sole authorized distributor of Loro Piana, Eleventy, Under Armour, Kiko and Leica brands in Turkey. The Group has 5 stores under its own multi-brand store concept called In-Formal and is the exclusive distributor of many watch brands such as Hublot, Tag Heuer, HYT, Breitling, Frederique Constant, Arnold&Son under the D Saat Brand and Damiani and Messika Jewelry brands in the luxury segment.

The main shareholder of Nahita is Doğu Holding Anonim Şirketi ("Doğu Holding") located in Turkey.

The address of the registered office of the Company is as follows:

Maslak Mah. Büyükdere Caddesi No: 249/12 Sarıyer
İstanbul/İlkiye

The number of employees of the Group at 31 December 2022 is 5.986 (31 December 2021: 4.568).

The subsidiaries, associates and joint ventures of Nahita Group, their country of incorporation and nature of businesses are as follows: (Abbreviations: United States of America ("USA"), United Arab Emirates ("U.A.E.")):

<u>Subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
A.L.E. Gıda Turizm ve Ticaret A.Ş. ("A.L.E. Gıda")	Restaurant establishment	Turkey
Ad Yiyecek İçecek Ticari Sanayi A.Ş. ("AD Yiyecek")	Restaurant establishment	Turkey
Altınhan Turizm ve Ticaret A.Ş. ("Altınhan")	Restaurant establishment	Turkey
Bal Turizm ve Gıda Pazarlama A.Ş. ("Bal Turizm")	Restaurant establishment	Turkey
Bar Des Pres Holdings Ltd	Investment company	United Kingdom
Bar Des Pres Ltd	Restaurant establishment	United Kingdom
Boğaziçi Borsa Lokantacılık İşletmeleri San. ve Tic. A.Ş. ("Borsa")	Restaurant establishment	Turkey
Coya Inc	Investment company	U.S.A.
Coya Restaurant Limited ("Coya Abu Dhabi")	Restaurant establishment	U.A.E.
Coya Angel Limited	Restaurant establishment	United Kingdom
Coya Barcelona	Restaurant establishment	Spain
Coya Limited	Investment company	U.A.E.
Coya Mykonos S.A	Restaurant establishment	Greece
Coya Paris SAS	Restaurant establishment	France
Coya (Restaurant) Limited ("Coya London")	Restaurant establishment	United Kingdom
Coya Restaurants LLC ("Coya Dubai")	Restaurant establishment	U.A.E.
Cüneyt Usta Restoran Gıda Turizm Ticaret A.Ş.	Restaurant establishment	Turkey
D Eğlence Bar Restoran İşletmeciliği ve Yatırım A.Ş. ("D Eğlence")	Restaurant establishment	Turkey
D Et ve Et Ürünleri Gıda Pazarlama Ticaret A.Ş. ("D Et")	Establishment and management of restaurants and cafes	Turkey

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOT 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

<u>Subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
D Hospitality BV	Investment company	The Netherlands
D Nusret International Holding BV	Investment company	The Netherlands
D Nusret International B.V.	Investment company	The Netherlands
Doğuş Perakende Satış, Giyim ve Aksesuar Ticaret A.Ş. ("Doğuş Perakende")	Retail sale services	Turkey
Dream Global B.V.	Investment company	The Netherlands
Dream International B.V.	Investment company	The Netherlands
Dream International Coöperatif U.A.	Investment company	The Netherlands
Nahita Global Ltd. (eski adı ile "Dream IP Limited")	Investment company	United Kingdom
Dream Management Services LLC	Investment and management company	U.A.E.
Etiler Kebapçılık Restoran A.Ş. ("Etiler Kebapçılık")	Restaurant establishment	Turkey
Etiler Turistik Tesisler İşletmeciliği Ticaret A.Ş. ("Etiler Turistik")	Establishment and management of restaurants and cafes	Turkey
Günaydın Çamlıca Restoran Gıda Turizm Ticaret A.Ş.	Restaurant establishment	Turkey
Günaydın Et Sanayi ve Ticaret A.Ş. ("Günaydın Et")	Establishment and management of restaurants and cafes	Turkey
Günaydın International Holding B.V. ("Günaydın Int. B.V")	Investment company	The Netherlands
Günaydın International Holding Coöperatief U.A. ("Günaydın Int. Coop")	Investment company	The Netherlands
Günaydın Restaurant LLC ("Günaydın Restaurant")	Restaurant establishment	U.A.E.
Gunaydın Restaurant LLC	Restaurant establishment	U.S.A.
Gunaydın US Inc.	Non-operating company	U.S.A.
Gunaydın UK Ltd.	Non-operating company	United Kingdom
Günaydın Üretim ve Lojistik A.Ş.	Establishment and management of restaurants and cafes	Turkey
Havana Yayıncılık Turizm ve Gıda Pazarlama Ticaret A.Ş. ("Havana Yayıncılık")	Establishment and management of restaurants and cafes	Turkey
Kivahan Turizm Ticaret A.Ş. ("Kivahan")	Restaurant establishment	Turkey
Lacivert Turizm A.Ş. ("Lacivert")	Restaurant establishment	Turkey
Meat Master LLC	Restaurant establishment	U.S.A.
Luxury Food Restaurant LLC ("Nusret Katar")	Restaurant establishment	Qatar
Meto Turizm İşletmeciliği Ve Tasarım Dekorasyon Ticaret A.Ş. ("Meto Turizm")	Establishment and management of restaurants and cafes	Turkey
Mezzaluna Gıda İşletmecilik Sanayi ve Ticaret A.Ş. ("Mezzaluna")	Establishment and management of restaurants and cafes	Turkey
Nahita International Inc	Investment company	U.S.A.
Nahita International Limited	Investment company	United Kingdom
Nusret BH LLC	Restaurant establishment	U.S.A.
Nusret Boston LLC	Restaurant establishment	U.S.A.
Nusret Dallas LLC	Restaurant establishment	U.S.A.
Nusret Galleria Restaurant Limited	Restaurant establishment	B.A.E.
Nusret Holdings USA LLC	Investment company	U.S.A.
Nusret Las Vegas LLC	Restaurant establishment	U.S.A.
Nusret Miami LLC	Restaurant establishment	U.S.A.
Nusret Mykonos Restaurant Bar SA	Restaurant establishment	Greece
Nusret Riyadh for Food Services LLC	Investment company	Saudi Arabia
Nusret New York LLC	Restaurant establishment	U.S.A.
Nusret Restaurant L.L.C. ("Nusret Dubai")	Restaurant establishment	U.A.E.
Nusret FH NY LLC	Restaurant establishment	U.S.A.
Nusret UK Limited	Investment company	United Kingdom
Nusret US Inc.	Investment company	U.S.A.
Popülist Yiyecek İçecek Sanayi ve Ticaret A.Ş. ("Popülist")	Restaurant establishment	Turkey

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

<u>Subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
Restaurant Craft Limited ("Rüya Londra")	Restaurant establishment	United Kingdom
Ruya Restaurant LLC ("Rüya Dubai")	Restaurant establishment	U.A.E.
Sait Restoran Turizm İşletmeciliği İnş. Emlak ve Tic. A.Ş. ("Sait")	Restaurant establishment	Turkey
Saltbae Restaurant Limited	Restaurant establishment	U.A.E.
Saltbae NY LLC	Restaurant establishment	U.S.A.
Saltbae Restoran İşletmeciliği Turizm Perakende Tekstil ve Yat. A.Ş.	Retail	Turkey
Soya Restoran İşletmeciliği ve Ticaret A.Ş. ("Soya")	Restaurant establishment	Turkey
Tiendes Turizm İşletmeleri A.Ş. ("Tiendes")	Restaurant establishment	Turkey
Torch Handmade İçecek Pazarlama ve Dağıtım A.Ş. ("Torch Handmade")	Restaurant establishment	Turkey
Zuma Turizm ve Gıda Pazarlama Ticaret A.Ş. ("Zuma Turizm")	Restaurant establishment	Turkey
Saltbae Mykonos Restaurant - Bar Single Member SA	Restaurant establishment	Greece
<u>Joint ventures</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
Azumi Limited	Establishment and management of restaurants and cafes	United Kingdom
Azumi LLC	Restaurant establishment	U.S.A.
Azumi Madrid SL	Restaurant establishment	Spain
Azumi Management Services Ltd.	Investment company	United Kingdom
Azumi Saudi Limited	Restaurant establishment	Saudi Arabia
Beach-Chu Hallandale LLC	Restaurant establishment	U.S.A.
Beach-Chu Inc.	Investment company	U.S.A.
Inko Nito Garey St. LLC	Restaurant establishment	U.S.A.
Inko Nito Inc.	Investment company	U.S.A.
Inko Nito Broadwick Street Ltd.	Restaurant establishment	United Kingdom
Inko Nito West 3rd Street LLC	Restaurant establishment	U.S.A.
Inko Nito Limited	Restaurant establishment	U.S.A.
Mad Atelier International B.V. ("Mad Atelier")	Investment company	The Netherlands
Robata Holding USA LLC	Investment company	U.S.A.
Robata Rest Ltd	Restaurant establishment	United Kingdom
Roka Aldwych Ltd	Restaurant establishment	United Kingdom
Roka Limited (Roka Dubai)	Restaurant establishment	U.A.E.
Roka Mayfair Ltd	Restaurant establishment	United Kingdom
Roka Restaurant LLC	Restaurant establishment	U.S.A.
Taddeo Trading Ltd	Investment company	Thailand
Taraneete International Ltd	Restaurant establishment	Hong Kong
Tasfiye Halinde Kanlıca Turizm Sanayi A.Ş. ("Kanlıca Turizm")	Non-operating company	Turkey
Time Result Investments Ltd	Restaurant establishment	Virgin Islands
Wildfire Entertainment Ltd	Restaurant establishment	United Kingdom
Wildfire Holdings USA LLC	Investment company	U.S.A.
Zuma Bangkok Ltd	Restaurant establishment	Thailand
Azumi Cannes SAS (Formerly Zuma Cannes)	Restaurant establishment	France
Zuma Club LLC	Restaurant establishment	U.A.E.
Zuma Holdings USA LLC	Investment company	U.S.A.
Zuma Japanese Restaurant INC	Investment company	U.S.A.
Zuma Japanese Restaurant Miami LLC	Restaurant establishment	U.S.A.
Zuma Las Vegas LLC	Restaurant establishment	U.S.A.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

<u>Joint ventures</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
Zuma Mykonos S.A.	Restaurant establishment	Greece
Zuma NY LLC	Restaurant establishment	U.S.A.
Zuma Restaurant LTD. Abu Dhabi	Restaurant establishment	U.A.E.
Zuma Rome	Restaurant establishment	Italy
Zuma USA LLC	Investment company	U.S.A.

<u>Associates</u>	<u>Nature of business</u>	<u>Country of incorporation</u>
Amazonico Restaurants Ltd.	Restaurant establishment	U.A.E.
Amazonico Miami	Restaurant establishment	U.S.A.
Amazonico UK Limited	Investment company	United Kingdom
Central Asturcova S.L.U.	Restaurant establishment	Spain
El Gourmet de Jorge Juan S.L.U.	Restaurant establishment	Spain
IPE Velazquez 18. S.L.U.	Restaurant establishment	Spain
Metropolis 2020 Madrid	Restaurant establishment	Spain
Mosela Investments S.L.U.	Investment company	Spain
Puerta de Alcala 10. S.L.U.	Restaurant establishment	Spain
Restauradores Asturcova S.L.U. ("Paraguas")	Restaurant establishment	Spain
Secosilva Empresarial S.L.U.	Restaurant establishment	Spain
Ultramarinos Quintin S.L.U.	Restaurant establishment	Spain
XXV Bread and Food SL	Restaurant establishment	Spain

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

(a) Financial reporting standards

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and prepared in accordance with Turkish Financial Reporting Standards ("TFRS") in accordance with paragraph 9(b) of Decree Law No. 660. and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards.

POA made an announcement on 20 January 2022 in order to eliminate the hesitations regarding the application of IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies) in 2021 financial reporting period for the entities applying Turkish Financial Reporting Standards ("TFRS"). Accordingly, it has been stated that the entities applying TFRS should not adjust financial statements for TAS 29 Financial Reporting in Hyperinflationary Economies, and no new explanation has been made by the POA regarding the application of TAS 29. Considering that no new explanation has been made as of the date of these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2022 and for the year then ended. Therefore these consolidated financial statements are not intended to present fairly the consolidated financial position of the Group as of 31 December 2022 and the consolidated results of its operations and consolidated cashflows for the year then ended in accordance with IFRS.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

(b) Functional and presentation currency

These consolidated financial statements are presented in TRY which is Nahita Group's functional currency. The consolidated financial statements are presented in TRY, which is the Group's functional and reporting currency.

(c) Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 31 December 2022, the Group's current assets exceeded its current liabilities by TRY644.908 thousand (31 December 2021: Current liabilities exceeds its current assets by TRY2.204.800 thousand). On the other hand, the Group's cashflows generated from operating activities amounted to TRY3.027.281 thousand in 2022 (2021: TRY1.830.389 thousand).

Similarly, a positive performance was observed in operating profit in 2022 with the decline in Covid-19 impact and operating profit and net profit for the period were realized as TRY2.576.685 thousand and TRY534.214 thousand, respectively (2021: TRY1.177.501 thousand profit and TRY968.077 thousand loss).

Moreover, the Group is planning to strengthen its cash position with opening of new restaurants planned in 2023 in the European Union, the United Kingdom, the United States of America and the Middle East, and to use available credit limits in order to meet its need for liquidity. Furthermore, the parent of the Group, Doğu Holding, will continue to provide the necessary financial support for the strengthening of the financial structure of the Group. Accordingly, the Group management and the ultimate parent of the Group, Doğu Holding, believe that the Company has the ability to continue its operations in the foreseeable future.

2.2 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 31 December 2022 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2022, except for the new and amended TFRS standards which are valid as of 1 January 2022 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

a. *Standards, amendments and interpretations effective as of 31 December 2022:*

- **Amendment to TFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment did not have any impact on the financial position or performance of the Group.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.2 Amendments in International Financial Reporting Standards (Continued)

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', and TFRS 16, 'Leases'. The amendment did not have any impact on the financial position or performance of the Group.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 - Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Changes in accounting policies and estimates and errors

Any change in accounting policies resulting from the first-time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn't have any significant changes in accounting policy or accounting estimates in the current period.

2.4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the parent company, Nahita, its subsidiaries, joint arrangements and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Non-controlling interests ("NCI")

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Significant accounting policies (Continued)

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The table below sets out all consolidated subsidiaries and shows shareholding structure of these subsidiaries at 31 December:

	Direct and indirect ownership interest held by Nahita and its subsidiaries %		Proportion of effective interest of Nahita and its subsidiaries %	
	2022	2021	2022	2021
AD Yiyecek	70,00	70,00	70,00	70,00
A.L.E, Gıda	100,00	100,00	100,00	100,00
Altınhan	100,00	100,00	100,00	100,00
Bal Turizm	100,00	100,00	100,00	100,00
Bar Des Pres Holding	60,00	100,00	60,00	100,00
Bar Des Pres	100,00	100,00	100,00	100,00
Borsa	67,00	67,00	67,00	67,00
Coya Abu Dhabi	60,00	60,00	49,60	49,60
Coya Angel	62,50	62,50	51,66	51,66
Coya Ltd, Dubai	76,00	76,00	62,82	62,82
Coya Inc	100,00	100,00	82,66	82,66
Coya London	72,00	72,00	59,52	59,52
Coya Mykonos	60,00	60,00	49,60	49,60
Coya Barcelona (*)	60,00	-	60,00	-
Coya Restaurant LLC, Dubai	49,00	49,00	30,78	30,78
Coya Paris	60,00	60,00	49,60	49,60
Cüneyt Usta (*)	70,00	60,00	70,00	60,00
D Eğlence	100,00	100,00	100,00	100,00
D Et ve Et Ürünleri (*)	56,00	51,00	35,53	42,16
D Nusret International B.V. (*)	56,00	51,00	35,53	42,16
D Nusret International Holding B.V.	100,00	100,00	42,16	42,16
Dream Global B.V.	100,00	100,00	100,00	99,90
Dream International B.V.	82,66	82,66	82,66	82,66
Dream International Cooperatif U.A.	100,00	100,00	100,00	100,00
Dream Management	100,00	100,00	100,00	99,90
Etiler Kebapçılık	75,00	75,00	75,00	75,00
Etiler Turistik	100,00	100,00	100,00	100,00
Günaydın Restaurant LLC	100,00	100,00	70,00	70,00
Gunaydın Restaurants LLC	100,00	100,00	70,00	70,00

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2022**

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated)

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

2.4 Significant accounting policies (Continued)

	Direct and indirect ownership interest held by Nahia and its subsidiaries %		Proportion of effective interest of Nahia and its subsidiaries %	
	2022	2021	2022	2021
Gunaydın UK	100,00	100,00	70,00	70,00
Gunaydın US	100,00	100,00	70,00	70,00
Gunaydın Çanlıda	51,00	51,00	35,70	35,70
Gunaydın Et Sanayi	70,00	70,00	70,00	70,00
Gunaydın Int. Holding B.V.	100,00	100,00	70,00	70,00
Gunaydın Int. Holding Coop U.A.	100,00	100,00	70,00	70,00
Gunaydın Üretim Lojistik	100,00	100,00	70,00	70,00
Havana Yayıncılık	100,00	100,00	100,00	100,00
Kivahan	100,00	100,00	100,00	100,00
Lacivert	100,00	100,00	100,00	100,00
Luxury Food Restaurant LLC (Nusret Katlar)	60,00	60,00	25,29	25,29
Meat Master LLC	100,00	100,00	100,00	100,00
Meng Unlu Manuller (*)	-	100,00	-	42,16
Mezo Turizm	100,00	100,00	100,00	100,00
Mezzaluna	100,00	100,00	100,00	100,00
Nahia Dallas (*)	-	100,00	-	100,00
Nahia Global Ltd,	100,00	100,00	100,00	100,00
Nahia International Inc,	100,00	100,00	82,66	82,66
Nahia International Limited	100,00	100,00	82,66	82,66
Nusret BH	100,00	100,00	37,94	37,94
Nusret Boston	100,00	100,00	37,94	37,94
Nusret Dallas	100,00	100,00	37,94	37,94
Nusret Dubai	100,00	100,00	42,16	42,16
Nusret FH NY	100,00	100,00	37,94	37,94
Nusret Galleria	100,00	100,00	42,16	42,16
Nusret Holdings USA LLC	90,00	90,00	37,94	37,94
Nusret Miami LLC	100,00	100,00	37,94	37,94
Nusret Mykonos Restaurant	100,00	100,00	42,16	42,16
Nusret Miami South Beach LLC	100,00	100,00	37,94	37,94
Nusret New York LLC	100,00	100,00	37,94	37,94
Nusret Rüyadh	100,00	100,00	42,16	42,16
Nusret Las Vegas LLC	100,00	100,00	37,94	37,94
Nusret UK Limited	100,00	100,00	42,16	42,16
Nusret US Inc,	100,00	100,00	42,16	42,16
Populist	100,00	100,00	100,00	100,00
Rüya Restaurant LLC ("Rüya Dubai")	67,00	67,00	67,00	67,00
Restaurant Craft Limited ("Rüya Londra")	100,00	100,00	67,00	67,00
Salt	75,00	75,00	75,00	75,00
Saltbae LA (*)	-	100,00	-	37,94
Saltbae NY	100,00	100,00	35,53	37,90
Saltbae Mykonos Restaurant	78,43	78,43	33,06	-
Saltbae Restoran İşletmeciliği	100,00	100,00	42,16	33,06
Saltbae Restaurant Limited	100,00	100,00	100,00	42,16
Soya	-	100,00	-	100,00
The Tom Aikens Group Ltd (*)	-	100,00	-	58,46
Tom Aikens Ltd	100,00	100,00	70,00	58,46
Torch Handmade (*)	75,00	100,00	52,50	70,00
Tiendes	90,00	90,00	57,87	52,50
Zuma Turizm	90,00	90,00	57,87	57,87

(*) Explanations related to ownership interest rate changes are explained in Notes 27 and 28.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Significant accounting policies (Continued)

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(vi) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

(vii) *Associates (Equity-accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The cost of investments includes transaction costs. The consolidated financial statements include the Group's share of profit and loss and other comprehensive income of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associates, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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

2.4 Significant accounting policies (Continued)

The table below sets out the associates and shows the shareholding structure of the associates at 31 December:

	Proportion of effective interest of Nahita and its subsidiaries %	
	2022	2021
Amazonico UK Limited ⁽¹⁾	25,38	33,03
Amazonico Dubai ⁽¹⁾	25,38	33,06
Amazonico Miami ⁽¹⁾	25,38	-
Central Asturcova ⁽¹⁾	25,38	33,03
El Gourmet ⁽¹⁾	25,38	33,03
IPE Velazquez ⁽¹⁾	25,38	33,03
Mosela Investments	25,38	33,03
Puerta de Alcalá 10 ⁽¹⁾	25,38	33,03
Restauradores Asturcova S.L.U. ("Paraguas") ⁽¹⁾	25,38	33,03
Secosilva Empresarial ⁽¹⁾	25,38	33,03
Ultramarinos Quintin ⁽¹⁾	25,38	33,03
XXV Bread and Food SL ⁽¹⁾	25,38	33,06

⁽¹⁾ Consolidated under Mosela Investment.

(viii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation - when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture - when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Significant accounting policies (Continued)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The table below sets out the joint ventures and shows the shareholding structure of these joint ventures at 31 December:

	Proportion of effective interest of Nahita and its subsidiaries %	
	2022	2021
Abu Dhabi (*)	31,73	41,34
Azumi Limited	31,73	41,34
Azumi LLC (*)	31,73	41,34
Azumi Madrid SL (*)	31,73	41,34
Azumi Saudi Ltd (*)	15,87	20,67
Azumi Management Services LTD	31,73	41,34
Beach-Chu Hallandale LLC (*)	31,73	41,34
Beach-Chu Inc. (*)	31,73	41,34
Beach-Chu Las Olas LLC (*)	31,73	41,34
Inko Nito Broadwick Street Ltd. (*)	31,73	41,34
Inko Nito Garey St. LLC (*)	31,73	41,34
Inko Nito Inc. (*)	31,73	41,34
Inko Nito Limited (*)	31,73	41,34
Inko Nito West 3rd Street LLC (*)	31,73	41,34
Kanlica Turizm	49,00	49,00
Mad Atelier S.A.S.	60,00	60,00
Robata Holding USA LLC (*)	25,39	33,07
Robata Rest Ltd (*)	31,73	41,34
Roka Aldwych Ltd (*)	31,73	41,34
Roka Chelsea Ltd (*)	31,73	41,34
Roka Dubai (*)	30,15	39,27
Roka Mayfair Ltd (*)	31,73	41,34
Roka Restaurants (*)	30,15	39,27
Taddeo Trading Ltd (*)	31,73	41,34
Taraneete International Ltd (**)	-	41,33
Time Result International Ltd (*)	31,73	41,34
Zuma Bangkok Ltd (*)	15,33	20,26
Zuma Club LLC (*)	31,73	41,34
Zuma Cannes SAS (**)	31,73	41,34
Zuma Holdings USA (*)	31,73	41,34
Zuma Japanese Restaurant INC (*)	31,73	41,34
Zuma Japanese Restaurant Miami LLC (*)	31,73	41,34
Zuma Las Vegas LLC (*)	28,56	37,20
Zuma Mykonos (**)	15,87	20,67
Zuma NY LLC (*)	28,56	37,20
Zuma Rome (*)	31,73	41,34
Zuma USA LLC (*)	28,56	37,20

(*) Consolidated under Azumi Limited.

(**) Explanations related to ownership interest rate changes are explained in Notes 27 and 28

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Significant accounting policies (Continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent the hedge is effective.

The foreign currency exchange rates of EURO/TRY, US Dollar/TRY, GBP/TRY and AED/TRY as of the related periods are as follows:

	Bid	Offer	Bid	Offer
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
Euro/TRY	19,9349	19,9708	15,0867	15,1139
US Dollar/TRY	18,6983	18,7320	13,3290	13,3530
GBP/TRY	22,4892	22,6065	17,9667	18,0604
AED/TRY	3,5501	3,5565	1,6248	1,6460

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TRY at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TRY at average exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

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

2.4 Significant accounting policies (Continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented within equity in the translation reserve.

(c) Financial instruments

Recognition and measurement

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

(a) Financial assets carried at amortized cost

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

Impairment

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

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

2.4 Significant accounting policies (Continued)

(d) Property and equipment

(i) Recognition and measurement

Property and equipment purchased are recorded at their historical costs. Accordingly, items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except as explained below (See note: accounting policies 3(g)):

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labor,
- Any other costs directly attributable to bringing the asset to a working condition for its intended use,
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposals and the carrying amount of the item) is recognised, net in profit or loss in "gains from investment activities" or "losses from investment activities". When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets are complete and ready for use.

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

2.4 Significant accounting policies (Continued)

(d) Property and equipment

The estimated useful lives for the current period of significant items of property and equipment are as follows:

<u>Description</u>	<u>Year</u>
Buildings	50
Furniture and equipment	4-10
Motor vehicles	5-10

Leasehold improvements are amortised over shorter of useful lives or the periods of the respective leases, also on a straight-line basis.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented in intangible assets and goodwill account.

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized.

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

For goodwill and indefinite lived intangible assets, the Group evaluates whether there is any indication of impairment of the asset at each reporting period of financial position. If there is such an indicator, the carrying value of that asset is compared with the net realizable value expressing the higher amount to be obtained through use or sales. In order to recognise impairment, assets are grouped at the lowest level, which are separately identifiable cash flows (cash generating units).

(ii) Brand name

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

Brand name represents brand names resulting from acquisitions or revision of valuation work of net identifiable provisionally in the previous year. Brand names have indefinite useful lives and are tested for impairment annually

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

2.4 Significant accounting policies (Continued)

(e) Intangible assets

(iii) Franchise network

Franchise network represents "Kitchenette" franchise network which is related to the intangible asset recognised during the acquisitions in 2012. As at 31 December 2021, the Group had 2 Kitchenette, 1 of them are in international locations and the remaining locations are in Turkey.

(iv) Sponsorship contracts

The Group had sponsorship contracts generating revenue as at 31 December 2021. These sponsors are Türkiye Anadolu Efes Biracılık ve Malt San. A.Ş. ("Efes"), Cola - Coca-Cola İçecek A.Ş. ("Coca-Cola"), Mey İçki Sanayi ve Ticaret A.Ş. ("Mey"), Diversey Kimya Sanayi ve Ticaret Anonim Şirketi ("Diversey"), Unilever Sanayi ve Ticaret Türk Anonim Şirketi ("Unilever") (31 December 2020: These sponsors are, Efes, Coca-Cola, Mey, Diversey, Unilever)

(v) Other intangible assets

Other intangible fixed assets consist of cash flow rights. Other that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses (See accounting policy 3(g)).

(vi) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vii) Amortisation

Except for goodwill and brand names recognised in business combinations, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of franchise network is based on the fair value of the asset which is acquired through business combination under scope of TFRS 3 "Business Combinations". The amortisation period for franchise network is ten years. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

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

2.4 Significant accounting policies (Continued)

Amortisation of sponsorship contracts are based on the fair value of the asset which is acquired through business combination under scope of TFRS 3 "Business Combinations". The amortisation period for sponsorship contracts is ten years. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Employee benefits

(i) Provision for employment termination benefits

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees. The provision for employment termination benefits represents the balance sheet date value of the estimated future probable obligation of the Group's Turkish entities arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government.

TFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans.

The principal statistical assumptions used in the calculation of the total liability in the accompanying consolidated financial statements at 31 December were as follows:

	<u>2021</u>	<u>2020</u>
	<u>%</u>	<u>%</u>
Discount rate per annum	3.64	4.54
Annual turnover rate to estimate the probability of retirement	1.0 - 8.0	1.0 - 8.0

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and realised and change in actuarial assumptions. According to IAS 19 all actuarial differences are recognised in other comprehensive income.

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

2.4 Significant accounting policies (Continued)

(ii) Defined benefit plan

The Group is obliged to transfer certain amount of benefit on behalf of employees to Social Security Foundation of Turkey (Public Institution). Except the benefit payments made by the Group, the Group does not have any other liability. These benefits are recognised directly in profit or loss in personnel expenses as they accrue.

(iii) Vacation pay liability

Liabilities from unused vacation days are recognised a liability when the right is qualified.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract

(j) Revenue

The Group recognizes the revenue in the consolidated financial statements in accordance with the following basic principles:

- Identify the contracts with customer,
- Identify the performance obligations in contracts,
- Determine the transaction price in contracts,
- Transaction price allocation to performance obligations,
- Revenue recognition when each performance obligations are met.

Restaurant Sales

Revenues are derived principally from food and beverage sales. The Group does not rely on any major customers as a source of revenue. Revenue from restaurant sales is recognized when food and beverage products are sold. Restaurant sales are presented net of sales taxes and discounts. Revenue is recognised once the restaurant customer has been provided with the service. Deposits paid in advance and vouchers purchased are recorded as deferred income.

Interest income is recognised as interest accrues using the effective interest method. Dividend income from investments in associated entities is recognised when the shareholders' rights to receive payment have been established.

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

2.4 Significant accounting policies (Continued)

Sponsorship income

Sponsorship income are derived from certain monetary and non-monetary benefits received as part of the marketing activity of suppliers to sell their products. Sponsorship income is recorded with the performance of the service related to the sponsorship activity. The Group delays the revenue related to the collected long-term sponsorship agreements until the service is provided. There are no deferred costs associated with these revenues.

Dividend income

Dividend payables are recognised after the dividend distribution approval in the General Assembly

Sale of goods

The Group operates in retail chains and online for the sale of goods. It recognizes revenue when it transfers control of the goods to the customer. Retail sales are made for cash or credit cards. Discounts are recognized at the time revenue is recognized by deducting the amount of the discount from revenue.

(k) Leases

The Group- as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of 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 Group 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 Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

2.4 Significant accounting policies (Continued)

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group and

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset,
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment. 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 Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciates 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 Group applies 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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate

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

- a) Fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date and
- b) The exercise price of purchase option if the Group is reasonably certain to exercise that option and
- c) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on 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.

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

2.4 Significant accounting policies (Continued)

(k) Leases (Continued)

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 Group determines 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 Group remeasures the lease liability to reflect changes to the lease payments. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

- There is a change in the lease term. The Group determines the revised lease payments on the basis of the revised lease term or
- There is a change in the assessment of an option to purchase the underlying asset. The Group determines the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determines 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 Group remeasures the lease liability by discounting the revised lease payments, if either:

- There is a change in the amounts expected to be payable under a residual value guarantee. The Group determines the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determines the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group uses an unchanged discount rate. The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

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

- The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets and
- 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.

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

2.4 Significant accounting policies (Continued)

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of TFRS 16 and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss.

The Group - as a lessor

The Group leases out its investment property, including right-of-use assets. The Group classified these leases as operating leases. In operational leases, the leased assets are classified under investment properties in the consolidated statement of financial position and the rent income obtained is recognised in the consolidated statement of profit or loss at equal amounts during the lease period. Rent income is recognised in the consolidated profit or loss statement on a straight-line basis throughout the lease period.

The Group has applied TFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is a reasonably certain to be extended. The Group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

(l) Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains over financial assets and liabilities (excluding trade receivables and payables). Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings and foreign currency losses over financial assets and liabilities (excluding trade receivables and payables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position on entity basis.

(m) Trade receivables

Trade receivables arising from the provision of goods and services directly to the customer by the Group are recorded in the book with their first fair values and are followed by deducting the deprecation value from their discounted value by using the effective interest rate in the following periods. Short-term trade receivables with no interest rate are expressed in the invoice values if the interest accrual effect is insignificant.

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

2.4 Significant accounting policies (Continued)

(n) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(o) Income Tax

Income tax expense comprises current and deferred taxes. Current and deferred income taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes related to revaluation surplus reserve are recognised in other comprehensive income in revaluation surplus in equity on a net basis.

Deferred income tax asset is recognised and only limited with below mentioned conditions are met both for taxable temporary differences of Group and its subsidiaries

- Temporary differences will reverse in a foreseeable future period and
- There would be enough taxable income in order to utilise temporary differences

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

2.4 Significant accounting policies (Continued)

Deferred income tax liability is recognised except below mentioned conditions are met both for taxable temporary differences of Doğu Holding and its subsidiaries:

- Owners of the Company are able to control timing of reversal of temporary differences and
- Temporary differences would not be reversed probably in a foreseeable future period.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

A deferred income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred income tax assets are reviewed at each reporting date and are derecognised to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn domestic and foreign revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO ("Chief Executive Officer") and BOD members to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Related parties

For the purpose of the consolidated financial statements, shareholders having control, joint control or significant influence over the Group, fellow subsidiaries and key management personnel, together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties

(s) Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

(t) Share capital and dividends

Ordinary shares are classified as equity. Capital increases to existing shareholders are accounted for at par value as approved. Dividends payable on shares are recognized as an appropriation of the profit in the period in which they are declared. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split as netting of against the treasury share, without corresponding change in resources in total, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively.

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(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.4 Significant accounting policies (Continued)

(u) Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when financial statements were authorized for issue.

In the case that adjusting events occur after the reporting period, the Group adjusts the amounts recognised in its consolidated financial statements to reflect adjusting events after the reporting period. Moreover, non-adjusting events that are indicative of conditions that arose after the reporting period should be disclosed if they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions.

2.5 Critical Accounting Estimates and Judgments

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. The Group makes estimates and assumptions concerning the future. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Group management are as follows:

- a) In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill stated in Note 13, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group.
- b) As explained in Note 2.4, the lease payments are discounted using the interest rate implicit in the lease and the Group's incremental borrowing rate is used. Also, the management assess the expected length of some of the leases and this assessment takes into account non-cancellations and extension options.
- c) The Group amortises and depreciates its intangible assets and property and equipment over useful lives that are disclosed in Note 2.4
- d) Deferred income tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilised. When taxable profit is probable, deferred income tax assets is recognised for all temporary differences. For the year ended 31 December 2021 to the extent that the assumptions related to the Group's future taxable profit generation are considered adequate, deferred income tax asset is recognised (Note 10).

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

2.6 Comparative information and restatement of prior period consolidated financial statements

Group's consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Comparative figures are reclassified where necessary, to conform to changes in presentation in the current period financial statements.

The Group has decided to purchase 100% shares of Doğuş Perakende Satış Giyim ve Aksesuar Ticaret A.Ş. ("Doğuş Perakende") with the Board of Directors resolution dated 2 June 2022. The pooling of interest method has been used in accounting of the transaction in accordance with principle decision "Accounting of transactions under common control" by POA.

Since the entities subject to reorganisation are ultimately controlled by the same parties both before and after this reorganisation, the difference between consideration paid and net assets acquired from Doğuş Perakende is directly accounted as "impact of business combinations of entities under common control" under equity. According to "pooling of interest" method; financial statements are consolidated starting from 1 January 2021 and comparative financial statements are restated retrospectively for comparison purposes predecessor values are used and no goodwill is recognised on these transactions.

In combinations involving entities or businesses under common control, assets and liabilities subject to a business combination are recognised at their predecessor values in the financial statements. In addition, statements of income and cash flows were consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised; the difference between the company's net asset and cash paid is directly accounted for under 'Impact of business combination of entities under common control'.

The initial recognition of these takeovers in 1 January 2021 is accounted as follows:

- The balance sheets of the Company taken over are included in the financial statements of the Company.
- The opening balance of retained earnings from the Company taken over is included in 'impact of business combinations under common control' in equity.

In subsequent periods the balance sheet and statement of comprehensive income of the Company taken over are included in the financial statements. In addition; cash payment of TRY1.641.270 thousand is accounted for under 'impact of business combinations under common control' in equity.

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

Reconciliation of restated financial statements are as follows:

Reconciliation of balance sheet as at 1 January 2021:

	Previously restated financial statements	Effects of restatement	Restated financial statements
Cash and cash equivalents	314.770	78.049	392.819
Trade receivables	64.078	24.207	88.285
Other receivables	40.867	1.239	42.106
Inventories	49.455	143.931	193.386
Other current assets	134.755	49.169	183.924
Total current assets	603.925	296.595	900.520
Financial investments	3.111	-	3.111
Investments accounted for using the equity method	1.676.880	-	1.676.880
Right of use assets	769.802	80.686	850.488
Property and equipment	668.807	15.799	684.606
Goodwill	658.375	-	658.375
Other intangible assets	365.437	778	366.215
Deferred income tax assets	100.321	1.303	101.624
Other non-current assets	12.704	392	13.096
Total non-current assets	4.255.437	98.958	4.354.395
Total assets	4.859.362	395.553	5.254.915
Short term portion of long term borrowings	217.106	13.194	230.300
Liabilities from leasing transactions	147.885	19.568	167.453
Trade payables	169.917	10.217	180.134
Other payables	396.159	40.318	436.477
Current income tax liabilities	4.445	-	4.445
Short term provisions	18.569	3.518	22.087
Other current liabilities	153.649	9.440	163.089
Total current liabilities	1.107.730	96.255	1.203.985

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

2.6 Comparative information and restatement of prior period consolidated financial statements (Continued)

Reconciliation of balance sheet as at 1 January 2021 (Continued):

	Previously reported financial statements	Effects of restatement	Restated financial statements
Long term borrowings	2.791.060	161.486	2.952.546
Liabilities from leasing transactions	661.005	68.729	729.734
Other payables	-	1.641.270	1.641.270
Deferred income tax liabilities	75.520	-	75.520
Long term provisions for employment termination benefits	21.360	2.225	23.585
Deferred revenue	90.355	-	90.355
Other non-current liabilities	264.191	-	264.191
Total non-current liabilities	3.903.491	1.873.710	5.777.201
Total liabilities	5.011.221	1.969.965	6.981.186
Share capital	892.877	-	892.877
Other comprehensive income/expense to be reclassified to profit or loss	480.869	-	480.869
Other comprehensive income/expense not to be reclassified to profit or loss	(12.675)	(128)	(12.803)
Restricted reserves	9.557	437	9.994
Impact of combination of entities under common control	-	(1.534.447)	(1.534.447)
Accumulated losses	(1.128.594)	(46.376)	(1.174.970)
Loss for the period	(1.071.846)	6.102	(1.065.744)
Total equity attributable to owners of the Company	(829.812)	(1.574.412)	(2.404.224)
Total non-controlling interests	677.953	-	677.953
Total equity	(151.859)	66.858	(1.726.271)
TOTAL LIABILITIES AND EQUITY	4.859.362	395.553	5.254.915

Reconciliation of balance sheet and income statement as at 31 December 2021:

	Previously restated financial statements	Effects of restatement	Restated financial statements
Cash and cash equivalents	784.765	195.873	980.638
Financial investments	25.445	-	25.445
Trade receivables	159.258	29.727	188.985
Other receivables	17.008	30.364	47.372
Inventories	129.877	157.599	287.476
Other current assets	231.033	33.379	264.412
Total current assets	1.347.386	446.942	1.794.328

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

2.6 Comparative information and restatement of prior period consolidated financial statements (Continued)

Balance sheet as at 31 December 2021 (Continued)	Previously reported financial statements	Effects of restatement	Restated financial statements
Financial investments	2.673	-	2.673
Investments accounted for using the equity method	3.027.153	-	3.027.153
Right of use assets	1.265.840	106.871	1.372.711
Property and equipment	1.370.166	30.443	1.400.609
Goodwill	862.474	819	863.293
Other intangible assets	432.484	14	432.498
Deferred income tax assets	65.308	1.200	66.508
Other non-current assets	29.595	4.544	34.139
Total non-current assets	7.055.693	143.891	7.199.584
Total assets	8.403.079	590.833	8.993.912
Short term portion of long term borrowings	325.257	18.792	344.049
Liabilities from leasing transactions	253.986	33.635	287.621
Trade payables	456.967	28.356	485.323
Other payables	840.521	1.597.470	2.437.991
Short term provisions	45.551	2.273	47.824
Other current liabilities	388.229	8.091	396.320
Total current liabilities	2.310.511	1.688.617	3.999.128
Long term borrowings	4.432.105	237.946	4.670.051
Liabilities from leasing transactions	1.078.792	75.003	1.153.795
Deferred income tax liabilities	77.294	-	77.294
Long term provisions for employment termination benefits	33.627	2.955	36.582
Deferred revenue	38.369	969	39.339
Other non-current liabilities	717.828	-	717.827
Total non-current liabilities	6.378.015	232.440	6.694.888
Total liabilities	8.688.526	279.787	10.694.016
Share capital	1.044.629	-	1.044.629
Other comprehensive income/expense to be reclassified to profit or loss	1.610.792	-	1.610.792
Other comprehensive income/expense not to be reclassified to profit or loss	(21.259)	-	(21.259)
Restricted reserves	11.897	437	12.334
Impact of combination of entities under common control	-	(1.534.447)	(1.534.447)
Accumulated losses	(2.604.942)	(55.578)	(2.660.520)
Loss for the period	(1.595.733)	174.931	(1.420.802)
Total equity attributable to owners of the Company	(1.554.616)	(1.414.657)	(2.969.273)
Total non-controlling interests	1.269.169	-	1.269.169
Total equity	(285.447)	(2.969.273)	(1.700.104)
TOTAL LIABILITIES AND EQUITY	8.403.079	590.833	8.993.912

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

2.6 Comparative information and restatement of prior period consolidated financial statements (Continued)

Profit and loss table for the period 1 January - 31 December 2021:	Previously reported financial statements	Effects of restatement	Restated financial statements
Revenue	3.102.174	708.433	3.810.607
Cost of sales (-)	(2.021.255)	(338.272)	(2.359.527)
Gross profit	1.080.919	370.161	1.451.080
Sales and marketing expenses (-)	(25.922)	(151.903)	(177.825)
General administrative expenses (-)	(328.306)	(33.951)	(362.257)
Share of profit of equity accounted investees	200.602	-	200.602
Other operating income	38.036	47.618	85.654
Other operating expenses (-)	(13.336)	(6.416)	(19.753)
Operating profit	951.993	225.508	1.177.501
Income from investment activities	1.475	-	1.475
Losses from investment activities (-)	(58.719)	-	(58.719)
Operating profit before finance expense	894.749	225.508	1.120.257
Financial income	744.185	68.457	812.642
Financial expenses (-)	(2.645.063)	(118.963)	(2.764.026)
Loss before tax	(1.006.129)	175.002	(831.127)
Current income tax expenses	(97.946)	-	(97.946)
Deferred tax expense	(38.933)	(71)	(39.004)
Net loss for the year	(1.143.008)	174.931	(968.077)
Loss attributable to:			
Non-controlling interests	452.725	-	452.725
Owners of the Company	(1.595.733)	174.931	(1.420.802)

NOTE 3 - DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

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NOTE 3 - DETERMINATION OF FAIR VALUE (Continued)

(b) Intangible assets

The fair values of intangible assets determined as a result of business combination, which comprise franchise network, sponsorship contracts and brand names acquired in business combinations, are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Trade receivables/due from related parties

The fair value of trade and due from related parties is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for initial recognition and disclosure purposes or when such liabilities are acquired through a business combination. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(e) Contingent consideration

The fair value of contingent consideration is measured based on discounted cash flow model based on expected payment amounts and the probability of related payments. When appropriate, contingent considerations are reduced to their present value (Note 17)

NOTE 4 - FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors of the Group is generally responsible for the determination and oversight of the Group's risk management framework. The Group acts proactively in terms of risk management to ensure that business operations in different regions are not adversely affected as a result of the risks of market, operational, liquidity and counterparty failure to fulfill its obligations.

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NOTE 4 - FINANCIAL RISK MANAGEMENT

(a) Credit (Receivables) risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group accounts for provision for impairment of receivables when there is objective evidence that the receivables will not be collected at their maturity. It is considered that the deposits kept in financial institutions are exposed to minimum credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD, EUR, GBP and United Arab Emirates Dirhams ("AED").

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies. In addition, a natural foreign currency risk management occurs due to the Group's net investments in foreign operations.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk which is the difference in repricing characteristics of the various floating rate indices, such as year-end libor and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's business strategies.

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NOTE 5 - SEGMENT REPORTING

Geographical segments

As of 31 December 2022, the Group has no segment reporting obligation in accordance with the 2nd paragraph of TFRS 8, "Operating segments" standard. However, management believes that presenting segment information is beneficial to users of financial statements, financial information of operating segment in Note 5 is prepared in accordance with the following accounting policies.

The Group operates principally in Turkey, but also has operations in the United Kingdom, U.S.A., the Netherlands, U.A.E., Qatar, Greece, Thailand, Spain and France. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

As at and for the years ended 31 December, total geographical sector risk concentrations, both on and off consolidated statement of financial position, are presented below:

The financial information of the joint ventures was included in the segment results, prepared within the reporting framework of the Group's managerial approach, by combined method (as 100%). The below information about the segments was prepared as "combined financial information" and before consolidation adjustments and eliminations.

31 December 2022	Turkey	Foreign countries	Total
Revenue	3.763.388	5.689.305	9.452.693
Non-current assets (*)	5.807.878	3.667.608	9.475.486
31 December 2021	Turkey	Foreign countries	Total
Revenue	2.138.008	1.672.599	3.810.607
Non-current assets (*)	3.212.274	3.987.310	7.199.584

(*) Non-current assets exclude financial instruments and deferred income tax assets.

The reconciliations of the combined financial information to the amounts reported in the accompanying consolidated financial statements for the year ended 31 December were presented separately as follows:

	2022	2021	
a) Revenue			
Combined	16.195.156	6.348.493	
Joint ventures	(6.156.886)	(2.357.609)	
Consolidation and elimination adjustments	(585.577)	(180.277)	
Total	9.452.693	3.810.607	
	2022	2021	2020
b) Non-current assets			
Combined	18.303.768	9.638.044	5.340.167
Joint ventures	(9.732.871)	(3.007.683)	(1.902.040)
Consolidation and elimination adjustments	904.589	569.223	916.268
Total	9.475.486	7.199.584	4.354.395

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NOTE 6 - CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Cash on hand	14.090	11.716	2.815
Cash at banks	1.464.927	944.863	382.265
- Demand deposits	999.765	660.296	285.887
- Time deposits (*)	465.162	284.567	96.378
Other liquid assets (**)	58.926	24.059	7.739
	1.537.943	980.638	392.819

(*) As at 31 December 2022, the average effective interest rates of time deposits for TRY, USD and EUR are %25.56, and %1,5, respectively (31 December 2021: Average effective interest rates are %17.08, %3.5 and %0.92, respectively). As at 31 December 2022, the maturity date of time deposits for TRY and USD is 5 days (31 December 2021: the maturity date of time deposits for TRY and USD is 3 days and for EUR is 5 days).

(**) Other liquid assets mainly composed of credit card receivables and credit card receivables' due dates are less than three months

There are no blocked deposits as at 31 December 2022 and 2021. Foreign currency and credit risk exposure of cash and cash equivalents are presented under Note 26.

NOTE 7 - JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

Investments in equity-accounted associates and joint ventures and the Group's share of control are as follows:

	31 December 2022		31 December 2021		31 December 2020	
	Carrying value	% of ownership	Carrying value	% of ownership	Carrying value	% of ownership
Associates-equity accounted						
Paraguas	1.546.908	40,00	1.051.900	40,00	605.726	40,00
Joint ventures-equity accounted						
Azumi Limited	2.526.031	50,01	1.900.852	50,01	1.004.225	50,01
Other	67.010	-	74.401	-	66.929	-
	4.139.949		3.027.153		1.676.880	

The movement in investments in equity accounted investees were as follows:

	2022	2021
Balance at 1 January	3.027.153	1.676.880
Share of profit of equity accounted investees	604.806	200.602
Share of other comprehensive income	1.000.192	1.149.621
Changes in the scope of consolidation	-	50
Dividends	(492.202)	-
Balance at 31 December	4.139.949	3.027.153

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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NOTE 7 - INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (Continued)

Share of profit / (loss) of equity accounted investees

For the years ended 31 December, share of profit/ (loss) of investments in equity accounted investees comprised the following:

	2022	2021
Azumi Limited	409.335	126.508
Paraguas	195.473	74.102
Kanlıca Turizm	(2)	(8)
Total	604.806	200.602

Share of other comprehensive income/(expense) of equity accounted investees

For the years ended 31 December, share of other comprehensive income/(expense) of investments in equity accounted investees comprised the following:

	2022	2021
Azumi Limited	700.388	774.283
Paraguas	299.804	375.338
Total	1.000.192	1.149.621

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

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NOTE 7 - INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (Continued)

The table below presents the financial information of the joint ventures and the associates as adjusted to comply with accounting policies adopted by the Group; which is applied before consolidating to the Group with the equity method:

	31 December 2022						31 December 2022		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenue	Net profit/(loss)	Other comprehensive income/(expense)
Azumi Limited	1.342.043	7.421.327	8.763.370	1.009.945	2.458.783	3.468.728	3.937.693	818.503	1.400.490
Paraguas	1.524.952	2.311.544	3.836.496	1.150.591	1.202.995	2.353.586	2.219.193	488.683	748.837
	31 December 2021						31 December 2021		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenue	Net profit/(loss)	Other comprehensive income/(expense)
Azumi Limited	1.117.277	5.633.977	6.751.254	1.122.466	1.520.945	2.643.411	1.469.310	280.100	1.548.249
Paraguas	872.896	1.371.487	2.244.383	778.599	829.306	1.607.905	888.299	185.255	938.911
	31 December 2020								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities			
Azumi Limited	382.130	2.840.855	3.222.985	367.899	917.952	1.285.851			
Paraguas	228.664	759.315	987.979	265.831	491.893	757.724			

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As of 31 December, current trade receivables comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Trade receivables from third parties	301.380	188.985	88.285
	301.380	188.985	88.285

	31 December 2022	31 December 2021	31 December 2020
Accounts receivables	291.818	179.855	62.489
Doubtful receivables	2.474	2.280	4.104
Other trade receivables	8.333	8.042	25.796
Total	302.625	190.177	92.389
Allowance for doubtful receivables (-)	(1.245)	(1.192)	(4.104)
Total trade receivables	301.380	188.985	88.285

Movements in the allowance for doubtful receivables were as follows:

	2022	2021
Balance at the beginning of the year	1.192	4.104
Provision for the year	407	37
Collections during the year	(354)	(2.949)
Balance at the end of the year	1.245	1.192

Liquidity and foreign currency risk regarding trade receivables are disclosed in Note 26.

Current trade payables

As of 31 December, current trade payables comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Trade payables to third parties	955.540	485.323	180.134
	955.540	485.323	180.134

Trade payables mainly comprised unpaid amounts arises from purchases and other expenditures.

Liquidity and foreign currency risk regarding trade payables are disclosed in Note 26.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Current other receivables

As of 31 December, current other receivables comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Other receivables from related parties (Note 25)	987.732	44.306	41.356
Other receivables from third parties	8.333	3.066	750
Total	996.065	47.372	42.106

Current other payables

As of 31 December, current other payables comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Other payables to related parties (Note 25)	534.599	2.437.991	436.477
Total	534.599	2.437.991	436.477

Non-current other payables

As of 31 December, non-current other payables comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Other payables to related parties (Note 25)	-	-	1.641.270
Total	-	-	1.641.270

NOTE 10 - TAXATION

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

In Turkey, corporate tax rate is 23% as of 31 December 2022 (2021: 25%). The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exemptions in the tax laws. With the change in the Corporate Tax Law, which was published in the Official Gazette dated April 22, 2022, and numbered 31462, the corporate tax rates in Turkey will be applied at the rates of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022.

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NOTE 10 - TAXATION

The Law on the Amendment of Tax Procedural Law and Corporate Tax Law was enacted on 20 January 2022 with Law No. 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2022 and 2022 accounting periods and 2023 accounting period, including the temporary accounting periods, regardless of whether the conditions for inflation adjustment within the scope of Repeated Article 298 are met.

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and 50% of the gains derived from the sale of real estate property which have remained in assets for more than two full years are exempt from corporate tax (2021: respectively 75% and 50%). The relevant gain is required to be held in a fund account in equity for at least five years to gain the right to use the exemption. The remaining 25% is subject to corporate tax.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

Tax applications for foreign subsidiaries of the Group

United Kingdom

As at 31 December 2022, enacted corporation tax rate is 19 percent for the entities registered in the United Kingdom according to local tax law (31 December 2021: 19 percent).

United Arab Emirates

As at 31 December 2022, the Group has two subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, certain taxes are implemented in different sectors in different Emirates. As at 31 December 2022 and 2021, the Group's subsidiaries operating in Dubai is not subject to corporate tax.

The Netherlands

In the Netherlands, corporate tax is levied at the rate of 20 percent (31 December 2021: 20 percent) for tax profits up to Euro 200,000 and 25 percent (31 December 2021: 25 percent) for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5 percent computed only on the amounts of dividend distribution at the time of such payments.

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NOTE 10 - TAXATION

Under the Dutch taxation system, tax losses can be carried forward for nine years to offset against future taxable income. Tax losses can be carried back to one prior year. Companies must file their tax returns within nine months following the end of the tax year to which they relate unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

Greece

As at 31 December 2022, enacted corporation tax rate is 24 percent for the entities registered in Greece according to local tax law (31 December 2020: 24 percent).

Qatar

As at 31 December 2022, enacted corporation tax rate is 10 percent for the entities registered in Qatar according to local tax law (31 December 2020: 10 percent).

United States of America

As at 31 December 2022, enacted corporation tax rate is 21 percent for the entities registered in United States of America according to local tax law (31 December 2020: 21 percent).

Saudi Arabia

As at 31 December 2022, enacted corporation tax rate is 20 percent for the entities registered in Saudi Arabia according to local tax law (31 December 2020: 20 percent).

Tax recognised in profit or loss

Tax expense for the years ended 31 December comprised the following items:

	2022	2021
Current tax expense	(386.064)	(97.946)
Deferred tax income/(expense)	65.629	(39.004)
Total tax expense	(320.435)	(136.950)

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NOTE 10 - TAXATION (Continued)

Reconciliation of effective tax rate

The reported tax expense for the years ended 31 December are different than the amounts computed by applying tax rate to results before taxes as shown in the following reconciliation:

	2022		2021	
	Amount	%	Amount	%
Reported income/(loss) before taxation	854.649		(831.127)	
Taxes on reported profit per tax rate of Group	(196.569)	(23)	207.782	(25)
Effects of expense non-deductible	(51.029)	6	(68.159)	8
Discounts and allowances	15.486	(2)	35.486	(4)
Effect of share of profit of equity-accounted investees	139.105	(16)	50.151	(6)
Reversal of previous year's losses on which deferred tax has been calculated	-	-	(72.162)	9
Differences in tax rates (*)	83.344	(10)	57.059	(7)
Effects of revaluation	45.702	(5)	-	-
Current period losses for which no deferred tax asset was recognised	(329.788)	39	(346.904)	42
Others, net	(26.686)		(203)	
Tax expense	(320.435)		(136.950)	

(*) Differences in tax rates comprised of current year tax expense of entities operated in United Arab Emirates including Nusret Restaurant LLC, Nusret Galleria Ltd. ve Saltbae DIFC, where there is no federal corporate tax in United Arab Emirates.

Taxes payable on income

Taxes payable on income as at 31 December comprised the following:

	2022	2021	2020
Total tax expense	111.822	56.083	23.111
Less: Current taxes paid in advance	(28.950)	(116.917)	(18.666)
Taxes payable on income	82.872	(60.834)	4.445

Deferred income tax assets and liabilities

Deferred income tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Net deferred income tax assets and liabilities recognised in the Subsidiaries' financial statements prepared in accordance with TFRS, are separately classified under deferred tax assets and liabilities accounts in Nahita Group's consolidated balance sheet. Temporary differences and deferred tax liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

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NOTE 10 - TAXATION (Continued)

Recognised deferred income tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities at 31 December are attributable to the items detailed in the table below:

	2022		2021		2020	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Property and equipment	88.139	(47.431)	32.243	(26.691)	5.099	(3.955)
Intangible assets	11.203	(6.376)	5.171	(51.415)	20.163	(78.429)
Loans and borrowings	64.642	(49.858)	51.722	(21.554)	28.006	(22.766)
Provisions	6.919	(6.984)	20.907	(10.498)	8.444	(617)
Other temporary differences	8.981	(2.181)	2.572	(13.243)	2.760	(4.763)
Total deferred income tax assets/(liabilities)	179.884	(112.830)	112.615	(123.401)	64.472	(110.530)
Tax losses carried forward	-	-	-	-	72.162	-
Net off tax	(34.417)	34.417	(46.107)	46.107	(33.553)	33.553
Deferred income tax assets/(liabilities), net	145.467	(78.413)	66.508	(77.294)	103.081	(76.977)

Movements in deferred tax assets / (liabilities) were as follows:

	2022	2021
1 January	(10.786)	26.104
Recognised in profit or loss	65.629	(39.004)
Recognised in other comprehensive income	12.211	2.114
31 December	67.054	(10.786)

The table below shows the expiration date of the tax losses carried forward for which no deferred income tax asset has been recognised.

	31 December 2022	31 December 2021	31 December 2020
2021	-	-	233.228
2022	-	80.676	133.994
2023	64.078	64.078	117.993
2024	397.410	363.233	363.233
2025	876.981	877.202	877.202
2026	1.889.256	408.674	-
	3.227.725	1.793.863	1.725.650

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NOTE 11 - PROPERTY AND EQUIPMENT

Movements of property and equipment and related accumulated depreciation during the year ended 31 December 2022 were as follows:

Cost	1 January 2022	Additions	Disposals	Transfers (*)	Written-off	Currency translation differences	31 December 2022
Buildings	126.180	2.431	-	-	-	-	128.611
Furniture and equipment	546.456	212.265	(12.349)	167.677	-	108.797	1.022.846
Leasehold improvements	1.019.174	281.732	(37.166)	273.830	-	259.141	1.796.711
Motor vehicles	5.837	5.975	(400)	877	-	30	12.319
Construction in progress	389.873	12.151	-	(464.793)	(18.814)	104.476	22.893
Total cost	2.087.520	514.554	(49.915)	(22.409)	(18.814)	472.444	2.983.380
Less: Accumulated depreciation	1 January 2022	Additions	Disposals	Transfers (*)	Written-off	Currency translation translation	31 December 2022
Buildings	(14.255)	(2.227)	-	-	-	-	(16.482)
Furniture and equipment	(298.503)	(140.841)	9.472	-	-	(61.441)	(491.313)
Leasehold improvements	(368.546)	(222.415)	20.003	-	-	(82.605)	(653.563)
Motor vehicles	(3.903)	(1.254)	396	-	-	(17)	(4.778)
Total accumulated depreciation	(685.207)	(366.737)	29.871	-	-	(144.063)	(1.166.136)
Net book value	1.402.313						1.817.244
Less: Impairment in value	(1.704)						(1.704)
Net carrying value	1.400.609						1.815.540

(*) Consists of transfers from construction in progress to furniture and equipment and leasehold improvements in 2022.

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NOTE 11 - PROPERTY AND EQUIPMENT (Continued)

Movements of property and equipment and related accumulated depreciation during the year ended 31 December 2021 were as follows:

Cost	1 January 2021	Additions	Disposals	Transfers ^(*)	Written-off	Currency translation differences	Acquisitions	Changes in the scope of consolidation	31 December 2021
Buildings	125.599	581	-	-	-	-	-	-	126.180
Furniture and equipment	335.777	81.964	(28.582)	34.165	(4.962)	107.944	5.880	14.270	546.456
Leasehold improvements	561.695	150.934	(30.700)	55.250	(7.563)	265.269	3.482	20.807	1.019.174
Motor vehicles	3.827	1.888	(131)	-	-	71	-	182	5.837
Construction in progress	103.181	364.021	(6.150)	(104.973)	(57.223)	87.469	-	3.548	389.873
Total cost	1.130.079	599.388	(65.563)	(15.558)	(69.748)	460.753	9.362	38.807	2.087.520
Less: Accumulated depreciation	1 January 2021	Additions	Disposals	Transfers ^(*)	Written-off	Currency translation differences	Acquisitions	Changes in the scope of consolidation	31 December 2021
Buildings	(12.056)	(2.199)	-	-	-	-	-	-	(14.255)
Furniture and equipment	(195.460)	(56.857)	3.243	-	4.336	(51.550)	(2.215)	-	(298.503)
Leasehold improvements	(233.210)	(87.784)	10.933	-	6.693	(63.393)	(1.785)	-	(368.546)
Motor vehicles	(3.043)	(887)	27	-	-	-	-	-	(3.903)
Total accumulated depreciation	(443.769)	(147.727)	14.203	-	11.029	(114.943)	(4.000)	-	(685.207)
Net book value	686.310								1.402.313
Less: Impairment in value	(1.704)								(1.704)
Net carrying value	684.606								1.400.609

^(*) Consists of transfers from construction in progress to furniture and equipment and leasehold improvements in 2021.

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NOTE 12 - RIGHT OF USE ASSETS

As of 31 December 2022, right of use assets comprised the following:

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost:					
Restaurants	1.901.459	483.381	(165.087)	483.441	2.703.194
Stores	150.104	39.107	-	-	189.211
Motor vehicles	5.577	10.205	-	-	15.782
	2.057.140	532.693	(165.087)	483.441	2.908.187
Accumulated depreciation:					
Restaurants	(635.619)	(304.797)	83.544	(170.086)	(1.026.958)
Stores	(45.250)	(37.673)	-	-	(82.923)
Motor vehicles	(3.560)	(3.098)	-	-	(6.658)
	(684.429)	(345.568)	83.544	(170.086)	(1.116.539)
Net book value	1.372.711				1.791.648

As of 31 December 2021, right of use assets comprised the following:

	1 January 2021	Additions	Disposals	Currency translation differences	Changes in the scope of consolidation	Acquisitions	31 December 2021
Cost:							
Restaurants	1.023.882	235.799	(8.715)	627.831	22.662	-	1.901.459
Stores	111.450	1.358	-	-	-	37.296	150.104
Motor vehicles	2.140	3.437	-	-	-	-	5.577
	1.137.472	240.594	(8.715)	627.831	22.662	37.296	2.057.140
Accumulated depreciation:							
Restaurants	(254.080)	(197.452)	841	(184.928)	-	-	(635.619)
Stores	(31.544)	(13.706)	-	-	-	-	(45.250)
Motor vehicles	(1.360)	(2.200)	-	-	-	-	(3.560)
	(286.984)	(213.358)	841	(184.928)	-	-	(684.429)
Net book value	850.488						1.372.711

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NOTE 13 - INTANGIBLE ASSETS

At 31 December, intangible assets and goodwill comprised the following:

	2022	2021	2020
Goodwill	1.029.241	863.293	658.375
Other intangible assets	490.988	432.498	366.215
	1.520.229	1.295.791	1.024.590

Goodwill

The movements in goodwill were as follows:

	2022	2021
Balance at 1 January	863.293	658.375
Acquisitions	-	819
Currency translation differences	165.948	204.099
Balance at 31 December	1.029.241	863.293

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NOTE 13 - INTANGIBLE ASSETS (Continued)**Goodwill (Continued)**

At 31 December, goodwill comprised the following:

Entity	Acquisition cost	Net asset fair value	Acquisition date	Shares acquired %	Group share	Cumulative adjustment for currency translation	31 December 2022 net amount	31 December 2021 net amount	31 December 2020 net amount
Günaydın	316.884	94.941	August 2014	70,00	66.459	-	250.425	250.425	250.425
Coya	147.632	32.362	January 2017	76,00-72,00	140.714	516.820	657.534	522.575	318.476
Sele Restoran Grubu	54.625	24.061	April 2015	67,00	16.121	-	38.504	38.504	38.504
Etiler Turistik	28.112	15.182	August 2013	75,00	11.386	-	16.726	16.726	16.726
D Et	21.859	15.179	April 2012	51,00	7.741	-	14.118	14.118	14.118
Sait Balıkçılık	8.061	5.062	December 2013	60,00	3.037	-	5.024	5.024	5.024
Meto Turizm	8.385	4.897	August 2013	75,00	3.673	-	4.712	4.712	4.712
Lacivert	9.145	5.971	May 2013	75,00	4.478	-	4.667	4.667	4.667
Kivahan	3.619	1.509	April 2012	51,00	770	-	2.849	2.849	2.849
LPM İstanbul	1.461	1.413	February 2015	100,00	1.413	-	2.874	2.874	2.874
Kiko Kozmetik	50.398	49.578	December 2021	51,00	819	-	31.808	819	-
						516.820	1.029.241	863.293	658.375

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Goodwill (Continued)

Impairment testing for goodwill

The Group performs annual impairment tests for goodwill and other intangible assets (brand names) that have indefinite useful life, together in each CGU.

The valuations of the fair value of equities of Günaydın, D-Et, Coya Group, Kivahan, Mezzaluna, Lacivert, Sait Balıkçılık, Etiler Turistik, Meto Turizm, Sele Restaurant Group and LPM are performed by the Group. The peer comparison approach, similar transactions approaches and EBITDA multiplier method which is commonly used in food & beverage sector are used to determine the fair value of equities of Günaydın, D-Et, Coya Group, Kivahan, Mezzaluna, Lacivert, Sait Balıkçılık, Etiler, Meto, Sele Restaurant Group and LPM.

Kiko Kozmetik Ürünleri Ticaret A.Ş. was acquired in 2021 for a consideration of EUR 1.8 million and the fair values of the shareholders' equity were determined using the peer comparison and similar transaction approaches and the multiplier method of earnings before interest, tax, depreciation and amortization, which is frequently used in the retail sector.

Key assumptions used in market approach

Key assumptions used in calculation of recoverable amounts are the method used to multiply the profit before interest, tax, and depreciation is frequently used in the food and beverage sector. These assumptions are as follows:

	Currency	Comparable companies multiples	Similar transactions multiples
Günaydın	TRY	11,20 (ebitda)	15,10 (ebitda)
Coya Group	USD	14,30 (ebitda)	16,30 (ebitda)
Etiler Turistik ve Meto Turizm	TRY	7,40 (ebitda)	11,10 (ebitda)
D Et	USD	14,30 (ebitda)	16,30 (ebitda)
Sait Balıkçılık	TRY	7,40 (ebitda)	11,10 (ebitda)
Lacivert	TRY	7,40 (ebitda)	11,10 (ebitda)
Kivahan	TRY	7,40 (ebitda)	11,10 (ebitda)
LPM	TRY	7,40 (ebitda)	11,10 (ebitda)
Sele Restoran Grubu	TRY	7,40 (ebitda)	11,10 (ebitda)
Mezzaluna	TRY	7,40 (ebitda)	11,10 (ebitda)

As a result of the impairment testing on entity basis, no impairment loss is recognised during the year ended 31 December 2022 (31 December 2021: None).

Sensitivity analysis

Sensitivity analysis where significant assumptions used in impairment tests show 1% negative deviation compared to the baseline scenario on the basis of significant cash generating units were analyzed. In the relevant sensitivity analyzes performed as of 31 December 2022, the positive deviations of the recoverable value compared to the book value included in the goodwill are summarized in the table below:

	<u>Günaydın</u> <u>Restaurants</u>	<u>Coya</u> <u>Restaurants</u>
Base scenario	%832	%152
Sensitivity analysis:		
0,5 point decrease at revenue multiplier	-	-
1 point decrease at EBITDA multiplier	%769	%150
1% increase at discount rate	-	%150

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

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(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 13 - INTANGIBLE ASSETS (Continued)

Other intangible assets

Movements of intangible assets other than goodwill and related accumulated amortisation for the year ended 31 December 2022 were as follows:

Cost	1 January 2022	Additions	Changes in the scope of consolidation	Disposals	Currency translation differences	Transfers	31 December 2022
Brand name	342.583	-	-	-	29.523	-	372.106
Brand name - Nusr-et (a)	17.207	-	-	-	-	-	17.207
Brand name - Kivahan (b)	1.677	-	-	-	-	-	1.677
Brand name - Kitchenette (c)	22.630	-	-	-	-	-	22.630
Brand name - Da Mario(c)	13.804	-	-	-	-	-	13.804
Brand name - Gina (c)	11.341	-	-	-	-	-	11.341
Brand name - Vogue (c)	11.483	-	-	-	-	-	11.483
Brand name - Tom's Kitchen (c)	-	-	-	-	-	-	-
Brand name - Mezzaluna (d)	5.887	-	-	-	-	-	5.887
Brand name - Lacivert (e)	7.385	-	-	-	-	-	7.385
Brand name - Ulus 29 (g)	12.976	-	-	-	-	-	12.976
Brand name - Çubuklu 29 (f)	4.217	-	-	-	-	-	4.217
Brand name - Maki 29.	-	-	-	-	-	-	-
Alaçatı 29 (h)	-	-	-	-	-	-	-
Brand name - Sait (i)	4.053	-	-	-	-	-	4.053
Brand name - Günaydın (k)	92.292	-	-	-	-	-	92.292
Brand name - Mora (j)	7.645	-	-	-	-	-	7.645
Brand name - Masa (j)	18.440	-	-	-	-	-	18.440
Brand name - Darphane (j)	298	-	-	-	-	-	298
Brand name - Borsa (j)	7.153	-	-	-	-	-	7.153
Brand name - Coya	104.095	-	-	-	29.523	-	133.618
Franchise network – Kitchenette (c)	6.913	-	-	(6.913)	-	-	-
Sponsorship contract (c)	62.747	-	-	(62.747)	-	-	-
Other intangible assets	126.137	11.867	-	(9.258)	33.894	22.409	185.049
Total cost	538.380	11.867	-	(78.918)	63.417	22.409	557.155
Less:	1 January 2022	Additions	Changes in the scope of consolidation	Disposals	Currency translation differences	Transfers	31 December 2022
Accumulated amortisation							
Franchise network - Kitchenette (c)	(6.312)	(601)	-	6.913	-	-	-
Sponsorship contract (c)	(55.505)	-	-	55.505	-	-	-
Other intangible assets	(44.065)	(19.517)	-	1.197	(3.782)	-	(66.167)
Total accumulated amortisation	(105.882)	(20.118)	-	63.615	(3.782)	-	(66.167)
Net carrying value	432.498						490.988

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Other intangible assets

Movements of intangible assets other than goodwill and related accumulated amortisation for the year ended 31 December 2021 were as follows:

<u>Cost</u>	<u>1 January 2021</u>	<u>Additions</u>	<u>Currency translation differences</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Changes in the scope of consolidation</u>	<u>31 December 2021</u>
Brand name	298.871	-	43.712	-	-	-	342.583
Brand name - Nusr-et (a)	17.207	-	-	-	-	-	17.207
Brand name - Kivahan (b)	1.677	-	-	-	-	-	1.677
Brand name - Kitchenette (c)	22.630	-	-	-	-	-	22.630
Brand name - Da Mario(c)	13.804	-	-	-	-	-	13.804
Brand name - Gina (c)	11.341	-	-	-	-	-	11.341
Brand name - Vogue (c)	11.483	-	-	-	-	-	11.483
Brand name - Tom's Kitchen (c)	-	-	-	-	-	-	-
Brand name - Mezzaluna (d)	5.887	-	-	-	-	-	5.887
Brand name - Lacivert (e)	7.385	-	-	-	-	-	7.385
Brand name - Ulus 29 (g)	12.976	-	-	-	-	-	12.976
Brand name - Çubuklu 29 (f)	4.217	-	-	-	-	-	4.217
Brand name - Maki 29. Alaçatı 29 (h)	-	-	-	-	-	-	-
Brand name - Sait (i)	4.053	-	-	-	-	-	4.053
Brand name - Günaydın (k)	92.292	-	-	-	-	-	92.292
Brand name - Mora (j)	7.645	-	-	-	-	-	7.645
Brand name - Masa (j)	18.440	-	-	-	-	-	18.440
Brand name - Darphane (j)	298	-	-	-	-	-	298
Brand name - Borsa (j)	7.153	-	-	-	-	-	7.153
Brand name - Coya	60.383	-	43.712	-	-	-	104.095
Brand name - Kitchenette (c)	6.913	-	-	-	-	-	6.913
Sponsorship contract (c)	62.747	-	-	-	-	-	62.747
Other intangible assets	92.261	12.125	22.817	15.558	(16.784)	160	126.137
Total cost	460.792	12.125	66.529	15.558	(16.784)	160	538.380
Less:							
Accumulated amortisation	1 January 2021	Additions	Currency translation differences	Transfers	Disposals	Changes in the scope of consolidation	31 December 2021
Franchise network - Kitchenette (c)	(5.611)	(701)	-	-	-	-	(6.312)
Sponsorship contracts (c)	(47.929)	(7.576)	-	-	-	-	(55.505)
Other intangible assets	(41.037)	(8.121)	(2.596)	-	7.689	-	(44.065)
Total accumulated amortisation	(94.577)	(16.398)	(2.596)	-	7.689	-	(105.882)
Net carrying value	366.215						432.498

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Other intangible assets

- a) With the share transfer agreement dated 17 April 2012, the Group purchased 51 percent of shares of D Et from CNG Turizm Gıda İthalat İhracat Limited Şirketi and the Group obtained control and 51 percent voting rights in D Et. According to TFRS 3, brand name, amounting to TRY 17,207 thousand has been recognised as an intangible asset at the acquisition date.
- b) With the share transfer agreement dated 13 April 2012, the Group has decided to purchase 51 percent of shares at Kivahan. On 17 April 2012, the share transfer was finalised and the Group obtained control by acquiring 51 percent of shares and voting rights in Kivahan. According to TFRS 3, brand name, amounting to TRY1,677 thousand has been recognised as an intangible asset at the acquisition date.
- c) On 14 November 2012, the Group signed a share purchase agreement to acquire 74.25 percent shares of Doors Holding A.Ş. On 26 December 2012, the share transfer was finalised and the Group obtained control and 74.25 percent voting rights in Doors Holding A.Ş. According to TFRS 3, Kitchenette, Da Mario, Gina, Vogue, and Tom's Kitchen brands, sponsorship contracts and Kitchenette franchise network values amounting to TRY 186,743 thousand at the acquisition date have been recognized as intangible assets. No impairment loss related to Kitchenette brand name has been recognised as at 31 December 2022.
- d) On 21 March 2013, the Group signed a share purchase agreement to purchase 70 percent of shares of Mezzaluna Gıda İşletmecilik Sanayi ve Ticaret A.Ş. ("Mezzaluna"). On 21 March 2013, the share transfer was finalised and the Group obtained control and 70 percent voting rights in Mezzaluna. According to TFRS 3, brand name, amounting to TRY5,887 thousand has been recognised as an intangible asset at the acquisition date.
- e) On 2 May 2013, the Group signed a share purchase agreement to purchase 75 percent of shares of Lacivert Turizm A.Ş. ("Lacivert"). On 2 May 2013, the share transfer was finalised and the Group obtained control and 75 percent voting rights in Lacivert. According to TFRS 3, brand name, amounting to TRY7,385 thousand has been recognised as an intangible asset at the acquisition date.
- f) On 2 August 2013, the Group signed a share purchase agreement to purchase 75 percent of shares of Meto Turizm İşletmeciliği ve Tasarım Dekorasyon Ticaret A.Ş. ("Meto Turizm"). On 2 May 2013, the share transfer was finalised and the Group obtained control and 75 percent voting rights in Meto Turizm. According to TFRS 3, brand name, Çubuklu 29, amounting to TRY4,217 thousand has been recognised as an intangible asset at the acquisition date.
- g) On 2 August 2013, the Group signed a share purchase agreement to purchase 75 percent of shares of Etiler Turistik Tesisler İşletmeciliği Ticaret A.Ş. ("Etiler Turistik"). On 2 May 2013, the share transfer was finalised and the Group obtained control and 75 percent voting rights in Etiler Turistik. According to TFRS 3, brand name, Ulus 29, amounting to TRY12,976 thousand has been recognised at the acquisition date.

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NOTE 13 - INTANGIBLE ASSETS (Continued)

Other intangible assets

- h) On 2 August 2013, the Group signed a share purchase agreement to purchase 75 percent of shares of Afiyet Olsun Turizm İşletmeleri A.Ş. ("Afiyet Olsun") On 2 May 2013, the share transfer was finalised and the Group obtained control and 75 percent voting rights in Afiyet Olsun. According to TFRS 3, brand name, Maki 29 and Alaçatı 29, amounting to TRY2,839 thousand has been recognised as an intangible asset at the acquisition date.
- i) On 11 December 2013, the Group signed a share purchase agreement to purchase 60 percent of shares of Sait Restoran Turizm İşletmeciliği İnşaat Emlak ve Ticaret A.Ş. ("Sait Balıkçılık"). On 11 December 2013, the share transfer was finalised and the Group obtained control and 60 percent voting rights in Sait Balıkçılık. According to TFRS 3, brand name, Sait Balıkçılık, amounting to TRY4,053 thousand has been recognised as an intangible asset at the acquisition date.
- j) On 2 April 2015, the Group has purchased an additional 16 percent of shares of Sele Restaurant Group for TRY11,537 thousand. Following the completion of the additional share purchases, Sele Restaurant Group was considered as a "Subsidiary" with 67% of the voting rights held by the Group and was included in consolidation as of 31 December 2018. According to TFRS 3, brand name, amounting to TRY33,536 thousand has been recognised as an intangible asset at the acquisition date.
- k) On 13 August 2014, the Group signed a share purchase agreement to purchase 70 percent of shares of Günaydın, the share transfer was finalised and the Group obtained control and 70 percent voting rights in Sait Balıkçılık. According to TFRS 3, brand name, Günaydın, amounting to TRY 92,292 thousand has been recognised as an intangible asset at the acquisition date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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NOTE 14 - PROVISIONS

As of 31 December, short-term and long-term provisions comprised the following:

	31 December 2022	31 December 2021	31 December 2020
<u>Short term provisions</u>			
Short term provision for employment benefits	40.996	21.272	13.631
Provision for personnel premium	-	18.373	1.034
Other provisions	8.955	8.179	7.422
Total short term provisions	49.951	47.824	22.087
<u>Long term provisions</u>			
Long term provisions for employee benefits	119.339	36.582	23.585
Total long term provisions	119.339	36.582	23.585
Total provisions	169.290	84.406	45.672

As of 31 December, short-term and long-term provisions comprised the following:

	31 December 2022	31 December 2021	31 December 2020
<u>Short term</u>			
Provision for unused vacation liability	40.996	21.272	13.631
Provision for personnel premium	-	18.373	1.034
	40.996	39.645	14.665
<u>Long term</u>			
Provision for employment termination benefits	119.339	36.582	23.585
	119.339	36.582	23.585

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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NOTE 14 - PROVISIONS (Continued)

Provision for employment termination benefits

Movements of the provision for employment termination benefits were as follows:

	2022	2021
Balances at 1 January	36.582	23.585
Interest cost	14.431	2.640
Cost of services	17.274	3.074
Acquisitions	-	286
Changes in the scope of consolidation	-	365
Payments	(10.003)	(3.938)
Actuarial loss	61.055	10.570
Balances at 31 December	119.339	36.582

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

NOTE 15 - BORROWINGS

As at 31 December, borrowings comprised the following:

	31 December 2022	31 December 2021	31 December 2020
Current liabilities			
Short-term borrowings	28.583	-	-
Short-term portion of long term bank borrowings	934.337	344.049	230.300
Short term liabilities from leasing transactions	465.943	287.621	167.453
	1.428.863	631.670	397.753
Non-current liabilities			
Long term bank borrowings	4.976.268	4.670.051	2.952.546
Long term liabilities from leasing transactions	1.483.255	1.153.795	729.734
	6.459.523	5.823.846	3.682.280

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 26.

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NOTE 15 - BORROWINGS (Continued)

Terms and debt repayment schedule:

At 31 December, the terms and conditions of outstanding loans and borrowings were as follows:

31 December 2022					
	Currency	Nominal interest rate per annum	Year of maturity	Face value	Carrying amount
Secured bank borrowings (*)	TRY	%12,50-%18,61	2023-2030	2.535.905	2.537.215
Secured bank borrowings (*)	Euro	%4,50-%6,25	2023-2030	3.390.873	3.408.852
Unsecured bank borrowings	TRY	%28,50	2023	28.583	28.583
Unsecured bank borrowings	Euro	%2,25	2023	23.965	23.965
Liabilities from leasing transactions	USD	%5,40	2023-2030	688.745	688.745
Liabilities from leasing transactions	TRY	%19,95	2023-2030	434.616	434.616
Liabilities from leasing transactions	Euro	%5,98	2023-2030	119.615	119.615
Liabilities from leasing transactions	Other	%5,00-%7,50	2023-2030	646.795	646.795
				7.869.097	7.888.386

31 December 2021					
	Currency	Nominal interest rate per annum	Year of maturity	Face value	Carrying amount
Secured bank borrowings (*)	TRY	%12,50	2022-2027	187.841	168.971
Secured bank borrowings (*)	Euro	%4,00%-%5,95	2022-2027	4.766.121	4.737.657
Secured bank borrowings (*)	USD	%5,76	2022-2026	66.645	66.645
Unsecured bank borrowings	Euro	%4,50%-%5,00	2022	40.827	40.827
Liabilities from leasing transactions	USD	%5,40	2022-2030	587.333	587.333
Liabilities from leasing transactions	TRY	%19,95	2022-2030	358.375	358.375
Liabilities from leasing transactions	Euro	%5,98	2022-2030	100.444	100.444
Liabilities from leasing transactions	Other	%5,00-%7,50	2022-2030	395.264	395.264
				6.502.850	6.455.516

(*) Doğu Holding A.Ş. is the guarantors for these borrowings.

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NOTE 15 - BORROWINGS (Continued)

31 December 2020					
	Currency	Nominal interest rate per annum	Year of maturity	Face Value	Carrying amount
Secured bank borrowings (*)	TRY	%12,50	2022	150.896	156.435
Secured bank borrowings (*)	Euro	%6,25	2021-2025	2.839.789	2.889.961
		%5,76 Euribor +			
Secured bank borrowings (*)	USD	%2,25	2021-2025	73.405	73.405
Unsecured bank borrowings	Euro	%4,50-%5,00	2021	32.283	32.283
Unsecured bank borrowings	TRY	%2,00 - %19,03	2022	30.764	30.764
Liabilities from leasing transactions	USD	%5,40	2021-2037	459.629	459.629
Liabilities from leasing transactions	TRY	%19,95	2021-2043	286.659	286.659
Liabilities from leasing transactions	Euro	%5,98	2021-2030	63.309	63.309
Liabilities from leasing transactions	Other	%7,50	2021-2037	87.588	87.588
				4.024.322	4.080.033

(*) Doğu Holding A.Ş. is the guarantors for these borrowings.

Redemption schedules of the Group's loans and borrowings according to original maturities as at 31 December are as follows:

	2022	2021	2020
2021	-	-	397.753
2022	-	631.670	424.055
2023	1.428.863	955.747	606.450
2024	634.092	820.944	438.290
2025	1.326.425	746.836	465.035
2026 and after	2.549.808	1.858.903	851.263
	5.939.188	5.014.100	3.182.846

At 31 December, movement of outstanding bank borrowings were as follows:

	2022	2021
Balance at 1 January	5.014.100	3.182.848
Additions	28.583	1.531
Principal payment (-)	(155.061)	(239.516)
Change in exchange rates	1.110.993	2.069.237
Balance at 31 December	5.998.615	5.014.100

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NOTE 15 - BORROWINGS (Continued)

At 31 December, movement of lease liabilities were as follows:

	2022	2021
Balance at 1 January	1.441.416	897.187
Increase in lease liabilities	532.693	240.594
Cash outflows from payments of lease liabilities (-)	(436.059)	(180.672)
Effect of exchange rate differences	351.721	484.307
Balance at 31 December	1.889.771	1.441.416

NOTE 16 - INVENTORIES

At 31 December, inventories comprised the following:

	2022	2021	2020
Raw materials (*)	209.440	94.104	37.596
Trading goods	610.053	162.969	140.728
Goods in transit	174.390	22.995	18.752
Other inventories	18.136	9.499	1.141
Provision for impairment of inventories (-)	(1.640)	(2.091)	(4.831)
	1.010.379	287.476	193.386

As at 31 December 2022, inventories were insured to the extent of TRY448.085 (31 December 2021: TRY316.238).

(*) As at 31 December 2022 and 2021, raw materials are mainly composed of food and beverage inventories..

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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NOTE 17 - OTHER ASSETS AND LIABILITIES

At 31 December, other current assets comprised the following:

	2022	2021	2020
Advances given	125.130	40.586	55.820
Deposits and guarantees given	89.927	84.768	-
Value added tax ("VAT") receivables	77.788	2.723	69.260
Prepaid expenses	63.771	24.665	13.925
Income accruals	12.586	2.735	4.717
Prepaid taxes and funds	28.950	60.834	18.666
Other	59.319	48.101	21.536
	457.471	264.412	183.924

At 31 December, other current liabilities comprised the following:

	2022	2021	2020
Put-option liability	447.257	-	-
Payable to personnel	130.033	68.036	20.064
Advances received	108.263	217.744	42.747
Withholding taxes and duties payable	109.779	45.918	20.970
Social security premium payable	27.260	43.068	30.669
Expense accruals	3.601	17.104	38.620
Other	25.266	4.450	10.019
	851.459	396.320	163.089

At 31 December, other non-current liabilities comprised the following:

	2022	2021	2020
Put-option liability	447.257	656.432	251.929
Other	240.634	61.395	12.262
	687.891	717.827	264.191

- (*) In accordance with the share purchase agreement dated March 2018, Dream International Coöperatif U.A., which is 99,9% owned subsidiary of Nahita, sold 17,34% shares of its wholly owned subsidiary Dream International B.V for a consideration of USD 200 million to Temasek, an investment company headquartered in Singapore and Metric Capital Partners, the European private capital group ("Investors").

In accordance with the "Option Agreement" signed between the parties on the same date, Dream International Coöperatif U.A. granted to Investors the option right to sell and transfer to Dream International Coöperatif U.A. their shares in Dream International B.V. at any time between 1 January 2022 and 31 December 2024. On 31 December 2024, the option period ends. At 31 December 2021, when determining the fair value of the put option liability for non-controlling interests, it is assumed that Investors would exercise their put option in 2023 and the fair value of the option was then discounted to 31 December 2022 (Note 28).

As at 31 December 2022, the fair value of the put option liability for non-controlling interests is calculated as TRY894.514 thousand and recognized under non-current other liabilities (31 December 2021: TRY656.432 thousand).

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NOTE 18 - REVENUE AND COST OF SALES

For the years ended 31 December, revenue and cost of sales comprised the following:

	2022	2021
Food and beverage revenue	7.404.453	3.102.174
Retail revenue	2.048.240	708.433
Total revenue	9.452.693	3.810.607
Cost of sales	(6.110.039)	(2.359.527)
Gross profit	3.342.654	1.451.080
Food and beverage cost	(2.341.977)	(889.460)
Personnel expenses	(1.531.256)	(569.380)
Cost of trade goods sold	(856.078)	(332.290)
Depreciation and amortisation	(609.399)	(309.497)
Rent expenses	(360.032)	(64.947)
Cleaning expenses	(121.159)	(47.644)
Consultancy expenses	(55.857)	(26.412)
Repair expenses	(55.507)	(21.240)
Provision expense for employee severance indemnity	(31.705)	(5.714)
Vehicle expenses	(15.887)	(6.866)
Traveling expenses	(15.048)	(7.617)
Legal expenses	(14.364)	(7.470)
Utility expenses	(9.845)	(25.575)
Advertisement expenses	(6.453)	(4.078)
Others	(85.472)	(41.337)
Cost of sales	(6.110.039)	(2.359.527)

NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES, SELLING AND DISTRIBUTION EXPENSES

For the years ended 31 December, administrative expenses comprised the following:

	2022	2021
Personnel expenses	(554.211)	(190.508)
Consultancy expenses	(132.166)	(37.950)
Depreciation and amortisation	(67.434)	(41.217)
Traveling expenses	(52.734)	(14.179)
Rent expenses	(43.972)	(3.807)
Legal expenses	(26.485)	(11.706)
Vehicle expenses	(13.712)	(4.484)
Cleaning expenses	(6.149)	(398)
Advertisement expenses	(3.311)	(1.636)
Repair and utility expenses	(1.229)	(748)
Other	(44.647)	(55.624)
Total general administrative expenses	(946.050)	(362.257)

NAHİTA RESTORAN İŞLETMECİLİĞİ VE YATIRIM A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES, SELLING AND DISTRIBUTION EXPENSES (Continued)

For the years ended 31 December, selling and distribution expenses comprised the following:

	2022	2021
Personnel expenses	(147.592)	(59.258)
Advertisement expenses	(96.783)	(31.243)
Rent expenses	(76.375)	(15.886)
Depreciation and amortisation	(55.590)	(29.769)
Taxes and duties other than taxes on income	(21.604)	(8.415)
Commission expenses	(19.693)	(6.250)
License expenses	(12.217)	(1.800)
Other	(60.932)	(25.204)
Total selling and distribution expenses	(490.786)	(177.825)

Expense by nature

For the years ended 31 December, depreciation and amortisation expenses comprised the following:

	2022	2021
Cost of sales (Note 18)	664.989	309.497
Selling and marketing expenses	55.590	26.769
General administrative expenses	67.434	41.217
	732.423	377.483

For the years ended 31 December, personnel expenses comprised the following:

	2022	2021
Cost of sales (Note 18)	1.531.256	569.380
General administrative expenses	554.211	190.508
Selling and marketing expenses	147.592	59.258
	2.233.059	819.146

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NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES, SELLING AND DISTRIBUTION EXPENSES (Continued)

Fees for services received from independent auditor

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2022, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2022, are as follows:

	2022 ^(*)	2021 ^(*)
Audit and assurance fee	2.905	2.927
Tax consulting fee	-	-
Other assurance services fee	86	10
Services fee other than independent audit	-	-
	2.991	2.937

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 20 - OTHER OPERATING INCOME AND EXPENSE

For the years ended 31 December, other operating income and (expense) comprised the following:

	2022	2021
Foreign exchange gains on trade receivables and payables, net	18.189	7.022
Rent income	15.660	9.429
Restaurant service income	8.273	-
Reversal of provisions	354	-
Restaurant compensation income	99	10.856
Government cash support	-	19.052
Income related to store transfers	-	30.894
Other	53.304	8.401
	95.879	85.654
	2022	2021
Loss of liquidation	(19.165)	(13.156)
Legal provision expenses	(1.363)	(180)
Commission and premium expenses	(3.189)	(349)
Doubtful receivable provision expenses	(407)	(37)
Other	(5.694)	(6.031)
	(29.818)	(19.753)

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NOTE 21 - FINANCE INCOME AND EXPENSES

For the years ended 31 December, finance income comprised the following:

	2022	2021
Foreign exchange gains	727.884	739.242
Commission income	29.288	49.707
Interest income on bank deposits	54.170	13.379
Interests income from related parties (Note 25)	49.265	483
Other interest and similar items	13.766	9.831
Finance income	874.373	812.642
Foreign exchange losses	(2.024.396)	(2.228.710)
Interest expenses on loans and borrowings	(405.507)	(348.037)
Interest expense on leases	(107.993)	(73.643)
Interests income from related parties (Note 25)	(37.942)	(60.346)
Loan commissions expenses	(80.411)	(39.498)
Credit card commissions expenses	(3.484)	(13.792)
Finance costs	(2.659.733)	(2.764.026)
Net finance cost	(1.785.360)	(1.951.384)

NOTE 22 - GAINS AND LOSSES FROM INVESTING ACTIVITIES

For the years ended 31 December, gains from investing activities comprised the following

	2022	2021
Restaurant transfer fee income (*)	72.983	-
Fair value gain on financial investments	4.438	-
Gain on sale of property and equipment	4.717	1.475
	82.138	1.475

(*) Consists of the compensation income obtained from the exit of La Vina restaurant of Borsa, a subsidiary of the Group located in Zorlu Center on 8 September 2022.

For the years ended 31 December, expenses from investing activities comprised the following:

	2022	2021
Loss from written-off property and equipment (Note 11)	(18.814)	(58.719)
	(18.814)	(58.719)

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NOTE 23 - EQUITY

(i) Paid-in capital

As at 31 December 2022, the share capital of Nahita amounted to TRY1.044.629 (31 December 2021: TRY1.044.629). The paid-in capital of Nahita comprises 892.877 thousand shares of TRY1 each (31 December 2021: 1.044.629 thousand shares).

At 31 December, the shareholding structure of Nahita based on the number of shares is presented below:

	2022		2021		2020	
	Number of shares	%	Number of shares	%	Number of shares	%
Doğuş Holding (*)	1.044.629	100	1.044.629	100	892.877	100
Paid in capital	1.044.629		1.044.629		892.877	

(*) On 30 December 2020, Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. and Doğuş Holding A.Ş. have merged under Doğuş Holding A.Ş. As a result of the merger transaction, the composition of the Company's shareholding structure is presented at the above table. Information on the capital increase can be found in section (vi) of this footnote.

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Remeasurements of defined benefit liability:

As a result of the adoption of IAS 19 (2011), all actuarial differences are recognised immediately in other comprehensive income.

(iv) Restricted reserves:

Legal reserves:

In accordance with Turkish Commercial Code, legal reserve comprises of first and second legal reserve. First legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Group's statutory accounts until it reaches 20% of paid-in share capital. Without limit, a further 10% of dividend distributions in excess of 5% of share capital is to be appropriated to increase legal reserves (second legal reserve). First and second legal reserves are restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the consolidated financial statements, the total of the legal reserves included in the restricted reserves amounted to TRY39.439 as at 31 December 2022 (31 December 2021: TRY12.334).

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NOTE 23 - EQUITY (Continued)

(v) Non-controlling interests

For the years ended 31 December, movements of the non-controlling interests were as follows:

	2022	2021
Balance at the beginning of the year	1.269.169	677.953
Capital injection and establishment of subsidiaries	4.576	8.417
Changes of non-controlling interest in consolidated subsidiaries without change in control	884.151	16.056
Release of non-controlling interests through dividend distribution	(376.064)	(272.520)
Non-controlling interest of profit for the year	1.094.327	452.725
Currency translation differences	701.941	386.538
Balance at the end of the year	3.578.100	1.269.169

(vi) Capital increase

In accordance with the decision taken on 15 December 2021 by the General Assembly, the share capital was increased by TRY151.752 thousand to TRY1.044.629 thousand by the cash contributions of shareholders.

(vii) Dividend

In 2022, the Group distributed dividends to the shareholders amounting to TRY476.324 thousand (2021: TRY272.520 thousand).

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NOTE 24 - COMMITMENTS, CONTINGENT ASSET AND LIABILITIES

Commitments, pledges and mortgages given

As of 31 December 2022, the Group's position related to collaterals, pledges, mortgages and letters of guarantee ("CPMG") was as follows:

31 December 2022	Original balances (TRY equivalent)			
	USD	TRY	EUR	Total
A. Total amount of CPMG's given in the name of its own legal personality	3.483	311.499	855.291	1.170.273
B. Total amount of CPMG's given on behalf of the fully consolidated companies	-	-	-	-
C. Total amount of CPMG's given on behalf of third parties for ordinary course of business	-	-	-	-
Total	3.483	311.499	855.291	1.170.273
31 December 2021	Original balances (TRY equivalent)			
	USD	TRY	EUR	Total
A. Total amount of CPMG's given in the name of its own legal personality	541	232.900	679.742	913.183
B. Total amount of CPMG's given on behalf of the fully consolidated companies	-	-	-	-
C. Total amount of CPMG's given on behalf of third parties for ordinary course of business	-	-	-	-
Total	541	232.900	679.742	913.183
31 December 2020	Original balances (TRY equivalent)			
	USD	TRY	EUR	Total
A. Total amount of CPMG's given in the name of its own legal personality	1.883	9.948	1.067	12.898
B. Total amount of CPMG's given on behalf of the fully consolidated companies	-	-	-	-
C. Total amount of CPMG's given on behalf of third parties for ordinary course of business	-	-	-	-
Total	1.883	9.948	1.067	12.898

Guarantees received

As of 31 December 2021, the Group's guarantees received was as follows:

	2022	2021	2020
Letters of guarantee received	128.091	33.955	13.751
	128.091	33.955	13.751

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NOTE 25 - RELATED PARTY DISCLOSURES

(a) Related party balances

At 31 December, the Group had the following balances outstanding from and to its related parties:

	2022	2021	2020
Doğuş International Coop. (Formerly: D-Marine Invest. Hol. B.V.)	861.554	6.432	4.190
Doğuş Otel Yatırımlar ve Turzim A.Ş.	66.623	-	-
Galataport İstanbul Liman İşletmeciliği ve Yatırımları A.Ş.	23.158	-	-
Doğuş Holding A.Ş.	7.020	28.414	31.324
Bomonti Kültür ve Eğlence Merkezi	5.969	3.228	1.590
Doğuş Oto Pazarlama ve Ticaret A.Ş.	1.979	1.216	-
Other	21.429	5.016	4.252
Due from related parties	987.732	44.306	41.356

As at 31 December, the Group had the following balances outstanding to its related parties:

	2022	2021	2020
Mosela Investments, S.L. (Paraguas)	321.846	-	-
Doğuş Holding A.Ş. (*)	118.024	1.884.141	1.871.466
Doğuş Management Services Limited	38.301	25.192	12.795
D Otel Marmaris Turizm İşletmeciliği Ticaret ve Sanayi A.Ş.	18.773	14.041	42.298
Doğuş İnşaat ve Tic. A.Ş.	9.620	12.026	4.246
Antur Turizm A.Ş.	6.463	-	-
Galataport İstanbul Liman İşletmeciliği ve Yatırım A.Ş.	4.116	-	-
Doğuş Yayın Grubu A.Ş.	1.433	1.671	1.413
Azumi Group	-	19.623	12.794
Doğuş International Coop. (D-Marine Invest. Hol. B.V.)	-	459.517	127.241
Other	16.023	21.780	5.494
Due to related parties	534.599	2.437.991	2.077.747

(*) Due to Doğuş Holding balance consists of the amounts received for funding the investments of the Group.

As of 31 December 2022, the Group charges the interest to the related parties monthly with an annual interest rate of 22.71%, 5.46% and 4.60% in TRY, USD and Euro respectively. (31 December 2021: respectively; 25.79%, 5,60% and 4,62%).

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

For the years ended 31 December, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties as summarised below:

<i>Revenues</i>	2022	2021
Doğuş Holding A.Ş.	68.146	28.476
Doğuş Otel Yatırımlar ve Turizm A.Ş.	72.126	-
Bomonti Kültür ve Eğlence Merkezi	13.010	5.551
Pozitif Müzik A.Ş.	12.945	-
Galataport İstanbul Liman İşletmeciliği ve Yatırımları A.Ş.	9.951	2.498
Doğuş International Coop. (D-Marine Invest. Hol. B.V.)	8.850	6.432
Doğuş İnşaat ve Ticaret A.Ş.	8.761	-
Antur Turizm A.Ş.	6.966	-
Doğuş Yayın Grubu A.S.	5.365	3.788
Göktrans Turizm ve Ticaret A.Ş.	1.845	1.140
Other	18.501	2.562
	226.466	50.447

For the year ended 31 December, the expenses incurred by the Group in relation to transactions with its related parties as summarised below:

<i>Finance expenses</i>	2022	2021
Doğuş Holding A.Ş.	(22.739)	(41.063)
Doğuş International Coop. (D-Marine Invest. Hol. Coop.)	(4.706)	-
D Hospitality B.V. (D-Marine Invest. Hol. B.V.)	(4.141)	(8.530)
Mosela Investments, S.L. (Paraguas)	(2.017)	-
Doğuş İnşaat ve Ticaret A.Ş.	(1.793)	-
Doğuş Otel Yatırımlar ve Turizm A.Ş.	(1.103)	(1.834)
D Otel Marmaris Turizm İşletmeciliği Ticaret ve Sanayi A.Ş.	(771)	(6.980)
Other	(673)	(1.939)
	(37.942)	(60.346)

<i>Finance income</i>	2022	2021
Doğuş International Coop. (D-Marine Invest. Hol. B.V.)	25.050	-
Doğuş Holding A.Ş.	11.183	-
Doğuş Otel Yatırımlar ve Turizm A.Ş.	5.268	-
Göktrans Turizm ve Ticaret A.Ş.	4.972	-
Other	2.792	483
	49.265	483

(c) Key management compensation

On a consolidated basis, the compensation paid or payable to key management of employee service included in administrative expenses for the year ended 31 December 2022 is amounting to TRY219.287 thousands (31 December 2021: TRY183.472 thousands).

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NOTE 26 - FINANCIAL RISK MANAGEMENT

26.1 Liquidity risk

The following tables are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

31 December 2022							
	Carrying value	Contractual cash outflow	6 months or less	6-12 months	1-2 years	2-5 years	5 year and over
Non-derivative financial liabilities							
Financial liabilities	7.859.803	9.024.791	888.121	574.439	1.392.612	5.498.344	671.275
Due to related parties	534.599	534.599	-	534.599	-	-	-
Due to third parties	955.540	955.540	512.845	442.695	-	-	-
Other current liabilities	274.169	274.169	189.959	84.210	-	-	-
Total	9.624.111	10.789.099	1.590.925	1.635.943	1.392.612	5.498.344	671.275
31 December 2021							
	Carrying value	Contractual cash outflow	6 months or less	6-12 months	1-2 years	2-5 years	5 year and over
Non-derivative financial liabilities							
Financial liabilities	6.455.516	8.014.676	364.833	399.876	943.238	3.239.043	3.067.686
Due to related parties	2.437.991	2.437.991	-	2.437.991	-	-	-
Due to third parties	485.323	485.323	242.661	242.662	-	-	-
Other current liabilities	327.003	327.003	115.850	211.153	-	-	-
Total	9.705.833	11.264.993	723.345	3.291.682	943.238	3.239.043	3.067.686
31 December 2020							
	Carrying value	Contractual cash outflow	6 months or less	6-12 months	1-2 years	2-5 years	5 year and over
Non-derivative financial liabilities							
Financial liabilities	4.080.033	4.642.876	215.147	235.238	320.113	1.600.441	2.271.937
Due to related parties (short-term)	436.477	436.477	-	436.477	-	-	-
Due to related parties (long-term)	1.641.270	1.641.270	-	-	1.641.270	-	-
Due to third parties	180.134	180.134	-	180.134	-	-	-
Other current liabilities	143.025	143.025	109.040	33.985	-	-	-
Total	6.480.939	7.043.782	324.187	885.834	1.961.383	1.600.441	2.271.937

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

26.2 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

31 December 2022	Receivables				Other current assets (****)	Cash at banks (****)
	Trade receivables		Other receivables (***)			
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at reporting date (A+B+C+D) (*)	-	301.380	987.732	8.333	457.470	1.464.927
- Portion of maximum risk covered by guarantees	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	298.906	987.732	8.333	457.470	1.464.927
B. Carrying value of financial assets that are past due but not impaired (**)	-	-	-	-	-	-
C. Carrying value of impaired assets	-	2.474	-	-	-	-
- Past due (Gross book value)	-	3.719	-	-	-	-
- Impairment (-)	-	(1.245)	-	-	-	-
- Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
-Past due (Gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
D. Elements involving off-balance sheet credit risk	-	-	-	-	-	-

31 December 2021	Receivables				Other current assets (****)	Cash at banks (****)
	Trade receivables		Other receivables(**)			
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at reporting date (A+B+C+D) (*)	-	189.594	44.306	3.066	264.412	944.863
- Portion of maximum risk covered by guarantees	-		-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	187.314	44.306	3.066	264.412	944.863
B. Carrying value of financial assets that are past due but not impaired (**)	-	-	-	-	-	-
C. Carrying value of impaired assets	-	2.280	-	-	-	-
- Past due (Gross book value)	-	3.472	-	-	-	-
- Impairment (-)	-	(1.192)	-	-	-	-
- Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
-Past due (Gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
D. Elements involving off-balance sheet credit risk	-	-	-	-	-	-

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

26.2 Credit risk (Continued)

Exposure to credit risk (Continued)

31 December 2020	Receivables				Other current assets (****)	Cash at banks (****)
	Trade receivables		Other receivables (***)			
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at reporting date (A+B+C+D) (*)	-	88.677	41.356	750	183.924	382.265
- Portion of maximum risk covered by guarantees	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	84.573	41.356	750	183.924	382.265
B. Carrying value of financial assets that are past due but not impaired (**)	-	-	-	-	-	-
C. Carrying value of impaired assets	-	4.104	-	-	-	-
- Past due (Gross book value)	-	8.208	-	-	-	-
- Impairment (-)	-	(4.104)	-	-	-	-
- Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
-Past due (Gross book value)	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-
-Guaranteed net worth. The part secured by etc. (*)	-	-	-	-	-	-
D. Elements involving off-balance sheet credit risk	-	-	-	-	-	-

(*) Represents the total amount of A,B,C and D rows in the table. In determining the amount, factors that increase credit reliability such as guarantees have not been taken into account.

(**) As at 31 December 2022 and 31 December 2021, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(***) Regarding the financial guarantees given behalf of related parties as of 31 December 2022 and 2021, the maximum amount of credit risk exposed has been presented.

(****) Cash on hand is excluded from cash and cash equivalents.

(*****) Prepaid expenses, VAT receivables and advances given are excluded from other current assets.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic concentration was as follows:

	2022	2021	2020
Turkey	199.813	90.624	58.727
Euro zone	1.601	9.436	-
Other	99.966	89.534	29.950
	301.380	189.594	88.677

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

26.2 Credit risk (Continued)

Impairment losses

The aging of trade receivables at the reporting date was:

	2022	
	<u>Gross</u>	<u>Impairment</u>
Not past due	298.906	-
Past due 0-30 days	2.474	-
More than 30 days	1.245	(1.245)
Total	302.625	(1.245)
	2021	
	<u>Gross</u>	<u>Impairment</u>
Not past due	187.314	-
Past due 0-30 days	2.280	-
More than 30 days	1.192	(1.192)
Total	190.786	(1.192)
	2020	
	<u>Gross</u>	<u>Impairment</u>
Not past due	84.573	-
Past due 0-30 days	4.104	-
More than 30 days	4.104	(4.104)
Total	92.781	(4.104)

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

26.3 Market risk

(i) Interest rate risk

As at 31 December, the interest rate profile of the Group's interest-bearing and interest earning financial instruments were as follows:

Variable rate instruments	2022	2021	2020
Borrowings	23.965	40.827	32.283
Fixed rate instruments	2022	2021	2020
Borrowings	7.864.421	6.414.689	4.047.750
Due to related parties	563.147	796.721	436.477
Due from related parties	987.732	44.306	41.356
Time deposit	676.495	284.567	96.378

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity (*)	
	100 bp		100 bp	
31 December 2022	Increase	Decrease	Increase	Decrease
Variable rate instruments	(24)	24	(24)	24
Cash flow sensitivity (net)	(24)	24	(24)	24

	Profit or loss		Equity (*)	
	100 bp		100 bp	
31 December 2021	Increase	Decrease	Increase	Decrease
Variable rate instruments	(41)	41	(41)	41
Cash flow sensitivity (net)	(41)	41	(41)	41

	Profit or loss		Equity (*)	
	100 bp		100 bp	
31 December 2020	Increase	Decrease	Increase	Decrease
Variable rate instruments	(32)	32	(32)	32
Cash flow sensitivity (net)	(32)	32	(32)	32

(*) Equity effect includes the profit or loss effect.

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Currency risk

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

The main measurement currencies of the operations are Euro, USD and GBP. As the currency in which the Group presents its consolidated financial statements is TRY, the consolidated financial statements are affected by currency exchange rate fluctuations against TRY.

At 31 December 2021, the currency risk exposures of the Group in TRY equivalents are as follows:

CURRENCY POSITION ANALYSIS	31 December 2022			
	TRY equivalent	USD	EURO	Other ^(*)
1. Trade receivables	159.952	1.727	671	114.293
2a. Monetary financial assets (including cash, bank accounts)	1.299.154	35.411	7.606	485.401
2b. Non-monetary financial assets	33.561	-	1.684	-
3. Other	235.040	2.935	3.008	120.194
4. Current assets (1+2+3)	1.727.707	40.073	12.968	719.888
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	17.199	17	24	16.405
8. Non-current assets (5+6+7)	17.199	17	24	16.405
9. Total Assets (4+8)	1.744.906	40.090	12.992	736.293
10. Trade payables	319.454	4.521	2.092	193.204
11. Financial liabilities	780.309	4.352	30.129	98.310
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	396.243	6.349	1.341	250.799
13. Short term liabilities (10+11+12)	1.496.007	15.223	33.562	542.312
14. Trade payables	-	-	-	-
15. Financial liabilities	4.026.943	32.416	144.085	548.486
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	365.330	6.694	9.380	53.167
17. Long term liabilities (14+15+16)	4.392.273	39.111	153.466	601.653
18. Total liabilities (13+17)	5.888.280	54.334	187.028	1.143.965
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	-	-	-	-
19a. Hedged portion of assets amount	-	-	-	-
19b. Hedged portion of liabilities amount	-	-	-	-
20. Net foreign currencies assets / (liability) position (9+18+19)	(4.143.374)	(14.244)	(174.036)	(407.672)
21. Monetary items Net foreign currencies assets / (liability) position (=1+2a+5+6a+10+11+12a+14+15+16a)	(4.143.374)	(14.244)	(174.036)	(407.672)

(*) TRY equivalents are given.

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Currency risk (Continued)

CURRENCY POSITION ANALYSIS		31 December 2021			
	TRY equivalent	USD	EURO	Other ^(*)	
1. Trade receivables	123.686	1.637	757	77.297	
2a. Monetary financial assets (including cash, bank accounts)	762.694	10.542	21.677	292.608	
2b. Non-monetary financial assets	25.445	-	1.687	-	
3. Other	158.976	4.919	1.107	76.705	
4. Current assets (1+2+3)	1.070.801	17.098	25.228	446.610	
5. Trade receivables	-	-	-	-	
6a. Monetary financial assets	-	-	-	-	
6b. Non-monetary financial assets	-	-	-	-	
7. Other	11.177	-	-	11.177	
8. Non-current assets (5+6+7)	11.177	-	-	11.177	
9. Total Assets (4+8)	1.081.978	17.098	25.228	457.787	
10. Trade payables	(186.259)	(3.054)	(1.837)	(124.413)	
11. Financial liabilities	(376.848)	(4.991)	(16.168)	(66.394)	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	(345.899)	(8.031)	(1.274)	(219.629)	
13. Short term liabilities (10+11+12)	(909.006)	(16.077)	(18.830)	(410.436)	
14. Trade payables	-	-	-	-	
15. Financial liabilities	(5.420.763)	(39.147)	(302.923)	(328.870)	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	(133.204)	-	(8.829)	-	
17. Long term liabilities (14+15+16)	(5.553.967)	(39.147)	(311.752)	(328.870)	
18. Total liabilities (13+17)	(6.462.973)	(55.224)	(330.582)	(739.306)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	-	-	-	-	
19a. Hedged portion of assets amount	-	-	-	-	
19b. Hedged portion of liabilities amount	-	-	-	-	
20. Net foreign currencies assets / (liability) position (9+18+19)	(5.380.995)	(38.126)	(305.354)	(281.519)	
21. Monetary items Net foreign currencies assets / (liability) position (=1+2a+5+6a+10+11+12a+14+15+16a)	(5.380.995)	(38.126)	(305.354)	(281.519)	

(*) TRY equivalents are given.

CURRENCY POSITION ANALYSIS		31 December 2020			
	TRY equivalent	USD	EURO	Other ^(*)	
1. Trade receivables	34.942	567	295	21.205	
2a. Monetary financial assets (including cash, bank accounts)	274.719	7.408	14.498	151.150	
2b. Non-monetary financial assets	-	-	-	-	
3. Other	813.744	72.094	6.763	216.121	
4. Current assets (1+2+3)	1.114.453	80.069	21.556	388.476	
5. Trade receivables	-	-	-	-	
6a. Monetary financial assets	-	-	-	-	
6b. Non-monetary financial assets	-	-	-	-	
7. Other	4.791	-	-	4.791	
8. Non-current assets (5+6+7)	4.791	-	-	4.791	
9. Total Assets (4+8)	1.119.244	80.069	21.556	393.267	
10. Trade payables	(138.166)	(2.956)	(690)	(16.772)	
11. Financial liabilities	(234.029)	(71.843)	(14.417)	(5.398)	
12a. Other monetary liabilities	-	-	-	-	
12b. Other non-monetary liabilities	(836.139)	(68.671)	(20.490)	(165.703)	
13. Short term liabilities (10+11+12)	(1.208.334)	(143.470)	(35.597)	(187.873)	
14. Trade payables	-	-	-	-	
15. Financial liabilities	(3.332.777)	(58.743)	(308.730)	(82.191)	
16a. Other monetary liabilities	-	-	-	-	
16b. Other non-monetary liabilities	(95.007)	(1.653)	(8.687)	(3.549)	
17. Long term liabilities (14+15+16)	(3.427.784)	(60.396)	(317.417)	(85.740)	
18. Total liabilities (13+17)	(4.636.118)	(203.866)	(353.014)	(273.613)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	-	-	-	-	
19a. Hedged portion of assets amount	-	-	-	-	
19b. Hedged portion of liabilities amount	-	-	-	-	
20. Net foreign currencies assets / (liability) position (9+18+19)	(3.516.874)	(123.797)	(331.458)	119.654	
21. Monetary items Net foreign currencies assets / (liability) position (=1+2a+5+6a+10+11+12a+14+15+16a)	(3.516.874)	(123.797)	(331.458)	119.654	

(*) TRY equivalents are given.

For the purposes of the evaluation of the table above, the figures represent the TRY equivalent of the related hard currencies.

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

A 10 percent weakening of TRY against the above currencies at 31 December would have increased (decreased) profit or loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit / (Loss)		Equity	
	Strengthening of TRY	Weakening of TRY	Strengthening of TRY	Weakening of TRY
31 December 2022				
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset/(liability)	(26.682)	26.682	(26.682)	26.682
2-Hedged portion of US Dollar amounts (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	(26.682)	26.682	(26.682)	26.682
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/(liability)	(347.564)	347.564	(347.564)	347.564
5-Hedged portion of EUR amounts (-)	-	-	-	-
6-Net effect of EUR (4+5)	(347.564)	347.564	(347.564)	347.564
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/(liability)	(149.037)	149.037	(149.037)	149.037
8-Hedged portion of other foreign currency amounts (-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	(149.037)	149.037	(149.037)	149.037
TOTAL (3+6+9)	(523.283)	523.283	(523.283)	523.283

	Profit / (Loss)		Equity	
	Strengthening of TRY	Weakening of TRY	Strengthening of TRY	Weakening of TRY
31 December 2021				
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset/(liability)	(50.910)	50.910	(50.910)	50.910
2-Hedged portion of US Dollar amounts (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	(50.910)	50.910	(50.910)	50.910
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/(liability)	(461.509)	461.509	(461.509)	461.509
5-Hedged portion of EUR amounts (-)	-	-	-	-
6-Net effect of EUR (4+5)	(461.509)	461.509	(461.509)	461.509
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/(liability)	(102.918)	102.918	(102.918)	102.918
8-Hedged portion of other foreign currency amounts (-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	(102.918)	102.918	(102.918)	102.918
TOTAL (3+6+9)	(615.337)	615.337	(615.337)	615.337

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NOTE 26 - FINANCIAL RISK MANAGEMENT (Continued)

(ii) Currency risk (Continued)

31 December 2020	Profit / (Loss)		Equity	
	Strengthening of TRY	Weakening of TRY	Strengthening of TRY	Weakening of TRY
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset/(liability)	(92.015)	92.015	(92.015)	92.015
2-Hedged portion of US Dollar amounts (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	(92.015)	92.015	(92.015)	92.015
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/(liability)	(302.717)	302.717	(302.717)	302.717
5-Hedged portion of EUR amounts (-)	-	-	-	-
6-Net effect of EUR (4+5)	(302.717)	302.717	(302.717)	302.717
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/(liability)	4.771	(4.771)	4.771	(4.771)
8-Hedged portion of other foreign currency amounts (-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	4.771	(4.771)	4.771	(4.771)
TOTAL (3+6+9)	(389.961)	389.961	(389.961)	389.961

A 10 percent of strengthening of TRY against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTE 27 - SIGNIFICANT EVENTS

27.1 Establishment of new entities

- On 10 March 2022, the Group has established Saltbae Mykonos Restaurant - Bar Single Member SA.
- On 9 September 2022, the Group has established Amazonico Miami LLC.
- On 15 December 2022, the Group has established Restaurants Coya SL ("Coya Barcelona").

27.2 Liquidation / merger of entities / change in structure- title

- Zuma Cannes SAS's title changed as Azumi Cannes SAS.
- On 9 May 2022, 51%, 24.5% and 24.5% shares of Meng Unlu Mamüller Gıda Sanayi ve Ticaret A.Ş., whose 100% share were previously owned by D Et ve Et Ürünleri Gıda Pazarlama Ticaret A.Ş. were transferred to Nahita Restoran İşletmeciliği A.Ş., Mitco Yeme İçme Ticaret A.Ş. and Arena Otel Lokanta ve Eğlence Yerleri İşletmeciliği ve Turizm Yatırım A.Ş., respectively.
- On 6 December 2022, additional 10% shares of Cüneyt Usta Restoran Gıda Turizm Ticaret A.Ş., a subsidiary of the Group were purchased by Nahita Restoran İşletmeciliği ve Yatırım A.Ş., a subsidiary of the Group and direct ownership interest rate of the Group increased from %60 to 70%.
- On 17 February 2022, Saltbae LA LLC was liquidated.
- On 25 May 2022 Taraneete International Ltd was liquidated.
- On 1 July 2022, Tom Aikens Limited was liquidated.
- On 4 August 2022, The Tom Aikens Group Limited was liquidated.

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NOTE 27 - SIGNIFICANT EVENTS (Continued)

27.2 Liquidation / merger of entities / change in structure- title (Continued)

- Dream International Coöperatif U.A., which is established in the Netherlands and which is a 99.9% subsidiary of Nahita Restoran İşletmeciliği ve Yatırım A.Ş. transferred the 19.99% of shares of Dream International B.V., which is also established in the Netherlands, 83.66% subsidiary of Dream International Coöperatif U.A and includes the brands such as Azumi Group (Zuma, Roka, Oblix, Inko Nito), Nusr-Et, Coya and Paraguas to QH Oil Investments LLC (subsidiary of Qatar Investment Authority) through capital increase and share transfer by the share transfer agreement signed on 19 May 2022.
- On 19 May 2022, 5.00% additional shares of D Et ve Et Ürünleri Gıda Pazarlama Ticaret A.Ş. and D Nusret International B.V. have been purchased by Dream International B.V. direct shareholding rate for both companies has increased to 56%.

NOTE 28 - SUBSEQUENT EVENTS

- On 2 March 2023, Meat Master LLC was liquidated.
- On 23 March 2023, SCap Fine Dining Investments SCA SICAV RAIF ("SCap") acquired the shares of Dream International BV, owned by Ellington Investments Pte, Ltd. with this transaction, 10.70% of the issued capital of Dream International BV was transferred to Scap company. Following the completion of the transaction, the share ratio of Dream International BV was as follows:

Dream International Cooperatief U.A. --61,02%
Morpheus 123 B.V. --8,29%
QH Oil Investments LLC --19,99%
SCap Fine Dining Investments SCA SICAV RAIF --10,70%

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