

Creating Sustainable Economic Value

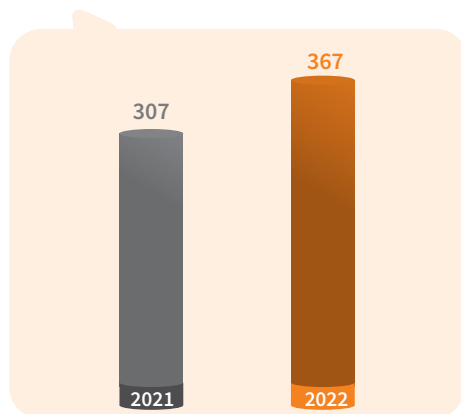
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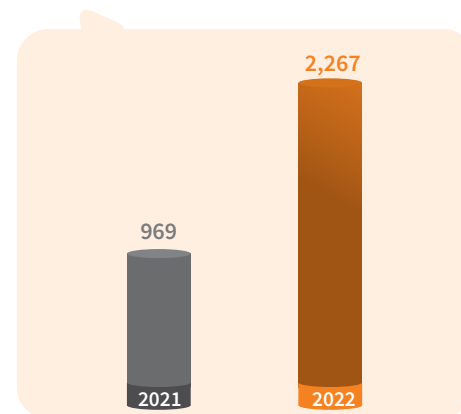
Financial Review

Migros continued to demonstrate strong growth performance in 2022. The company's consolidated sales amounted to TL 74.5 billion and were up by 105% as compared with the previous year. This growth was fueled by the ongoing successful performance of the company's online sales

Store Openings



Investment Outlays (TL million)



operations, by existing and newly-opened stores, a robust tourism season, and competitive pricing strategies. Online sales in 2022 accounted for a 15.6% share of Migros' total revenues (excluding tobacco products and alcoholic beverages).

Effective management of operational expenses and robust cash flow generation were foremost among the financial performance issues on which the company focused during 2022. With strong sales revenue growth combined with operational efficiencies contributing to greater operational profitability, the company's consolidated EBITDA increased by 106% in 2022 and weighed in at TL 5,968 million on an 8.0% EBITDA margin.

In 2022, Migros secured a net profit of TL 2,580 million, TL 993 million of which was due to a one-off deferred tax income. When that is excluded, Migros' 2022 net profit amounts to TL 1,587 million, which corresponds to a profit margin of 2.1%.

Continuing to generate strong cash flow all year long in 2022, Migros registered improvements in both its net cash position and its shareholders equity. Its Net cash/EBITDA ratio, which was 0.3x in 2021, increased to 1.1x in 2022, while its shareholders equity burgeoned from TL 536 million to TL 4.1 billion during the same twelve-month period.

Booking TL 2.3 billion as capital investment in 2022, Migros continued to expand its online and physical retailing footprint and reach. In 2022, the company opened 367 new stores -just over one a day on average- and the total number of stores as of year-end stood at 2,908, 956 of which were actively supplying goods for Migros' online sales.

At the time the February 2022 earthquakes struck southeastern Türkiye, Migros had 228 stores- all of them located in rented premises and insured- in the ten provinces that were hit the hardest. Of that number, 41 stores were located in buildings that suffered structural damage serious enough for them to be classified as no longer usable.

TL 2.3 BILLION INVESTMENT OUTLAYS

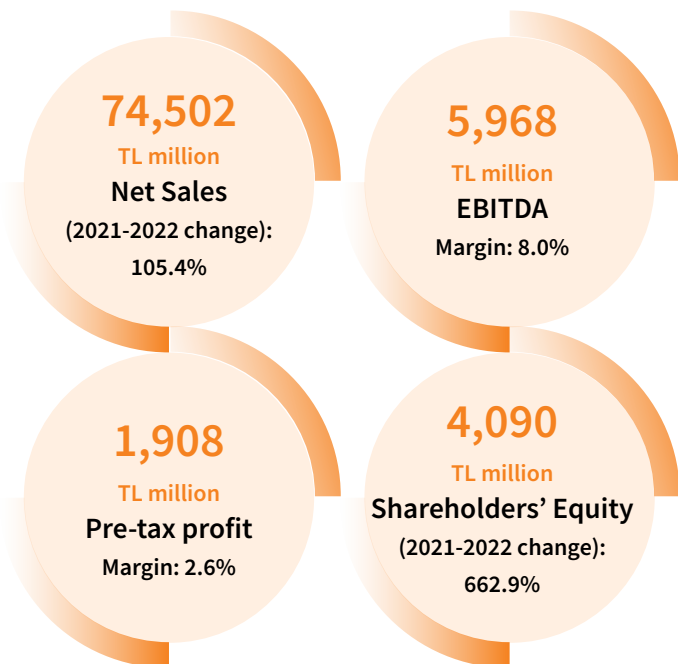


IN 2022,
CONSOLIDATED SALES
INCREASED 105%
YEAR-ON-YEAR.

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Migros' guidance for its consolidated sales growth in 2023 is between 75-80%. Taking the reality of steadily rising energy and logistics costs into account, the company foresees its consolidated EBITDA margin ending up in the 7.0-7.5% range in 2023. Migros is looking to open another 365 stores in the year ahead, plans to spend about TL 4.0 billion on investments, and expects to create about 10,000 new jobs.

Key Indicators (TL million)	2021	2022	Change (%)
Total Assets	18,100.3	36,423.9	101.2
Total Liabilities	17,564.3	32,334.1	84.1
Total Equity	536.1	4,089.8	662.9
Net Sales	36,272.2	74,502.0	105.4
Gross Profit	8,754.5	17,799.6	103.3
EBITDA (after ETB & unused vacation provisions)	2,894.2	5,968.2	106.2
Profit from continuing operations before tax	225.5	1,908.2	746.3



LIQUIDITY RATIOS	December 2021	December 2022
Current Ratio	0.66	0.77
FINANCIAL STRUCTURE RATIOS	December 2021	December 2022
Financial Leverage (Total Liabilities/Total Liabilities & Equity)	0.97	0.89
Total Liabilities/Total Equity	32.77	7.91
Financial Liabilities (w/o Lease Liabilities) / Total Assets	0.16	0.07
Net Cash Position (w/o Lease Liabilities) (TL thousand)	663,618	5,425,782
PROFITABILITY RATIOS (%)	1 January - 31 December 2021	1 January - 31 December 2022
Gross Profit Margin	24.1	23.9
Operating Profit Margin	2.0	3.7
EBITDA (after ETB & unused vacation provisions) (including IFRS 16 impact)	8.0	8.0
EBITDA Margin (including IFRS 16 impact)	8.4	8.4
EBITDA Margin	5.9	6.9
EBITDAR Margin	10.3	10.6
Net Profit Margin	1.0	3.5
SHARE PERFORMANCE RATIOS	December 2021	December 2022
Market Capitalization (TL thousand)	6,869,189	26,524,411
Share Price (TL)	37.94	146.50
Earnings/Loss per Share from Continuing Operations	1.98	14.25
Earnings/Loss per Share from Discontinuing Operations	0.00	0.00

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Contributing to Employment and Local Development

Migros engages in an ongoing effort to pursue growth that is inclusive of all of its stakeholders. Through its physical stores and online channels, the company contributes not only to local employment and job-creation but also to regional development by making procurements from local farmers and producers in all 81 of Türkiye's provinces.


Our Suppliers

Numbering its suppliers among its most important stakeholders, Migros regards developing and maintaining good relations with them as being crucial to its own development. The company has a highly diversified and efficient supply chain consisting of 2,031* active suppliers and about 20 thousand farmers. Migros attaches importance to supplier growth and development and therefore strives to create business relationships which are not just mutually beneficial but which also create added value for the whole country. In 2022 Migros added another 334 new suppliers to its business-partner network. Believing that its own sustainable growth targets are achievable only with the support of its suppliers, Migros therefore focuses on conducting its supply chain operations with a mindfulness for their overall sustainability. In line with this, the company also

promotes production-standard conformity throughout its supply chain by integrating producers on every scale into such processes. In this way, Migros not only creates added value for its own business model but also supports its suppliers in their efforts to strengthen their own market positions by contributing to their development.

Migros' suppliers are likewise important to the company's value chain. Good evidence of this is to be seen in the fact that the payments made to suppliers in 2022 accounted for 76.1% of all the economic value which the company generated during the year.

Migros initiated a **Producer Financing System** project Which is the first of its kind in Türkiye, this innovative system facilitates agricultural-financial industry interactions to help ensure food production continuity while also making producers financially more robust. Under this project, in which farmers who supply Migros with goods for sale in its stores may receive advances on what is owed to them from Ziraat Bank or İşbank, the company helps balancing food price by shortening the supply chain between producers and consumers while also improving producers' cash flows and strengthening their cash positions.

Detailed information about suppliers is provided in the “**Sustainable Growth with Our Suppliers**”  section of this report.

WE EMBRACE A VALUE-ADDED GROWTH MODEL
BY SUPPORTING LOCAL PRODUCTION AND
LOCAL EMPLOYMENT.



*Number of our active suppliers from whom we make purchases of TL 1,000 and above.

Creating Sustainable Economic Value



Our Employees

In keeping with its principle of being as widely accessible and reachable as possible, Migros is actively engaged in service provision through physical stores and online operations in all 81 of Türkiye's provinces. Migros' employees are the principal source of all the value that the company creates and the biggest factor underlying the company's success. When indirect job-creation is also taken into account, Migros provides employment for more than 60,000 people in the conduct of its operations. Even during the recent Covid-19 pandemic, Migros continued to recruit and hire new employees. In 2022 the company added 9,000 new people to its payroll and set a target to add another 10,000 in 2023. In 2022, Migros paid out a total of TL 6.3 billion in wage, salary, and other benefits to its personnel.

Detailed information about Migros' employees is provided in the “**Our Employee Profile**” section of this report.

Our Customers

Pioneering the retailing industry forward and creating added value by responding to customers' ever-changing expectations are two issues to which the company attaches great importance. In line with this, Migros sees its first priority as that of contributing to consumer household budgets through its pricing policy of offering best-value quality products and services at always-affordable prices while creating customer value through an approach that makes customer satisfaction

central to everything that it does. More than 1,500 items—including the company's own private-label products—are offered with yellow label letting shoppers know that they offer premium quality at the lowest price. The beneficial consequences of this are to be seen in the fact that Migros is Türkiye's most-widely accessed consumer brand: 100% of the country's households have shopped at a Migros store at least once.

Detailed information about Migros' customers is provided in the “**Effective Communication with Our Customer**” section of this report.

Civil Society

Believing that creating social value is one of its responsibilities, Migros strives to fulfill that responsibility through social-responsibility projects and investments. During 2022 the company donated a total of TL 1,410,405.62 in support of socially beneficial institutions and organizations including Educational Volunteers Foundation of Türkiye, Aegean Forest Foundation, Koç University, Anadolu Education and Social Assistance Foundation, and Turkish Red Crescent among others. The company also expands the reach of its socially beneficial activities by developing projects that it undertakes with different NGOs. Thanks to the hidden donations to TEGV and ZİÇEV through Migros during the Feast of Sacrifice of 2022, 3,096 children were supported in their education.

Public

On the basis of its IFRS consolidated financial statements, Migros incurred TL 279.5 million in income and corporation tax obligations in 2022. In addition, the company also paid out a total of TL 50.7 million in other taxes, duties, and charges in 2022.

9,000 NEW EMPLOYEES

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