

**MİGROS TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF 30 SEPTEMBER 2020

(ORIGINALLY ISSUED IN TURKISH)

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF
30 SEPTEMBER 2020 AND 31 DECEMBER 2019**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

		Current Year	Prior Year
	Notes	30 September 2020	31 December 2019
ASSETS			
Current Assets:			
Cash and cash equivalents		3,254,934	2,328,309
Financial investments		12,165	19,714
Trade receivables		201,447	126,354
<i>Trade receivables from related parties</i>	20	319	749
<i>Trade receivables from third parties</i>		201,128	125,605
Other receivables		35,844	35,709
<i>Other receivables from third parties</i>		35,844	35,709
Inventories	8	3,064,983	2,666,449
Prepaid expenses		176,296	82,734
Current income tax assets		-	11,755
Other current assets		6,647	5,899
Total current assets		6,752,316	5,276,923
Non-current assets:			
Financial investments		10,815	4,415
Other receivables		5,448	5,265
<i>Other receivables from third parties</i>		5,448	5,265
Financial instruments		8,089	-
Property, plant and equipment	5	3,012,715	3,736,238
Intangible assets		2,424,096	2,445,825
<i>Goodwill</i>		2,252,992	2,252,992
<i>Other intangible assets</i>	6	171,104	192,833
Prepaid expenses		95,678	38,041
Right-of-use assets	7	2,753,137	2,954,168
Deferred tax assets	18	75,267	-
Total non-current assets		8,385,245	9,183,952
Total assets		15,137,561	14,460,875

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

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CONSOLIDATED BALANCE SHEETS AS OF
30 SEPTEMBER 2020 AND 31 DECEMBER 2019**

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		Current Year	Prior Year
	Notes	30 September 2020	31 December 2019
LIABILITIES			
Current liabilities:			
Short term borrowings		851,191	281,603
<i>Bank loans</i>	9	851,191	281,603
Short term portion of long term borrowings		671,522	911,279
<i>Bank loans</i>	9	447,985	681,251
<i>Lease liabilities</i>		223,537	230,028
Trade payables		6,742,127	5,743,794
<i>Trade payables to related parties</i>	20	332,461	255,588
<i>Trade payables to third parties</i>		6,409,666	5,488,206
Employee benefits payables		360,560	148,609
Other payables		363,848	133,660
<i>Other payables to third parties</i>		363,848	133,660
Derivative Instruments		12,987	1,803
Deferred income		121,525	94,984
Taxes on income	18	12,320	-
Short term provisions		259,763	224,605
<i>Short term provisions for employee benefits</i>	11	157,539	139,366
<i>Other short term provisions</i>	10	102,224	85,239
Other current liabilities		5,846	3,681
Total current liabilities		9,401,689	7,544,018
Non-current liabilities:			
Long term borrowings		5,365,503	6,328,337
<i>Bank loans</i>	9	2,511,766	3,440,185
<i>Lease liabilities</i>		2,853,737	2,888,152
Other payables		18,750	13,026
<i>Other payables to third parties</i>		18,750	13,026
Deferred income		2,253	3,196
Derivative Instruments		-	26,314
Long term provisions		250,968	204,503
<i>Long term provisions for employee benefits</i>	11	250,968	204,503
Deferred tax liabilities		-	18,613
Total non-current liabilities		5,637,474	6,593,989
Total liabilities		15,039,163	14,138,007

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30 SEPTEMBER 2020 AND 31 DECEMBER 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)
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		Current Year	Prior Year
	Notes	30 September 2020	31 December 2019
EQUITY			
Attributable to equity holders of parent		95,954	321,203
Share capital		181,054	181,054
Other capital reserves		(365)	(365)
Treasury shares (-)	19	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss		408,298	637,922
<i>-Defined benefit plans re-measurement</i>		(14,215)	(14,215)
<i>-Revaluation fund of property, plant and equipment</i>		422,513	652,137
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss		245,775	176,102
<i>- Currency translation differences</i>		245,775	176,102
Restricted reserves		111,249	23,771
Accumulated losses		(465,011)	(101,808)
Net income/(loss)		(281,685)	(492,112)
Non-controlling interest		2,444	1,665
Total equity		98,398	322,868
Total liabilities and equity		15,137,561	14,460,875

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

		1 January - Notes 30 September 2020	1 July- 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Revenue	3, 12	21,107,907	7,695,353	17,194,551	6,463,736
Cost of sales (-)	3, 12	(15,584,935)	(5,716,534)	(12,504,457)	(4,691,503)
Gross profit		5,522,972	1,978,819	4,690,094	1,772,233
General administrative expenses (-)	13	(253,338)	(81,496)	(214,017)	(68,716)
Marketing expenses (-)	13	(4,273,957)	(1,497,288)	(3,421,247)	(1,237,731)
Other operating income	14	182,417	79,028	260,733	77,266
Other operating expense (-)	14	(399,013)	(151,289)	(618,765)	(195,320)
Operating profit		779,081	327,774	696,798	347,732
Income from investment activities	15	46,818	45,099	20,877	5,758
Expenses from investment activities (-)	15	(3,842)	(656)	(6,289)	341
Operating income before finance income/(expense)		822,057	372,217	711,386	353,831
Financial income	16	274,862	168,329	11,032	(7,944)
Financial expense (-)	17	(1,296,830)	(474,406)	(893,668)	(132,249)
Net (loss) / income before tax from continuing operations		(199,911)	66,140	(171,250)	213,638
Tax expense from continuing operations		(81,740)	(57,110)	(31,148)	(34,750)
- Income tax expense	18	(131,188)	(53,759)	(8,028)	(6,789)
- Deferred tax income / (expense)	18	49,448	(3,351)	(23,120)	(27,961)
Net (loss) / income		(281,651)	9,030	(202,398)	178,888
Net (loss) / income attributable to:					
- Non-controlling interest		34	15	77	4
- Equity holders of parent	21	(281,685)	9,015	(202,475)	178,884
(Loss) / Earning per share TRL	21	(1.56)	0.05	(1.12)	0.99

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

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	1 January - 30 September 2020	1 July- 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Net (loss) / income for the period	(281,651)	9,030	(202,398)	178,888
Items that may be reclassified subsequent periods:				
-Revaluation of fund of property, plant and equipment	(62,490)	(110)	19,003	19,003
Tax effect of items not to be reclassified to profit or loss				
-Tax effect of revaluation fund of property, plant and equipment	49,253	1,181	-	-
Items to be reclassified to profit or loss				
-Currency translation differences	70,418	35,765	3,520	(8,113)
Other comprehensive income / (loss), after tax	57,181	36,836	22,523	10,890
Total comprehensive income / (loss)	(224,470)	45,866	(179,875)	189,778
Total comprehensive (loss) / income attributable to equity holders of parent				
-Non-controlling interests	779	392	(702)	(187)
-Equity holders of parent	(225,249)	45,474	(179,173)	189,965

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

				Other comprehensive income/ expenses not to be reclassified to profit or loss		Other comprehensive income/ expenses to be reclassified to profit or loss		Retained earnings					
	Share capital	Other capital reserves	Treasury shares	Additional contribution to share capital	Defined benefit plans re-measurement losses	Increase/(decrease) re-evaluation of tangible assets	Cumulative translation losses	Restricted reserves	Accumulated losses	Net loss for the period	Attributable to equity holders of the parents	Non- controlling interests	Total equity
Balances at 1 January 2019	181,054	(365)	(125,435)	22,074	(9,265)	687,277	132,671	9,391	571,060	(835,558)	632,904	2,186	635,090
Transfers	-	-	-	-	-	(152,844)	-	14,380	(697,094)	835,558	-	-	-
Total comprehensive income	-	-	-	-	-	19,003	4,299	-	-	(202,475)	(179,173)	(702)	(179,875)
Net loss for the period	-	-	-	-	-	-	-	-	-	(202,475)	(202,475)	77	(202,398)
Cumulative translation differences	-	-	-	-	-	-	4,299	-	-	-	4,299	(779)	3,520
Defined benefit plans re-measurement gains	-	-	-	-	-	19,003	-	-	-	-	19,003	-	19,003
Balances at 30 September 2019	181,054	(365)	(125,435)	22,074	(9,265)	553,436	136,970	23,771	(126,034)	(202,475)	453,731	1,484	455,215
Balances at 1 January 2020	181,054	(365)	(125,435)	22,074	(14,215)	652,137	176,102	23,771	(101,808)	(492,112)	321,203	1,665	322,868
Transfers	-	-	-	-	-	(216,387)	-	87,478	(363,203)	492,112	-	-	-
Total comprehensive (loss)/income	-	-	-	-	-	(13,237)	69,673	-	-	(281,685)	(225,249)	779	(224,470)
Net loss for the period	-	-	-	-	-	-	-	-	-	(281,685)	(281,685)	34	(281,651)
Cumulative translation differences	-	-	-	-	-	-	69,673	-	-	-	69,673	745	70,418
Decrease re-evaluation of tangible assets	-	-	-	-	-	(13,237)	-	-	-	-	(13,237)	-	(13,237)
Balances at 30 September 2020	181,054	(365)	(125,435)	22,074	(14,215)	422,513	245,775	111,249	(465,011)	(281,685)	95,954	2,444	98,398

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 September 2020	1 January - 30 September 2019
Cash flow from operating activities:			
Net loss for the period		(281,651)	(202,398)
Adjustments related to reconciliation of loss		2,219,725	1,969,591
Adjustments for depreciation and amortisation expenses	13	613,904	637,357
Adjustments for impairment on receivables	14	4,913	11,436
Adjustments for inventory provisions		17,644	21,263
Adjustments for impairment on property, plant and equipment	15	3,842	2,374
Adjustments for provision for employee benefits	11	99,510	91,464
Adjustments for provision for litigation	10	15,811	12,946
Adjustments for interest income	14,16	(60,034)	(68,680)
Adjustments for interest expense	17	642,090	704,389
Adjustments for deferred financing due to forward purchases expenses	14	366,036	569,990
Adjustments for unearned finance income from sales	14	(75,171)	(152,250)
Adjustments for unrealized foreign exchange losses related to bank borrowings	9	561,029	93,753
Adjustments for fair value losses arising from derivatives	16,17	(4,771)	31,363
Adjustments for income tax expense	18	81,740	31,148
Loss on sale of property plant and equipment	15	(46,818)	(16,962)
Changes in net working capital		947,414	518,592
Adjustments for increase in trade receivables		(80,678)	(58,011)
Adjustments for increase in inventories		(416,178)	(298,063)
Adjustments for increase in other receivables related with operations		(119,770)	61,703
Adjustments for increase in trade payables		1,060,506	783,844
Adjustments for increase in other payables related with operations		503,534	29,119
Cash flows from operating activities		2,885,488	2,285,785
Employee benefits paid	11	(34,872)	(37,403)
Interest received		132,072	213,354
Interest paid		(376,268)	(617,847)
Taxes paid		(108,229)	(12,559)
Other provisions paid	10	(9,884)	(14,072)
Net cash provided by operating activities		2,488,307	1,817,258

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
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	Notes	1 January - 30 September 2020	1 January - 30 September 2019
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets		(267,849)	(207,670)
Cash inflows from the sale of tangible and intangible assets		769,911	211,389
Net cash used in investing activities		502,062	3,719
Cash flows from financing activities			
Proceeds from borrowings	9	1,139,040	570,200
Repayment of borrowings	9	(2,302,983)	(934,118)
Repayment of derivative instruments		(18,448)	(43,669)
Interest received	16	3,805	8,060
Interest paid		(337,472)	(334,747)
Cashoutflows from payments of rent agreements		(548,835)	(560,337)
Net cash provided by financing activities		(2,064,893)	(1,294,611)
Impact of foreign currency translation differences on cash and cash equivalents		1,149	3,854
Net (decrease) / increase in cash and cash equivalents		926,625	530,220
Cash and cash equivalents at the beginning of period		2,328,309	1,750,516
Cash and cash equivalents at the end of period		3,254,934	2,280,736

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Migros Ticaret A.Ş., (collectively referred to as “Migros” or the “Company”), was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code. (Migros Türk Ticaret Anonim Şirketi, which was established in 1954, merged with its parent company Moonlight Perakendecilik ve Ticaret Anonim Sirketi (“Moonlight Perakendecilik”) on April 30, 2009 and the trade name of Moonlight Retailing was changed as Migros Ticaret A.Ş.)

The Company and its subsidiaries together will be referred as “the Group”.

As of September 30, 2020, the direct and indirect total of Migros’s capital shares of BC Partners (“Kenan Investments S.A.”) equal to 12% and the indirect shares of AG Anadolu Grubu Holding A.Ş. (“Anadolu Group”) is 50%.

Through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet, the Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 30 September 2020, the Group operates in 2,301 stores in total (31 December 2019: 2,198) which comprise 1,562,093 m2 from 2,280 retail stores and comprise 12,352 m2 from 21 wholesale stores with a total net space of 1,574,445 m2 (31 December 2019: 1,535,535 m2). As of 30 September 2020, the Group employed 33,399 people (31 December 2019: 32,253) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2019: 96%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.
Atatürk Mah., Turgut Özal Blv.
No: 7 Ataşehir, İstanbul

These condensed consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 6 November 2020 and signed by Ö. Özgür Tort, General Manager, and Ferit Cem Doğan, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulators have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The Company has the following subsidiaries (the “Subsidiaries”). The nature of the business of the Subsidiaries and for the purpose of the interim condensed consolidated financial statements, their respective geographical segments are as follows:

				September 2020	December 2019
<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>	(%)	(%)
Ramstore Bulgaria E.A.D. (“Ramstore Bulgaria”)	Bulgaria	Bulgaria	Dormant	100	100
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”)	Kazakhstan	Kazakhstan	Retailing	100	100
Ramstore Macedonia DOO (“Ramstore Macedonia”)	Macedonia	Bulgaria	Retailing	99	99
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (*)	Turkey	Turkey	Payment and Electronic Money Services	80	100

(*) Not included in the scope of consolidation on the grounds of materiality. It was decided to change the name of Sanal Merkez Ticaret A.Ş., dormant subsidiary of our Company, to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (“MoneyPay”).

The Group has purchased 25% of Paket Lojistik ve Teknoloji A.Ş. on November 1, 2019. The purchased price reflects its fair value.

In line with our growth targets as well as our strategic focus in markets where we operate; Ramstore Kazakhstan's retail operations have been re-evaluated. Thus, negotiations related to the transfer of lease contracts of retail stores in Kazakhstan as well as the sale of their inventories and equipment were initiated. Ramstore Kazakhstan will continue to operate with its Ramstore All In-Samal Shopping Mall which is a large part of the subsidiary's valuation

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Basis of preparation and presentation of financial statements

The interim condensed consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013 and interim condensed consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) according to Article 5 of the Communiqué. TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations.

The condensed consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and presented in Turkish Lira in accordance with the CMB financial reporting standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

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

2.1 Basis of presentation (Continued)

In accordance with the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II -14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after June 30, 2013, listed companies required to prepare their financial statements in conformity with Turkey Accounting / Financial Reporting Standards (TAS / TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In the scope of the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II- 14.1 (Communiqué), the Group has prepared condensed consolidated interim financial statements in accordance with TAS 34 “Interim Financial Reporting”. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge, mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statements disclosures (Note 10, 22).

2.1.2 Changes in the accounting policies, estimates and errors

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

2.1.3 Functional and reporting currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

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

2.1 Basis of presentation (Continued)

2.1.4 Going concern

In accordance with the continuity principle of the business, the consolidated financial tables are prepared based on the assumption that the Group will benefit from its assets and pay off its liabilities within next year.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

2.2 New and Revised Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.

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

2.2 New and Revised Turkish Accounting Standards (cont’d)

a) Amendments that are mandatorily effective from 2020 (cont’d)

Amendments to TFRS 3 *Definition of a Business* (cont’d)

- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont'd)

a) Amendments that are mandatorily effective from 2020 (cont'd)

Amendments to TFRS 16 COVID-19 Related Rent Concessions (cont'd)

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company elected early application of the amendments.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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

2.2 New and Revised Turkish Accounting Standards (cont’d)

b) New and revised TFRSs in issue but not yet effective (cont’d)

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Critical accounting estimates and assumptions

Goodwill impairment test

The Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group’s eight-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after ten years is assumed to be nil. The discount rate in the value-in-use calculations is used as 9% per annum for a fixed-price plan study (2019: 9%). The discount rate in the value-in-use calculations is after tax discount rate, and includes the Group’s specific risk factors as well.

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NOTE 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed and found effective in strategic decision making by the Board of Directors.

Management assesses the Group's performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the board of directors. The board of directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, "EBITDA" and Earning Before Interest, Tax, Depreciation, Amortisation and Rent, "EBITDAR". The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

The segment information provided to the board of directors as of 30 September 2020 and 2019 is as follows:

Segment analysis for the period 1 January - 30 September 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	20.726.529	381.378	21.107.907	-	21.107.907
Inter segment revenues	2.986	-	2.986	(2.986)	-
Sales revenue	20.729.515	381.378	21.110.893	(2.986)	21.107.907
Cost of sales	(15.309.008)	(278.913)	(15.587.921)	2.986	(15.584.935)
Gross profit	5.420.507	102.465	5.522.972	-	5.522.972
Selling and marketing expenses	(4.200.614)	(73.343)	(4.273.957)	-	(4.273.957)
General administrative expenses	(219.069)	(34.269)	(253.338)	-	(253.338)
Addition: Depreciation and amortisation expenses	597.781	16.123	613.904	-	613.904
Addition: Provision for termination benefits	46.278	187	46.465	-	46.465
Addition: Termination benefits paid	28.552	-	28.552	-	28.552
Addition: Provision for Unused vacation	18.173	-	18.173	-	18.173
EBITDA (Including TFRS 16 Effect)	1.691.608	11.163	1.702.771	-	1.702.771
TFRS 16 Effect	(548.835)	-	(548.835)	-	(548.835)
EBITDA	1.142.773	11.163	1.153.936	-	1.153.936
Rent Expense	917.015	23.066	940.081	-	940.081
EBITDAR	2.059.788	34.229	2.094.017	-	2.094.017

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 July - 30 September 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	7,577,544	117,809	7,695,353	-	7,695,353
Inter segment revenues	499	-	499	(499)	-
Sales revenue	7,578,043	117,809	7,695,852	(499)	7,695,353
Cost of sales	(5,632,224)	(84,809)	(5,717,033)	499	(5,716,534)
Gross profit	1,945,819	33,000	1,978,819	-	1,978,819
Selling and marketing expenses	(1,471,838)	(25,450)	(1,497,288)	-	(1,497,288)
General administrative expenses	(69,699)	(11,797)	(81,496)	-	(81,496)
Addition: Depreciation and amortisation expenses	203,979	5,561	209,540	-	209,540
Addition: Provision for termination benefits	4,081	187	4,189	-	4,189
Addition: Termination benefits paid	9,414	-	9,414	-	9,414
Addition: Provision for Unused vacation	(11,971)	-	(11,971)	-	(11,971)
EBITDA (Including TFRS 16 Effect)	609,785	1,501	611,207	-	611,207
TFRS 16 Effect	(176,892)	-	(176,892)	-	(176,892)
EBITDA	432,893	1,501	434,315	-	434,315
Rent Expense	334,522	8,246	342,768	-	342,768
EBITDAR	767,415	9,747	777,083	-	777,083

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 September 2019

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	16,761,399	433,152	17,194,551	-	17,194,551
Inter segment revenues	3,721	-	3,721	(3,721)	-
Sales revenue	16,765,120	433,152	17,198,272	(3,721)	17,194,551
Cost of sales	(12,188,972)	(319,206)	(12,508,178)	3,721	(12,504,457)
Gross profit	4,576,148	113,946	4,690,094	-	4,690,094
Selling and marketing expenses	(3,345,822)	(75,425)	(3,421,247)	-	(3,421,247)
General administrative expenses	(182,809)	(31,208)	(214,017)	-	(214,017)
Addition: Depreciation and amortisation expenses	622,469	14,888	637,357	-	637,357
Addition: Provision for termination benefits	35,240	12	35,252	-	35,252
Addition: Termination benefits paid	27,647	-	27,647	-	27,647
Addition: Provision for Unused vacation	18,809	-	18,809	-	18,809
EBITDA (Including TFRS 16 Effect)	1,751,682	22,213	1,773,895	-	1,773,895
TFRS 16 Effect	(560,337)	-	(560,337)	-	(560,337)
EBITDA	1,191,345	22,213	1,213,558	-	1,213,558
Rent Expense	771,670	27,634	799,304	-	799,304
EBITDAR	1,963,015	49,847	2,012,862	-	2,012,862

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 July - 30 September 2019

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	6,320,619	143,117	6,463,736	-	6,463,736
Inter segment revenues	1,054	-	1,054	(1,054)	-
Sales revenue	6,321,673	143,117	6,464,790	(1,054)	6,463,736
Cost of sales	(4,587,479)	(105,078)	(4,692,557)	1,054	(4,691,503)
Gross profit	1,734,194	38,039	1,772,233	-	1,772,233
Selling and marketing expenses	(1,212,226)	(25,505)	(1,237,731)	-	(1,237,731)
General administrative expenses	(57,705)	(11,011)	(68,716)	-	(68,716)
Addition: Depreciation and amortisation expenses	212,187	5,737	217,924	-	217,924
Addition: Provision for termination benefits	3,283	(27)	3,256	-	3,256
Addition: Termination benefits paid	8,811	-	8,811	-	8,811
Addition: Provision for Unused vacation	1,844	-	1,844	-	1,844
EBITDA (Including TFRS 16 Effect)	690,388	7,233	697,621	-	697,621
TFRS 16 Effect	(194,452)	-	(194,452)	-	(194,452)
EBITDA	495,936	7,233	503,169	-	503,169
Rent Expense	281,217	9,231	290,448	-	290,448
EBITDAR	777,153	16,464	793,617	-	793,617

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NOTE 3 - SEGMENT REPORTING (Continued)

A reconciliation of EBITDAR figure to income before tax is provided as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
EBITDAR reported segments	2,094,017	777,083	2,012,862	793,617
Rent expenses	(940,081)	(342,768)	(799,304)	(290,448)
TFRS 16 Effect	548,835	176,892	560,337	194,452
EBITDA reported segments	1,702,771	611,207	1,773,895	697,621
Depreciation and amortisation	(613,904)	(209,540)	(637,357)	(217,924)
Provision for employment termination benefits	(46,465)	(4,189)	(35,252)	(3,256)
Termination benefits paid	(28,552)	(9,414)	(27,647)	(8,811)
Provision for unused vacation	(18,173)	11,971	(18,809)	(1,844)
Other operating income	182,417	79,028	260,733	77,266
Other operating expense (-)	(399,013)	(151,289)	(618,765)	(195,320)
Operating profit	779,081	327,774	696,798	347,732
Income from investing activities	46,818	45,099	20,877	5,758
Expense from investing activities (-)	(3,842)	(656)	(6,289)	341
Operating profit before finance income	822,057	372,217	711,386	353,831
Financial income	274,862	168,329	11,032	(7,944)
Financial expense (-)	(1,296,830)	(474,406)	(893,668)	(132,249)
Income/(loss) before tax	(199,911)	66,140	(171,250)	213,638

NOTE 4 - INVESTMENT PROPERTY

None.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 30 September 2020 is as follows;

	1 January 2020	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 September 2020
Cost							
Land	1,288,070	-	(552,025)	-	-	14,896	750,941
Buildings	1,048,096	3,610	(277,720)	-	1,259	51,835	827,080
Leasehold improvements	899,000	29,166	-	(8,946)	12,507	5,998	937,725
Machinery and equipments	1,279,878	69,662	(15,213)	-	44,762	14,847	1,393,936
Motor vehicles	10,988	2,714	(434)	-	-	1,197	14,465
Furniture and fixtures	840,781	45,695	(5,487)	-	14,544	19,124	914,657
Construction in progress	54,913	86,333	-	-	(73,740)	2,151	69,657
	5,421,726	237,180	(850,879)	(8,946)	(668)	110,048	4,908,461
Accumulated depreciation							
Buildings	(29,461)	(23,786)	10,033	-	-	(13,052)	(56,266)
Leasehold improvements	(459,195)	(51,423)	-	5,104	-	(3,436)	(508,950)
Machinery and equipments	(684,063)	(82,708)	13,766	-	(25)	(10,934)	(763,964)
Motor vehicles	(3,378)	(1,510)	393	-	-	(606)	(5,101)
Furniture and fixture	(509,391)	(40,119)	4,601	-	(209)	(16,347)	(561,465)
	(1,685,488)	(199,546)	28,793	5,104	(234)	(44,375)	(1,895,746)
Net book value	3,736,238						3,012,715

(*) Impairment loss amounting to TRL 3,842 consists of leasehold improvements of the stores closed in 2020 (Note:15).

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended at 30 September 2019 is as follows;

	1 January 2019	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 September 2019
Cost							
Land	1,458,276	-	(40,314)	-	-	350	1,418,312
Buildings	1,017,439	9,315	(55,580)	-	7,975	4,705	983,854
Leasehold improvements	844,539	28,640	(694)	(16,244)	7,985	1,256	865,482
Machinery and equipments	1,168,600	45,517	(13,023)	-	29,418	2,594	1,233,106
Motor vehicles	6,397	-	-	-	-	70	6,467
Furniture and fixtures	786,762	24,306	(3,406)	-	12,186	1,721	821,569
Construction in progress	37,381	84,344	-	-	(62,898)	871	59,698
	5,319,394	192,122	(113,017)	(16,244)	(5,334)	11,567	5,388,488
Accumulated depreciation							
Buildings	-	(24,265)	741	-	-	(500)	(24,024)
Leasehold improvementsc	(404,733)	(50,605)	278	13,870	-	(463)	(441,653)
Machinery and equipments	(592,706)	(73,267)	11,758	-	(46)	(1,758)	(656,019)
Motor vehicles	(1,439)	(646)	-	-	-	(34)	(2,119)
Furniture and fixture	(457,474)	(35,480)	2,651	-	(333)	(746)	(491,382)
	(1,456,352)	(184,263)	15,428	13,870	(379)	(3,501)	(1,615,197)
Net book value	3,863,042						3,773,291

(*) Impairment loss amounting to TRL 2,374 consists of leasehold improvements of the stores closed in 2019 (Note:15).

There are no mortgages on property, plant and equipment as of September 30, 2020 and 2019. Depreciation expenses of the property, plant and equipment have been accounted under marketing expenses.

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NOTE 6 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 30 September 2020 and 2019 is as follows;

	1 January 2020	Additions	Transfers	Cumulative translation differences	30 September 2020
Cost					
Trademark	2,787	-	-	-	2,787
Rent agreements	39,131	-	-	-	39,131
Rights	408,899	30,669	-	3,912	443,480
Other intangible assets	169,302	-	902	-	170,204
	620,119	30,669	902	3,912	655,602
Accumulated amortisation					
Rent agreements	(35,403)	(580)	-	-	(35,983)
Rights	(290,041)	(40,452)	-	(2,719)	(333,212)
Other intangible assets	(101,842)	(13,461)	-	-	(115,303)
	(427,286)	(54,493)	-	(2,719)	(484,498)
Net book value	192,833				171,104

	1 January 2019	Additions	Transfers	Cumulative translation differences	30 September 2019
Cost					
Trademark	2,787	-	-	-	2,787
Rent agreements	39,131	-	-	-	39,131
Rights	373,595	15,548	-	665	389,808
Other intangible assets	163,627	-	5,713	-	169,340
	579,140	15,548	5,713	665	601,066
Accumulated amortisation					
Rent agreements	(34,355)	(786)	-	-	(35,141)
Rights	(234,169)	(34,878)	-	(661)	(269,708)
Other intangible assets	(84,366)	(14,198)	-	-	(98,564)
	(352,890)	(49,862)	-	(661)	(403,413)
Net book value	226,250				197,653

Depreciation expenses of the intangible assets have been accounted under marketing expenses.

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NOTE 7 RIGHT OF USE ASSET

	1 January 2020	Additions	Disposals	30 September 2020
Cost				
Buildings	3,426,303	195,850	(37,016)	3,585,137
	3,426,303	195,850	(37,016)	3,585,137
Accumulated depreciation				
Buildings	(472,135)	(359,865)	-	(832,000)
	(472,135)	(359,865)	-	(832,000)
Net book value	2,954,168	(164,015)	(37,016)	2,753,137
	1 January 2019	Additions	Disposals	30 September 2019
Cost				
Buildings	2,964,373	463,195	(14,068)	3,413,500
	2,964,373	463,195	(14,068)	3,413,500
Accumulated depreciation				
Buildings	-	(403,233)		(403,233)
	-	(403,233)		(403,233)
Net book value	2,964,373	59,962	(14,068)	3,010,267

NOTE 8 - INVENTORIES

	30 September 2020	31 December 2019
Raw materials	16,566	17,184
Work in progress	47,510	40,034
Merchandise stocks	3,048,796	2,654,269
Other	18,622	3,829
Less: Provision for net realizable value	(66,511)	(48,867)
	3,064,983	2,666,449

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NOTE 9 - FINANCIAL LIABILITIES

	30 September 2020		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	12.36	604,826	604,826
With floating interest rate - TRL	21.87	246,365	246,365
Total short term borrowings			851,191
Current portion of long term borrowings			
With floating interest rate - EUR	5.29	5,119	46,724
With fixed interest rate - TRL	17.24	333,890	333,890
With floating interest rate - TRL	14.73	49,287	49,287
Kzk Loan - Tenge	13.65	994,774	18,084
Total current portion of long term borrowings			447,985
Total current bank borrowings			1,299,176
Non-current bank borrowings			
With floating interest rate - EUR	5.29	129,790	1,184,738
With fixed interest rate - TRL	17.24	798,248	798,248
With floating interest rate - TRL	14.73	479,119	479,119
Kzk Loan - Tenge	13.65	2,731,783	49,661
Total non-current bank borrowings			2,511,766
Total financial liabilities			3,810,942

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of bank borrowings with effective interest rate at 30 September 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 October 2020 - 30 September 2021	18.084	46.724	1.234.368	1.299.176
1 October 2021 - 30 September 2022	22.139	57.805	651.006	730.950
1 October 2022 - 30 September 2023	18.282	1.126.933	269.564	1.414.779
1 October 2023 - 30 September 2024	9.240	-	224.837	234.077
1 October 2024 - 5 June 2025	-	-	131.960	131.960
	67.745	1.231.462	2.511.735	3.810.942

The fair value of bank borrowings at 30 September 2020 is TRL 3,866,398.

The redemption schedule of principal amounts of bank borrowings at 30 September 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 October 2020 - 30 September 2021	17.305	-	1.017.084	1.034.389
1 October 2021 - 30 September 2022	22.139	-	613.379	635.518
1 October 2022 - 30 September 2023	18.282	1.229.055	281.226	1.528.563
1 October 2023 - 30 September 2024	9.240	-	328.573	337.813
1 October 2024 - 5 June 2025	0	-	225.616	225.616
	66.966	1.229.055	2.465.878	3.761.899

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 30 September 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 October 2020 - 30 September 2021	25.847	45.731	1.253.052	1.324.631
1 October 2021 - 30 September 2022	27.981	59.353	854.676	942.010
1 October 2022 - 30 September 2023	21.150	1.280.348	395.131	1.696.630
1 October 2023 - 30 September 2024	9.885	-	389.484	399.370
1 October 2024 - 5 June 2025	-	-	243.014	243.014
	84.864	1.385.433	3.135.358	4.605.654

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 30 September 2020 the Group has met defined financial covenants requirements.

The movement schedule of borrowings as of 30 September 2020 is as follows;

	1 January- 30 September 2020	1 January- 30 September 2019
Beginning balance	4,403,039	4,570,097
Proceeds of borrowings	1,139,040	570,200
Payments	(2,302,983)	(934,118)
Foreign exchange losses	561,029	93,753
Interest accrual	10,817	36,990
Closing	3,810,942	4,336,922

	31 December 2019		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	23.09	281,603	281,603
Total short term borrowings			281,603
Current portion of long term borrowings			
With floating interest rate - EUR	5.27	49,741	330,808
With fixed interest rate - TRL	19.67	319,753	319,753
With floating interest rate - TRL	21.59	25,167	25,167
Kzk Loan - Tenge	11.58	354,383	5,523
Total current portion of long term borrowings			681,251
Total current bank borrowings			962,854
Non-current bank borrowings			
With floating interest rate - EUR	5.27	380,298	2,529,211
With fixed interest rate - TRL	19.67	681,917	681,917
With floating interest rate - TRL	21.59	175,423	175,423
Kzk Loan - Tenge	11.58	3,441,682	53,634
Total non-current bank borrowings			3,440,185
Total financial liabilities			4,403,039

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of bank borrowings with effective interest rate at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5.523	330.808	626.523	962.854
1 January 2021- 31 December 2021	15.870	952.011	539.615	1.507.496
1 January 2022- 31 December 2022	18.089	1.011.974	132.442	1.162.505
1 January 2023- 31 December 2023	15.672	565.226	113.284	694.182
1 January 2024 - 12 September 2024	4.003	-	71.999	76.002
	59.157	2.860.019	1.483.863	4.403.039

The fair value of bank borrowings at 31 December 2019 is TRL 4,558,469.

The redemption schedule of principal amounts of bank borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5.093	200.283	451.340	656.716
1 January 2021- 31 December 2021	15.870	913.887	83.583	1.013.340
1 January 2022- 31 December 2022	18.089	1.085.218	598.316	1.701.623
1 January 2023- 31 December 2023	15.672	656.822	157.250	829.744
1 January 2024 - 12 September 2024	4.003	-	148.080	152.083
	58.727	2.856.210	1.438.569	4.353.506

The redemption schedule of principal amounts of bank borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	8.756	338.214	671.574	1.018.544
1 January 2021- 31 December 2021	19.902	1.031.396	881.390	1.932.688
1 January 2022- 31 December 2022	22.438	1.157.027	231.550	1.411.015
1 January 2023- 31 December 2023	17.424	672.334	239.086	928.844
1 January 2024 - 12 September 2024	8.326	-	192.205	200.531
	76.846	3.198.971	2.215.805	5.491.622

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NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	30 September 2020	31 December 2019
Provision for litigation	87,052	81,125
Provisions for customer loyalty programs	12,889	1,754
Other	2,283	2,360
	102,224	85,239

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

Movement of provision for lawsuits is as follows:

	1 January - 30 September 2020	1 January - 30 September 2019
Beginning balance	81,125	82,496
Increase during period	15,811	12,946
Payments during period	(9,884)	(14,072)
Ending balance	87,052	81,370

Collaterals, Pledges, Mortgages

30 September 2020:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	220,837	204,821	1,238	-
B. CPM given on behalf of fully consolidated subsidiaries	56,670	-	7,258	-
Total collaterals, pledges and mortgages	277,507	204,821	8,496	-

Proportion of the other CPM's to equity (%)

-

31 December 2019:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	236,424	228,982	1,253	-
B. CPM given on behalf of fully consolidated subsidiaries	53,634	-	9,029	-
Total collaterals, pledges and mortgages	290,058	228,982	10,282	-

Proportion of the other CPM's to equity (%)

-

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**NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES
(Continued)**

Contingent assets and liabilities

Guarantees given at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Letter of guarantees given	277,507	290,058
	277,507	290,058

Guarantees received at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Guarantees obtained from customers	203,803	176,257
Mortgages obtained from customers	16,498	73,823
	220,301	250,080

NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS

	30 September 2020	31 December 2019
Provision for employee termination benefits	250,968	204,503
Provision for unused vacation	157,539	139,366
	408,507	343,869

Movement of unused vacation provision at 30 September 2020 and 30 September 2019 is as follows:

	2020	2019
Beginning balance	139,366	122,848
Increase during period	24,493	24,199
Recovered during period	(6,320)	(7,233)
Ending balance	157,539	139,814

Movements in the provision for employee termination benefits are as follows:

	2020	2019
Beginning balance	204,503	145,477
Increase during period	75,017	50,832
Payments during period	(28,552)	(18,836)
Ending balance	250,968	177,473

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NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS (cont'd)

Provision for employee termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the condensed consolidated financial statements as of 30 September 2020 and consolidated financial statements as of 31 December 2019, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 7,117.17 effective from 1 July 2020 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 12 - REVENUE

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Domestic sales	21,043,775	7,708,415	17,104,975	6,438,627
Foreign sales	378,991	116,936	430,111	142,012
Other sales	25,745	8,829	24,449	8,341
Gross sales	21,448,511	7,834,180	17,559,535	6,588,980
Discounts and returns (-)	(340,604)	(138,827)	(364,984)	(125,244)
Sales revenue, net	21,107,907	7,695,353	17,194,551	6,463,736
Cost of sales	(15,584,935)	(5,716,534)	(12,504,457)	(4,691,503)
Gross profit	5,522,972	1,978,819	4,690,094	1,772,233

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

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Retail sales revenue	20,747,513	7,588,811	16,781,141	6,321,252
Wholesale revenue	562,162	193,100	570,707	195,908
Rent income	113,091	43,440	183,238	63,479
	21,422,766	7,825,351	17,535,086	6,580,639

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NOTE 13 - EXPENSE BY NATURE

Total	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Staff costs	2,198,650	726,493	1,742,214	613,519
Depreciation and amortisation	613,904	209,540	637,357	217,924
Rent and common area	498,976	202,485	342,762	134,136
Energy	282,779	119,347	276,730	114,416
Porterage and cleaning	144,976	51,712	122,679	44,832
Advertising	101,390	42,493	88,023	29,159
Mechanisation	88,750	28,379	72,094	25,460
Repair and maintenance	64,981	23,233	59,458	22,779
Security	48,679	16,578	43,467	16,081
Taxes and other fees	23,647	6,972	19,460	6,255
Communication	14,834	5,823	12,150	4,219
Other	445,729	145,729	218,870	77,667
	4,527,295	1,578,784	3,635,264	1,306,447
Marketing expenses	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Staff costs	2,006,024	664,737	1,577,207	561,190
Depreciation and amortisation	613,904	209,540	637,357	217,923
Rent and common area	493,714	199,503	341,961	133,846
Energy	280,867	118,628	273,978	113,316
Porterage and cleaning	140,931	50,338	119,300	43,620
Advertising	101,377	42,493	88,000	29,158
Mechanisation	82,644	28,237	65,367	23,243
Repair and maintenance	63,415	22,941	57,912	22,158
Security	47,105	16,049	41,879	15,572
Taxes and other fees	20,461	6,236	18,149	5,748
Communication	13,162	5,408	10,402	3,615
Other	410,353	133,178	189,735	68,342
	4,273,957	1,497,288	3,421,247	1,237,731

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NOTE 13 - EXPENSE BY NATURE (cont'd)

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
General administrative expenses				
Staff costs	192,626	61,756	165,007	52,329
Other	60,712	19,740	49,010	16,387
	253,338	81,496	214,017	68,716

Expenses by nature in cost of sales for the periods 1 January - 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Cost of goods sold	(15,557,851)	(5,709,198)	(12,472,420)	(4,682,486)
Cost of service rendered	(27,084)	(7,336)	(32,037)	(9,017)
	(15,584,935)	(5,716,534)	(12,504,457)	(4,691,503)

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs are formed of energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

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	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Other operating income				
Interest income on term sales	75,171	33,990	152,250	47,733
Interest income from operating	56,229	29,450	60,620	25,522
Other	51,017	15,588	47,863	4,011
	182,417	79,028	260,733	77,266

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Other operating expenses				
Interest expense on term purchases	(366,036)	(141,842)	(569,990)	(180,943)
Litigation provision	(15,811)	(7,227)	(20,675)	(4,335)
Bad debt provision expense	(4,913)	(2,524)	(11,436)	(3,800)
Other	(12,253)	304	(16,664)	(6,242)
	(399,013)	(151,289)	(618,765)	(195,320)

NOTE 15 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Income from investing activities				
Gain on sale of property, plant and equipment	46,818	45,099	20,877	5,758
	46,818	45,099	20,877	5,758

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Expense from investing activities				
Gain on sale of property, plant and equipment	-	-	(3,915)	432
Losses from leasehold improvements of closed stores (Note 5)	(3,842)	(656)	(2,374)	(91)
	(3,842)	(656)	(6,289)	341

NOTE 16 - FINANCIAL INCOME

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	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Foreign exchange gains	247,838	143,335	2,972	(10,294)
Interest income on bank deposits	3,805	1,775	8,060	2,350
Financial income of financial instrument	23,219	23,219	-	-
	274,862	168,329	11,032	(7,944)

NOTE 17 - FINANCIAL EXPENSES

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Foreign exchange losses	(576,870)	(243,387)	(112,344)	152,545
Interest expense on bank borrowings	(347,523)	(128,207)	(369,944)	(118,289)
Financial expense on derivatives	(18,448)	(7,388)	(31,363)	(28,404)
Interest expense on leasings	(294,567)	(78,451)	(334,445)	(116,254)
Other	(59,422)	(16,973)	(45,572)	(21,847)
	(1,296,830)	(474,406)	(893,668)	(132,249)

NOTE 18 - TAX ASSETS AND LIABILITIES

	30 September 2020	31 December 2019
Corporate and income taxes payable	131,214	2,861
Less: Prepaid current income taxes	(118,894)	(14,616)
Current tax liabilities/(assets)	12,320	(11,755)

	30 September 2020	31 December 2019
Deferred tax assets	205,331	163,210
Deferred tax liabilities	(130,064)	(181,823)
Deferred tax assets/(liabilities), net	75,267	(18,613)

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The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 22% (December 31, 2019 - 22%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 30 September 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with TFRS. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of September 30, 2020 for Turkey, Kazakhstan, Bulgaria and Macedonia 22% - 20%, 20%, 10% and 10% (2019: 22%, 20%, 20% and 10%).

The details of taxation on income for the periods ended 2020 and 2019 are as follows:

	1 January- 30 September 2020	1 January- September 2019
Current period tax expense	(131,188)	(8,028)
Deferred tax income	49,448	(23,120)
Current period tax amount	(81,740)	(31,148)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 September 2020 and 31 December 2019 using the currently enacted tax rates, is as follows:

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	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Deferred tax assets:				
Short term provisions	244,591	220,491	53,810	48,508
Inventories	151,586	127,483	33,349	28,046
Provision for employee termination benefits	250,968	204,503	50,124	40,850
Unincurred interest income	1,477	805	325	177
Fair value changes of derivative instruments	4,898	28,117	1,078	6,186
TFRS 16 Effect	274,563	162,825	60,404	35,821
Other	28,039	16,237	6,241	3,622
Deferred tax assets	956,122	760,461	205,331	163,210

Deferred tax liabilities:

Property, plant and equipment, intangible assets and investment properties	(1,024,246)	(1,123,130)	(110,600)	(164,666)
Unincurred interest expense	(82,174)	(71,695)	(18,078)	(15,773)
Other	(6,921)	(6,921)	(1,386)	(1,384)
Deferred tax liabilities	(1,113,341)	(1,201,746)	(130,064)	(181,823)
Total deferred tax liability, net	(157,219)	(441,285)	75,267	(18,613)

The movement of deferred tax assets and liabilities are as follows:

	1 January- 30 September 2020	1 January- 30 September 2019
Beginning balance	(18,613)	1,765
Deferred tax expense from continuing operations	49,448	(23,120)
Recognized under equity	49,253	20,540
Cumulative translation difference	(4,821)	(236)
Ending balance	75,267	(1,051)

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2020 and 31 December 2019 are stated below:

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	30 September 2020		31 December 2019	
	TL	Share (%)	TL	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Kenan Investments S.A.	21,308	11.77	21,308	11.77
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	67,738	37.41	67,738	37.41
Total	181,054	100.00	181,054	100.00
Treasury shares (-)	(125,435)		(125,435)	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TRL 2,962, corresponding to Kipa shares with a total nominal value of TRL 48,998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TRL 125,435 within the scope of separation funds.

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	30 September 2020	31 December 2019
Anadolu Restoran İşl. Ltd. Şti.	59	43
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	6	417
Anadolu Motor Üretim ve Pazarlama A.Ş.	1	58
Other	253	231
	319	749

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NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties	30 September 2020	31 December 2019
Coca Cola Satış ve Dağıtım A.Ş.	140,409	87,144
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	172,391	142,932
Adel Kalemcilik Ticaret ve San. A.Ş.	13,824	8,909
AEH Sigorta Acenteliği A.Ş.	28	14,468
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	3,186	1,354
Other	2,623	781
	332,461	255,588

b) Transactions with related parties

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Inventory purchases				
Coca Cola Satış ve Dağıtım A.Ş.	253,196	181,463	233,823	91,132
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	387,859	299,416	385,045	168,012
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	18,046	10,176	20,904	5,270
Adel Kalemcilik Ticaret ve San. A.Ş.	10,717	8,981	7,396	6,861
	669,818	500,036	647,168	271,275
Other transactions				
Rent revenue	604	380	1,222	508
Rent expenses	(5,843)	(1,692)	(12,511)	(4,120)
Other income	419	194	626	239
Other expenses	-	-	(58)	(18)
Other transactions, net	(4,819)	(1,117)	(10,721)	(3,391)

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NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Key management compensation

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 30 September 2020 and 2019 is as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Short term benefits	41,115	12,535	32,099	10,129
	41,115	12,535	32,099	10,129

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

NOTE 21 - EARNINGS/(LOSSES) PER SHARE

Basic earnings / (losses) per share is calculated by dividing net income / (loss) for the period by the weighted average number of ordinary shares outstanding during the related period.

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Net profit/(loss) attributable to shareholders	(281,685)	9,015	(202,475)	178,884
Weighted average number of shares				
Kr1 face value each ('000)	18,105,233	18,105,233	18,105,433	18,105,233
Earnings per share	(1.56)	0.05	(1.12)	0.99

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 30 September 2020, if Euro had appreciated against TRL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been less in the amount of TRL 102,952.

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NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	30 September 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	732,548	1,091	79,229	819	697,220	1,181	103,480	2,003
Trade receivables	-	-	-	-	-	-	-	-
Other	70	9	-	-	933	157	-	-
Current assets	732,618	1,100	79,229	819	698,153	1,338	103,480	2,003
Total assets	732,618	1,100	79,229	819	698,153	1,338	103,480	2,003
Financial liabilities	46,727	-	5,119	-	330,808	-	49,741	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	46,727	-	5,119	-	330,808	-	49,741	-
Financial liabilities	1,184,736	-	129,790	-	2,529,211	-	380,298	-
Non-monetary other liabilities	6,508	-	713	-	5,194	-	781	-
Non-current liabilities	1,191,244	-	130,503	-	2,534,405	-	381,079	-
Total liabilities	1,237,971	-	135,622	-	2,865,213	-	430,820	-

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NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	30 September 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Net asset/(liability) position of								
off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	(505,353)	1,100	(56,393)	819	(2,167,058)	1,338	(327,340)	2,003
Net foreign currency asset/(liability) position of monetary items	(498,915)	1,091	(55,680)	819	(2,162,797)	1,181	(326,559)	2,003
Fair value hedge funds of								
foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency Export	-	-	-	-	-	-	-	-
Import	140,247	17,962	-	-	164,762	27,737	-	-

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NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 30 September 2020 and 31 December 2019 is as follows:

30 September 2020

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	(102,952)	102,952
Euro net effect	(102,952)	102,952

31 December 2019

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	(435,402)	435,402
Euro net effect	(435,402)	435,402

NOTE 23 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

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NOTE 24 – IMPORTANT DEVELOPMENTS RELATED TO THE CURRENT PERIOD

The COVID-19 pandemic affecting the whole world had also some impacts over the Group’s financial tables. The curfew orders applied in the crowded cities during the months April and May, the work hours restrictions for the stores located in shopping malls including some other stores, and the decrease of the customer traffic negatively impacted the revenues of these stores. On the other hand, the increase in the customers’ home consumption habits, especially the increasing demand for online sales, positively contributed to the total revenue of the Group. However, the need for additional staff hiring to cover the growing consumer demands and the additional expenses related with hygiene, cleaning and other prevention measures against the spread of the pandemic increased the operating expenses.

The Shopping Mall Operation, which is another business branch of our company, also recorded a significant amount of profitability loss. Since there is still not enough information about the middle and long term ramifications of COVID-19, a healthier and more accurate impairment assessment for the real estate values will be able to be conducted in the coming periods.

It can be concluded that the pandemic process did not negatively impact our Group’s first nine months financial results as of 30 September 2020.

NOTE 25 - SUBSEQUENT EVENTS

On October 26, 2020, a principal payment of EUR 40,000,000 was made for the loan debts in Euro.

In October, a board resolution was taken in order to sell the company’s properties Balıkesir Shopping Mall, Torbalı Shopping mall and a property in İzmir in exchange of TRL 94 million. The deed transfer of İzmir was completed whereas the transfers of the Balıkesir Shopping Mall and Torbalı Shopping Mall are in process.

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APPENDIX-1 - CONSOLIDATED FINANCIAL STATEMENTS BEFORE THE EFFECT OF TFRS 16

TFRS 16 “Lease Transactions”

The effect of TFRS 16 standart on Group's financial statements are presented below:

	<u>30 September 2020</u>	<u>TFRS 16 EFFECT</u>	<u>BEFORE TFRS 16</u>
ASSETS			
Current Assets:			
Prepaid expenses	176,296	56,811	119,485
Total current assets	6,752,316	56,811	6,695,505
Non-current assets:			
Prepaid expenses	95,678	(11,155)	106,833
Right of use assets	2,753,137	2,753,137	-
Deferred tax assets	75,267	60,403	14,864
Total non-currents assets	8,385,245	2,802,385	5,582,860
Total Assets	15,137,561	2,859,196	12,278,365
	<u>30 September 2020</u>	<u>TFRS 16 EFFECT</u>	<u>BEFORE TFRS 16</u>
LIABILITIES			
Current Liabilities:			
Lease liabilities	223,537	223,537	-
Total current liabilities	9,401,689	223,537	9,178,152
Non-current liabilities:			
Lease liabilities	2,853,737	2,853,737	-
Total non-current liabilities	5,637,474	2,853,737	2,783,737
Total Liabilities	15,039,163	3,077,274	11,961,889
EQUITY			
Attributable to equity holders of parent	95,954	(218,078)	314,032
Accumulated losses	(465,011)	(138,946)	(326,065)
Net loss for the period	(281,685)	(79,132)	(202,553)
Total equity	98,398	(218,078)	316,476
TOTAL LIABILITIES AND EQUITY	15,137,561	2,859,196	12,278,365

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**APPENDIX-1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE
EFFECT OF TFRS 16**

PROFIT OR LOSS	30 September 2020	TFRS 16 EFFECT	BEFORE TFRS 16
Revenue	21,107,907	-	21,107,907
Cost of sales (-)	(15,584,935)	78,212	(15,663,147)
Brüt kar	5,522,972	78,212	5,444,760
General administrative expenses (-)	(253,338)	-	(253,338)
Marketing expenses (-)	(4,273,957)	110,758	(4,384,715)
Other operating income	182,417	-	182,417
Other operating expense (-)	(399,013)	1,883	(400,896)
Operating profit	779,081	190,853	588,228
Income from investment activities	46,818	-	46,818
Expenses from investment activities (-)	(3,842)	-	(3,842)
Operating income before finance income/(expense)	822,057	190,853	631,204
Financial income	274,862	-	274,862
Financial expense (-)	(1,296,830)	(294,567)	(1,002,263)
Net loss before tax from continuing operations	(199,911)	(103,714)	(96,197)
Tax expense from continuing operations	(81,740)	24,582	(106,322)
-Income tax expense	(131,188)	-	(131,188)
- Deferred tax income	49,448	24,582	24,866
Net loss for the period	(281,651)	(79,132)	(202,519)