

**MİGROS TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY - 31 MARCH 2020**

**(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**CONSOLIDATED BALANCE SHEETS AS OF  
31 MARCH 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.)

	Notes	31 March 2020	31 December 2019
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents		2.536.381	2.328.309
Financial investments		12.902	19.714
Trade receivables		181.283	126.354
<i>Trade receivables from related parties</i>	20	116	749
<i>Trade receivables from third parties</i>		181.167	125.605
Other receivables		23.017	35.709
<i>Other receivables from third parties</i>		23.017	35.709
Inventories	8	2.983.215	2.666.449
Prepaid expenses		131.687	82.734
Current income tax assets		-	11.755
Other current assets		20.338	5.899
<b>Total current assets</b>		<b>5.888.823</b>	<b>5.276.923</b>
<b>Non-current assets:</b>			
Financial investments		4.415	4.415
Other receivables		5.287	5.265
<i>Other receivables from third parties</i>		5.287	5.265
Property, plant and equipment	5	3.397.714	3.736.238
Intangible assets		2.437.678	2.445.825
<i>Goodwill</i>		2.252.992	2.252.992
<i>Other intangible assets</i>	6	184.686	192.833
Prepaid expenses		92.570	38.041
Right-of-use assets		2.888.907	2.954.168
Deferred tax assets	18	32.975	-
<b>Total non-current assets</b>		<b>8.859.546</b>	<b>9.183.952</b>
<b>Total assets</b>		<b>14.748.369</b>	<b>14.460.875</b>

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

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31 MARCH 2020 AND 31 DECEMBER 2019**

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

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	Notes	31 March 2020	31 December 2019
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short term borrowings		830.952	511.631
<i>Bank loans</i>	9	591.368	281.603
<i>Lease liabilities</i>		239.584	230.028
Short term portion of long term borrowings	9	378.572	681.251
Trade payables		6.035.058	5.743.794
<i>Trade payables to related parties</i>	20	254.413	255.588
<i>Trade payables to third parties</i>		5.780.645	5.488.206
Employee benefits payables		173.532	148.609
Other payables		168.768	133.660
<i>Other payables to third parties</i>		168.768	133.660
Deferred income		119.099	94.984
Derivative Instruments		21.039	1.803
Taxes on income	18	32.278	-
Short term provisions		255.452	224.605
<i>Short term provisions for employee benefits</i>	11	158.986	139.366
<i>Other short term provisions</i>	10	96.466	85.239
Other current liabilities		3.355	3.681
<b>Total current liabilities</b>		<b>8.018.105</b>	<b>7.544.018</b>
<b>Non-current liabilities:</b>			
Long term borrowings		6.308.302	6.328.337
<i>Bank loans</i>	9	3.449.494	3.440.185
<i>Lease liabilities</i>		2.858.808	2.888.152
Other payables to third parties		13.296	13.026
Deferred income		2.875	3.196
Derivative Instruments		9.077	26.314
Long term provisions		234.847	204.503
<i>Long term provisions for employee benefits</i>	11	234.847	204.503
Deferred tax liabilities	18	-	18.613
<b>Total non-current liabilities</b>		<b>6.568.397</b>	<b>6.593.989</b>
<b>Total liabilities</b>		<b>14.586.502</b>	<b>14.138.007</b>
<b>EQUITY</b>			
<b>Attributable to equity holders of parent</b>	<b>19</b>	<b>159.926</b>	<b>321.203</b>
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		562.407	637.922
<i>Defined benefit plans re-measurement (losses)</i>		( 14.215)	( 14.215)
<i>Revaluation fund of property, plant and equipment</i>		576.622	652.137
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		197.109	176.102
<i>Currency translation differences</i>		197.109	176.102
Restricted reserves		111.249	23.771
Accumulated losses		( 651.872)	( 101.808)
Net income/(loss)		( 136.295)	( 492.112)
<b>Non-controlling interest</b>		<b>1.941</b>	<b>1.665</b>
<b>Total equity</b>		<b>161.867</b>	<b>322.868</b>
<b>Total liabilities and equity</b>		<b>14.748.369</b>	<b>14.460.875</b>

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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 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 - 31 March 2020	1 January - 31 March 2019
Revenue	3, 12	6.432.794	4.922.670
Cost of sales (-)	3, 12	( 4.711.142)	( 3.566.888)
<b>Gross profit</b>		<b>1.721.652</b>	<b>1.355.782</b>
General administrative expenses (-)	13	( 86.431)	( 75.794)
Marketing expenses (-)	13	( 1.327.213)	( 1.037.993)
Other operating income	14	68.037	86.898
Other operating expense (-)	14	( 138.563)	( 186.432)
<b>Operating profit</b>		<b>237.482</b>	<b>142.461</b>
Income from investment activities	15	1.078	1.356
Expenses from investment activities (-)	15	( 2.547)	( 6.084)
<b>Operating income before finance income/(expense)</b>		<b>236.013</b>	<b>137.733</b>
Financial income	16	6.256	21.948
Financial expense (-)	17	( 388.286)	( 381.778)
<b>Net (loss) / income before tax from continuing operations</b>		<b>( 146.017)</b>	<b>( 222.097)</b>
<b>Tax expense from continuing operations</b>		<b>9.746</b>	<b>( 8.719)</b>
- Income tax expense	18	( 32.854)	( 692)
- Deferred tax income / (expense)	18	42.600	( 8.027)
<b>Net (loss) / income</b>		<b>( 136.271)</b>	<b>( 230.816)</b>
<b>Net (loss) / income attributable to:</b>			
- Non-controlling interest		24	38
- Equity holders of parent	21	( 136.295)	( 230.854)
<b>(Loss) / Earning per share TRL</b>	21	<b>( 0,75)</b>	<b>( 1,28)</b>

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**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 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.)

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Net loss for the period</b>	<b>( 136.271)</b>	<b>( 230.816)</b>
<b>Items to be reclassified to profit or loss</b>		
-Currency translation differences	21.259	7.041
<b>Items that may be reclassified subsequently to profit or loss</b>		
- Revaluation fund of property, plant and equipment	( 58.922)	-
<b>Tax effect of items not to be reclassified to profit or loss</b>		
-Tax effect of revaluation fund of property, plan and equipment	12.933	-
<b>Other comprehensive income / (loss), after tax</b>	<b>( 24.730)</b>	<b>7.041</b>
<b>Total comprehensive income / (loss)</b>	<b>( 161.001)</b>	<b>( 223.775)</b>
<b>Total comprehensive (loss) / income attributable to:</b>		
-Non-controlling interests	276	( 515)
-Equity holders of parent	( 161.277)	( 223.260)

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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020 AND 2019**

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

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					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		Attributable to equity holders of the parent	Non - controlling interests	Total equity
	Share capital	capital reserves	Treasury shares	Additional contribution to share capital	Defined benefit plans re-measurement (losses)	Revaluation fund of property, plant and equipment	Cumulative translation differences	Restricted reserves	Accumulated gain / (losses)	Net (loss) / income for the period			
<b>Balances at 1 January 2019</b>	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	-	-	-	-	-	( 5.197)	-	14.380	( 844.741)	835.558	-	-	-
Total comprehensive income	-	-	-	-	-	-	7.594	-	-	( 230.854)	( 223.260)	( 515)	( 223.775)
Net income for the period	-	-	-	-	-	-	-	-	-	( 230.854)	( 230.854)	38	( 230.816)
Cumulative translation differences	-	-	-	-	-	-	7.594	-	-	-	7.594	( 553)	7.041
<b>Balances at 31 March 2019</b>	181.054	( 365)	( 125.435)	22.074	( 9.265)	682.080	140.265	23.771	( 273.681)	( 230.854)	409.644	1.671	411.315
<b>Balances at 1 January 2020</b>	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	-	-	-	-	-	( 29.526)	-	87.478	( 550.064)	492.112	-	-	-
Total comprehensive income	-	-	-	-	-	( 45.989)	21.007	-	-	( 136.295)	( 161.277)	276	( 161.001)
Net income for the period	-	-	-	-	-	-	-	-	-	( 136.295)	( 136.295)	24	( 136.271)
Cumulative translation differences	-	-	-	-	-	-	21.007	-	-	-	21.007	252	21.259
Decreases of revaluation of fixed assets	-	-	-	-	-	( 45.989)	-	-	-	-	( 45.989)	-	( 45.989)
<b>Balances at 31 March 2020</b>	181.054	( 365)	( 125.435)	22.074	( 14.215)	576.622	197.109	111.249	( 651.872)	( 136.295)	159.926	1.941	161.867

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020 AND 2019**

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

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	Notes	1 January - 31 March 2020	1 January - 31 March 2019
<b>Cash flow from operating activities:</b>			
Net (loss) / income for the period		( 136.271)	( 230.816)
<b>Adjustments related to reconciliation of (loss) / profit</b>		<b>756.734</b>	<b>757.069</b>
Adjustments for depreciation and amortisation expenses	13	202.676	209.214
Adjustments for impairment on receivables	14	1.413	4.035
Adjustments for inventory provisions	8	17.011	6.047
Adjustments for impairment on property, plant and equipment	15	2.547	1.167
Adjustments for provision for employee benefits	11	63.058	43.127
Adjustments for provision for litigation	14	6.368	11.552
Adjustments for interest income		( 8.800)	( 15.290)
Adjustments for interest expense	17	209.858	217.522
Adjustments for deferred financing due to forward purchases expenses	14	122.146	166.130
Adjustments for unearned finance income from sales	14	( 26.340)	( 44.545)
Adjustments for unrealized foreign exchange losses related to bank borrowings	9	175.622	152.365
Adjustments for fair value losses arising from derivatives	17	1.999	( 6.535)
Adjustments for income tax expense	18	( 9.746)	8.719
Loss on sale of property plant and equipment		( 1.078)	3.561
<b>Changes in net working capital</b>		<b>( 32.689)</b>	<b>( 211.706)</b>
Adjustments for increase in trade receivables		( 57.263)	( 15.271)
Adjustments for increase in inventories		( 333.777)	( 97.032)
Adjustments for increase in other receivables related with operations		( 49.379)	( 11.924)
Adjustments for increase in trade payables		311.041	( 112.388)
Adjustments for increase in other payables related with operations		96.689	24.909
<b>Cash flows from operating activities</b>		<b>587.774</b>	<b>314.547</b>
Employee benefits paid	11	( 13.094)	( 13.467)
Interest received		35.125	56.616
Interest paid		( 127.531)	( 188.701)
Taxes paid		( 1.555)	( 4.641)
Other provisions paid	10	( 2.954)	( 6.208)
<b>Net cash provided by operating activities</b>		<b>477.765</b>	<b>158.146</b>

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	Notes	1 January - 31 March 2020	1 January - 31 March 2019
<b>Cash flows from investing activities:</b>			
Cash outflows from the purchase of investment properties, tangible and intangible assets		( 60.631)	( 42.150)
Cash inflows from the sale of tangible and intangible assets		240.880	47.652
<b>Net cash used in investing activities</b>		<b>180.249</b>	<b>5.502</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	9	487.334	570.200
Repayment of borrowings	9	( 637.239)	( 559.813)
Repayment of derivative instruments		-	( 30.645)
Interest received	16	936	3.539
Interest paid		( 114.859)	( 98.548)
Cash outflows from payments of rent agreements		( 199.234)	( 175.848)
<b>Net cash provided by financing activities</b>		<b>( 463.062)</b>	<b>( 291.115)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>13.120</b>	<b>( 5.943)</b>
Net (decrease) / increase in cash and cash equivalents		208.072	( 133.410)
<b>Cash and cash equivalents at the beginning of period</b>		<b>2.328.309</b>	<b>1.750.516</b>
<b>Cash and cash equivalents at the end of period</b>		<b>2.536.381</b>	<b>1.617.106</b>

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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 March 31, 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 31 March 2020, the Group operates in 2.231 stores in total (31 December 2019: 2.198) which comprise 1.528.946 m2 from 2.211 retail stores and comprise 11.502 m2 from 20 wholesale stores with a total net space of 1.540.448 m2 (31 December 2019: 1.535.535 m2). As of 31 March 2020, the Group employed 33.227 people (31 December 2019: 32.253) on average. Retail is the main business segment of the Group and constitutes almost 96% 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 May 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 regulatory bodies 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:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	March 2020	December 2019
				(%)	(%)
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
Sanal Merkez Ticaret A.Ş. (“Sanal Merkez”)(*)	Turkey	Turkey	Dormant	100	100

(\*) Not included in the scope of consolidation on the grounds of materiality.

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

**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 consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year’s consolidated financial statements.

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, 21).

**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.

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

**2.1 Basis of presentation (Continued)**

**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.

**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 Amended Turkish Financial Reporting 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 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.
- 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.

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

**2.2 New and Amended Turkish Financial Reporting Standards (Continued)**

**a) Amendments that are mandatorily effective from 2020 (Continued):**

**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.

**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

*Insurance Contracts*

Amendments to TAS 1

*Classification of Liabilities as Current or Non-Current*

**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.

**2.3 Critical accounting estimates and assumptions**

The preparation of consolidated financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are the assumptions used in the goodwill impairment, impairment on leasehold improvements, extension option in lease contracts and fair value measurement. In December 2019, an outbreak of corona virus (Covid-19) surfaced in Wuhan, China which is then declared as pandemic by World Health Organization. In March 2020, first instances of the virus have been identified in Turkey. In order to prevent spread of the virus, Turkish Government has taken certain measures regarding the social and economic life. The Group management assessed the potential impact of this pandemic on the aforementioned assumptions.

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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 31 March 2020 and 2019 is as follows:

**Segment analysis for the period 1 January - 31 March 2020**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External Revenues	6.285.550	147.244	6.432.794	-	6.432.794
Inter segment revenues	1.725	-	1.725	( 1.725)	-
Sales revenue	6.287.275	147.244	6.434.519	( 1.725)	6.432.794
Cost of sales	( 4.605.030)	( 107.837)	( 4.712.867)	1.725	( 4.711.142)
Gross profit	1.682.245	39.407	1.721.652	-	1.721.652
Selling and marketing expenses	( 1.301.290)	( 25.923)	( 1.327.213)	-	( 1.327.213)
General administrative expenses	( 75.572)	( 10.859)	( 86.431)	-	( 86.431)
Addition: Depreciation and amortisation expenses	197.644	5.032	202.676	-	202.676
Addition: Provision for termination benefits	30.305	39	30.344	-	30.344
Addition: Termination benefits paid	10.779	-	10.779	-	10.779
Addition: Provision for Unused vacation	19.620	-	19.620	-	19.620
<b>EBITDA</b>	<b>563.731</b>	<b>7.696</b>	<b>571.427</b>	<b>-</b>	<b>571.427</b>
TFRS 16 effect	( 199.234)	-	( 199.234)	-	( 199.234)
<b>EBITDA</b>	<b>364.497</b>	<b>7.696</b>	<b>372.193</b>	<b>-</b>	<b>372.193</b>
Rent Expense	290.520	8.784	299.304	-	299.304
<b>EBITDAR</b>	<b>655.017</b>	<b>16.480</b>	<b>671.497</b>	<b>-</b>	<b>671.497</b>

(\*) TL 23.157 thousand consists of rent expenses in the cost of goods sold, TL 176.077 thousand consists of marketing expenses.

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**Segment analysis for the period 1 January - 31 March 2019**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External Revenues	4.783.088	139.582	4.922.670	-	4.922.670
Inter segment revenues	1.288	-	1.288	( 1.288)	-
Sales revenue	4.784.376	139.582	4.923.958	( 1.288)	4.922.670
Cost of sales	( 3.465.747)	( 102.429)	( 3.568.176)	1.288	( 3.566.888)
Gross profit	1.318.629	37.153	1.355.782	-	1.355.782
Selling and marketing expenses	( 1.014.295)	( 23.698)	( 1.037.993)	-	( 1.037.993)
General administrative expenses	( 65.149)	( 10.645)	( 75.794)	-	( 75.794)
Addition: Depreciation and amortisation expenses	203.934	5.280	209.214	-	209.214
Addition: Provision for termination benefits	11.117	136	11.253	-	11.253
Addition: Termination benefits paid	8.673	-	8.673	-	8.673
Addition: Provision for Unused vacation	18.520	-	18.520	-	18.520
<b>EBITDA (Including the new and revised standards)</b>	<b>481.429</b>	<b>8.226</b>	<b>489.655</b>	<b>-</b>	<b>489.655</b>
IFRS 16 effect	( 175.848)	-	( 175.848)	-	( 175.848)
<b>EBITDA</b>	<b>305.581</b>	<b>8.226</b>	<b>313.807</b>	<b>-</b>	<b>313.807</b>
Rent Expense	232.890	8.836	241.726	-	241.726
<b>EBITDAR</b>	<b>538.472</b>	<b>17.062</b>	<b>555.534</b>	<b>-</b>	<b>555.534</b>

(\*) TL 16.773 thousand consists of rent expenses in the cost of goods sold, TL 159.075 thousand consists of marketing expenses



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**NOTE 3 - SEGMENT REPORTING (Continued)**

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

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
EBITDAR reported segments	671.497	555.534
Rent expenses	( 299.304)	( 241.726)
The effect of new and revised standards	199.234	175.848
<b>EBITDA reported segments</b>	<b>571.427</b>	<b>489.655</b>
Depreciation and amortisation	( 202.676)	( 209.214)
Provision for employment termination benefits	( 30.344)	( 11.253)
Termination benefits paid	( 10.779)	( 8.673)
Provision for unused vacation liability	( 19.620)	( 18.520)
Other operating income	68.037	86.898
Other operating expense (-)	( 138.563)	( 186.432)
<b>Operating profit</b>	<b>237.482</b>	<b>142.461</b>
Income from investing activities	1.078	1.356
Expense from investing activities (-)	( 2.547)	( 6.084)
<b>Operating profit before finance income</b>	<b>236.013</b>	<b>137.733</b>
Financial income	6.256	21.948
Financial expense (-)	( 388.286)	( 381.778)
<b>Income/(loss) before tax</b>	<b>( 146.017)</b>	<b>( 222.097)</b>

**NOTE 4 - INVESTMENT PROPERTY**

**None.**

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 31 March 2020 is as follows;

	1 January 2020	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	31 March 2020
<b>Cost</b>							
Land	1.288.070	-	( 210.535)	-	-	2.008	1.079.543
Buildings	1.048.096	994	( 128.883)	-	1.209	598	922.014
Leasehold improvements	899.000	5.437	-	( 6.246)	( 2.493)	( 107)	895.591
Machinery and equipments	1.279.878	13.629	( 4.334)	-	17.973	( 334)	1.306.812
Motor vehicles	10.988	490	( 378)	-	-	236	11.336
Furniture and fixtures	840.781	9.357	( 1.235)	-	2.011	2.938	853.852
Construction in progress	54.913	26.266	-	-	( 24.438)	( 861)	55.880
	<b>5.421.726</b>	<b>56.173</b>	<b>( 345.365)</b>	<b>( 6.246)</b>	<b>( 5.738)</b>	<b>4.478</b>	<b>5.125.028</b>
<b>Accumulated depreciation</b>							
Buildings	( 29.461)	( 8.927)	5.103	-	-	11.757	( 21.528)
Leasehold improvements	( 459.195)	( 16.093)	-	3.699	-	400	( 471.189)
Machinery and equipments	( 684.063)	( 26.822)	3.900	-	( 8)	330	( 706.663)
Motor vehicles	( 3.378)	( 442)	355	-	-	( 120)	( 3.585)
Furniture and fixture	( 509.391)	( 12.970)	904	-	( 60)	( 2.832)	( 524.349)
	<b>( 1.685.488)</b>	<b>( 65.254)</b>	<b>10.262</b>	<b>3.699</b>	<b>( 68)</b>	<b>9.535</b>	<b>( 1.727.314)</b>
<b>Net book value</b>	<b>3.736.238</b>						<b>3.397.714</b>

(\*) Impairment loss amounting to TRL 2.547 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 31 March 2019 is as follows;

	1 January 2019	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	31 March 2019
<b>Cost</b>							
Land	1.458.276	-	( 21.855)	-	-	1.509	1.437.930
Buildings	1.017.439	1.445	( 10.785)	-	21	6.853	1.014.973
Leasehold improvements	844.539	3.411	( 23)	( 8.789)	571	1.604	841.314
Machinery and equipments	1.168.600	8.568	( 4.683)	-	2.207	3.560	1.178.253
Motor vehicles	6.397	-	-	-	-	125	6.522
Furniture and fixtures	786.762	5.184	( 786)	-	1.005	2.762	794.928
Construction in progress	37.381	22.503	-	-	( 9.313)	943	51.514
	<b>5.319.394</b>	<b>41.111</b>	<b>( 38.132)</b>	<b>( 8.789)</b>	<b>( 5.509)</b>	<b>17.357</b>	<b>5.325.433</b>
<b>Accumulated depreciation</b>							
Buildings	-	( 7.699)	-	-	-	102	( 7.597)
Leasehold improvements	( 404.733)	( 16.977)	18	7.622	-	( 1.067)	( 415.137)
Machinery and equipments	( 592.706)	( 24.034)	4.109	-	( 16)	( 2.675)	( 615.322)
Motor vehicles	( 1.439)	( 226)	-	-	-	( 68)	( 1.733)
Furniture and fixture	( 457.474)	( 12.136)	655	-	( 91)	( 1.983)	( 471.029)
	<b>( 1.456.352)</b>	<b>( 61.073)</b>	<b>4.782</b>	<b>7.622</b>	<b>( 108)</b>	<b>( 5.690)</b>	<b>( 1.510.818)</b>
<b>Net book value</b>	<b>3.863.042</b>						<b>3.814.615</b>

(\*) Impairment loss amounting to TRL 1.167 consists of leasehold improvements of the stores closed in 2019 (Note:15).

There are no mortgages on property, plant and equipment as of March 31, 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 31 March 2020 and 2019 is as follows;

	<b>1 January</b>			<b>Cumulative</b>	<b>31 March</b>
	<b>2020</b>	<b>Additions</b>	<b>Transfers</b>	<b>translation</b>	<b>2020</b>
				<b>differences</b>	
<b>Cost</b>					
Trademark	2.787	-	-	-	2.787
Rent agreements	39.131	-	-	-	39.131
Rights	408.899	4.458	-	( 389)	412.968
Other intangible assets	169.302	-	5.806	-	175.108
	<b>620.119</b>	<b>4.458</b>	<b>5.806</b>	<b>( 389)</b>	<b>629.994</b>
<b>Accumulated amortisation</b>					
Rent agreements	( 35.403)	( 242)	-	-	( 35.645)
Rights	( 290.041)	( 12.446)	-	407	( 302.080)
Other intangible assets	( 101.842)	( 5.741)	-	-	( 107.583)
	<b>( 427.286)</b>	<b>( 18.429)</b>	<b>-</b>	<b>407</b>	<b>( 445.308)</b>
<b>Net book value</b>	<b>192.833</b>				<b>184.686</b>
	<b>1 January</b>			<b>Cumulative</b>	<b>31 March</b>
	<b>2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>translation</b>	<b>2019</b>
				<b>differences</b>	
<b>Cost</b>					
Trademark	2.787	-	-	-	2.787
Rent agreements	39.131	-	-	-	39.131
Rights	373.595	1.039	-	-	374.634
Other intangible assets	163.627	-	5.616	981	170.224
	<b>579.140</b>	<b>1.039</b>	<b>5.616</b>	<b>981</b>	<b>586.776</b>
<b>Accumulated amortisation</b>					
Rent agreements	( 34.355)	( 183)	-	-	( 34.538)
Rights	( 234.169)	( 8.319)	-	-	( 242.488)
Other intangible assets	( 84.366)	( 4.589)	-	( 697)	( 89.653)
	<b>( 352.890)</b>	<b>( 13.091)</b>	<b>-</b>	<b>( 697)</b>	<b>( 366.678)</b>
<b>Net book value</b>	<b>226.250</b>				<b>220.098</b>

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

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**NOTE 7 –RIGHT OF USE ASSETS**

	<b>1 January 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2020</b>
<b>Cost</b>				
Buildings	3.426.304	222.328	( 168.597)	3.480.035
	<b>3.426.304</b>	<b>222.328</b>	<b>( 168.597)</b>	<b>3.480.035</b>
<b>Accumulated amortisation</b>				
Buildings	( 472.135)	( 118.993)	-	( 591.128)
<b>Net book value</b>	<b>2.954.169</b>			<b>2.888.907</b>

Amortisation expenses related to right of use asset have been accounted under sales and marketing expenses.

As of 31 March 2020, the effect of TFRS 16 on the consolidated balance sheet and consolidated statement of profit or loss statement is as below:

<b>Consolidated Balance Sheet</b>	<b>31 March 2020</b>
Right-of-use assets	2.888.907
Lease liabilities	3.098.393
Deferred tax assets	41.633
Accumulated losses	( 138.946)
Net income/(loss)	( 25.585)
Total equity	( 164.532)
<b>Consolidated Profit or Loss Statement</b>	<b>31 March 2020</b>
Cost of sales (-)	23.157
Marketing expenses (-) (*)	57.084
Other operating expense (-)	( 4.616)
Financial expense (-)	( 107.022)
Deferred tax	5.812
<b>Net income</b>	<b>( 25.585)</b>

\* Marketing expenses include depreciation expenses amounting to TL118.993 and rent expenses amounting to TL 176.077.

**NOTE 8 – INVENTORIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Raw materials	18.110	17.184
Work in progress	49.714	40.034
Merchandise stocks	2.975.552	2.654.269
Other	5.717	3.829
Less: Provision for net realizable value	( 65.878)	( 48.867)
	<b>2.983.215</b>	<b>2.666.449</b>

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**NOTE 9 - FINANCIAL LIABILITIES**

	31 March 2020		
	Effective interest rate (%)	In original currency	Total TRL equivalent
<b>Short term borrowings</b>			
With fixed interest rate - TRL	16,93%	277.140	277.140
With floating interest rate - TRL	18,87%	314.228	314.228
<b>Total short term borrowings</b>			<b>591.368</b>
<b>Current portion of long term borrowings</b>			
With floating interest rate - EUR	5,27%	13.555	97.802
With fixed interest rate - TRL	17,34%	241.654	241.654
With floating interest rate - TRL	18,87%	31.485	31.485
With fixed interest rate - Tenge	9,94%	524.613	7.631
<b>Total current portion of long term borrowings</b>			<b>378.572</b>
<b>Total current bank borrowings</b>			<b>969.940</b>
<b>Non-current bank borrowings</b>			
With floating interest rate - EUR	5,27%	322.924	2.329.895
With fixed interest rate - TRL	17,34%	832.967	832.967
With floating interest rate - TRL	18,87%	239.621	239.621
With fixed interest rate - Tenge	9,94%	3.232.245	47.011
<b>Total non-current bank borrowings</b>			<b>3.449.494</b>
<b>Total financial liabilities</b>			<b>4.419.434</b>

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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of bank borrowings with effective interest rate at 31 March 2020 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 April 2020 - 31 March 2021	7.631	97.803	864.507	969.941
1 April 2021 - 31 March 2022	16.148	597.056	475.640	1.088.844
1 April 2022 - 31 March 2023	16.158	1.111.850	251.073	1.379.081
1 April 2023 - 31 March 2024	12.215	620.988	232.318	865.521
1 April 2024 - 6 March 2025	2.490	-	113.557	116.047
	<b>54.642</b>	<b>2.427.697</b>	<b>1.937.095</b>	<b>4.419.434</b>

The fair value of bank borrowings at 31 March 2020 is TRL 4.428.607.

The redemption schedule of principal amounts of bank borrowings at 31 March 2020 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 April 2020 - 31 March 2021	7.244	-	685.641	692.886
1 April 2021 - 31 March 2022	16.148	526.692	427.185	970.025
1 April 2022 - 31 March 2023	16.158	1.177.314	260.521	1.453.993
1 April 2023 - 31 March 2024	12.215	712.562	342.813	1.067.591
1 April 2024 - 6 March 2025	2.490	-	194.934	197.424
	<b>54.256</b>	<b>2.416.568</b>	<b>1.911.095</b>	<b>4.381.919</b>

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 March 2020 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 April 2020 - 31 March 2021	12.537	95.656	926.820	1.035.012
1 April 2021 - 31 March 2022	20.255	643.073	635.467	1.298.796
1 April 2022 - 31 March 2023	18.523	1.255.217	387.241	1.660.981
1 April 2023 - 31 March 2024	13.105	729.392	424.796	1.167.293
1 April 2024 - 6 March 2025	2.581	-	221.517	224.098
	<b>67.001</b>	<b>2.723.338</b>	<b>2.595.840</b>	<b>5.386.179</b>

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 31 March 2020 the Group has met defined financial covenants requirements.

The movement schedule of borrowings as of 31 March 2020 is as follows;

<b>Beginning balance</b>	<b>4.403.040</b>
Proceeds of borrowings	487.334
Payments	( 637.239)
Foreign exchange losses	175.622
Interest accrual	( 9.323)
<b>Closing</b>	<b>4.419.434</b>

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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

	<b>31 December 2019</b>		
	<b>Effective interest rate (%)</b>	<b>In original currency</b>	<b>Total TRL equivalent</b>
<b>Short term borrowings</b>			
With fixed interest rate - TRL	23,09	281.603	281.603
<b>Total short term borrowings</b>			<b>281.603</b>
<b>Current portion of long term borrowings</b>			
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
With fixed interest rate - Tenge	11,58	354.383	5.523
<b>Total current portion of long term borrowings</b>			<b>681.251</b>
<b>Total current bank borrowings</b>			<b>962.854</b>
<b>Non-current bank borrowings</b>			
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
With fixed interest rate - Tenge	11,58	3.441.682	53.634
<b>Total non-current bank borrowings</b>			<b>3.440.185</b>
<b>Total financial liabilities</b>			<b>4.403.039</b>

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

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
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
	<b>59.157</b>	<b>2.860.019</b>	<b>1.483.863</b>	<b>4.403.039</b>

The fair value of bank borrowings at 31 December 2019 is TRL 4.558.469.



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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

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

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
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
	<b>58.727</b>	<b>2.856.210</b>	<b>1.438.569</b>	<b>4.353.506</b>

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2019 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
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
	<b>76.846</b>	<b>3.198.971</b>	<b>2.215.805</b>	<b>5.491.622</b>

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**NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short-term provisions</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Provision for litigation	84.539	81.125
Provisions for customer loyalty programs	10.047	1.754
Other	1.880	2.360
	<b>96.466</b>	<b>85.239</b>

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:

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Beginning balance</b>	81.125	82.496
Increase during period	6.368	11.552
Payments during period	(2.954)	(6.208)
<b>Ending balance</b>	<b>84.539</b>	<b>87.840</b>

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

**Collaterals, Pledges, Mortgages**

**31 March 2020:**

	<b>TL equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
A. CPM given on behalf of the Company's legal personality	209.122	200.959	1.253	-
B. CPM given on behalf of fully consolidated subsidiaries	47.011	-	7.215	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM				
- Total amount of CPM given behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
<b>Total collaterals, pledges and mortgages</b>	<b>256.133</b>	<b>200.959</b>	<b>8.467</b>	<b>-</b>
<b>Proportion of the other CPM's to equity (%)</b>	<b>-</b>			

**31 December 2019:**

	<b>TL equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
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	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM				
- Total amount of CPM given behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
<b>Total collaterals, pledges and mortgages</b>	<b>290.058</b>	<b>228.982</b>	<b>10.282</b>	<b>-</b>
<b>Proportion of the other CPM's to equity (%)</b>	<b>-</b>			

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

**Contingent assets and liabilities**

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Letter of guarantees given	256.133	290.058
	<b>256.133</b>	<b>290.058</b>

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Guarantees obtained from customers	181.047	176.257
Mortgages obtained from customers	14.278	73.823
	<b>195.325</b>	<b>250.080</b>

**NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Provision for employee termination benefits	234.847	204.503
Provision for unused vacation	158.986	139.366
	<b>393.833</b>	<b>343.869</b>

Movement of unused vacation provision at 31 March 2020 and 31 March 2019 is as follows:

	<b>2020</b>	<b>2019</b>
<b>Beginning balance</b>	<b>139.366</b>	<b>122.848</b>
Increase during period	21.935	30.351
Recovered during period	( 2.315)	( 13.833)
<b>Ending balance</b>	<b>158.986</b>	<b>139.366</b>

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

	<b>2020</b>	<b>2019</b>
<b>Beginning balance</b>	<b>204.503</b>	<b>145.477</b>
Increase during period	41.123	92.159
Payments during period	( 10.779)	( 39.321)
Actuarial loss	-	6.188
<b>Ending balance</b>	<b>234.847</b>	<b>204.503</b>

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**NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

**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 31 March 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 6.730,15 effective from 1 January 2020 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

**NOTE 12 – REVENUE AND COST OF SALES**

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Domestic sales	6.398.951	4.879.152
Foreign sales	146.231	138.738
Other sales	8.868	7.057
<b>Gross sales</b>	<b>6.554.050</b>	<b>5.024.947</b>
Discounts and returns (-)	( 121.256)	( 102.278)
<b>Sales revenue, net</b>	<b>6.432.794</b>	<b>4.922.670</b>
Cost of sales	( 4.711.142)	( 3.566.888)
<b>Gross profit</b>	<b>1.721.652</b>	<b>1.355.782</b>

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

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Retail sales revenue	6.309.192	4.796.120
Wholesale revenue	182.355	162.763
Rent income	53.635	59.008
	<b>6.545.182</b>	<b>5.017.891</b>

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**NOTE 13 - EXPENSE BY NATURE**

<b>Total</b>	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Staff costs	727.293	539.064
Rent and common area	134.357	95.505
Depreciation and amortisation	202.676	209.214
Energy	87.711	74.698
Porterage and cleaning	45.198	36.900
Advertising	30.463	30.713
Repair and maintenance	17.931	15.818
Mechanisation	29.897	19.387
Security	16.070	13.804
Taxes and other fees	6.652	7.445
Communication	4.276	4.101
Other	111.120	67.138
	<b>1.413.644</b>	<b>1.113.787</b>
<hr/>		
<b>Marketing expenses</b>	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Staff costs	659.903	478.548
Depreciation and amortisation	202.676	209.214
Rent and common area	134.270	95.230
Energy	87.045	73.990
Porterage and cleaning	43.842	35.853
Advertising	30.463	30.708
Repair and maintenance	17.524	15.334
Mechanisation	26.745	17.401
Security	15.554	13.210
Taxes and other fees	6.233	7.195
Communication	3.633	3.560
Other	99.325	57.751
	<b>1.327.213</b>	<b>1.037.993</b>
<hr/>		
<b>General administrative expenses</b>	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Staff costs	67.391	60.516
Other	19.040	15.278
	<b>86.431</b>	<b>75.794</b>

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**NOTE 13 - EXPENSE BY NATURE (Continued)**

Expenses by nature in cost of sales for the periods 1 January - 31 March 2020 and 2019 are as follows:

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Cost of goods sold	(4.735.702)	(3.560.443)
Cost of service rendered	24.560	(6.445)
	<b>( 4.711.142)</b>	<b>( 3.566.888)</b>

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**

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Other operating income</b>		
Interest income on term sales	26.340	44.545
Interest income from operating activities	7.864	11.751
Other	33.833	30.602
	<b>68.037</b>	<b>86.898</b>

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Other operating expenses</b>		
Interest expense on term purchases	(122.146)	(166.130)
Litigation provision	(6.368)	(11.552)
Bad debt provision expense	(1.413)	(4.035)
Other	(8.636)	(4.715)
	<b>(138.563)</b>	<b>(186.432)</b>

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**NOTE 15 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Income from investing activities</b>		
Gain on sale of property, plant and equipment	1.078	1.356
	<b>1.078</b>	<b>1.356</b>
<b>Expense from investing activities</b>		
Loss on sale of property, plant and equipment	-	(4.917)
Losses from leasehold improvements of closed stores (Note 5)	(2.547)	(1.167)
	<b>(2.547)</b>	<b>(6.084)</b>

**NOTE 16 - FINANCIAL INCOME**

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Foreign exchange gains	5.320	11.873
Interest income on bank deposits	936	3.539
Financial income on derivatives	-	6.536
	<b>6.256</b>	<b>21.948</b>

**NOTE 17 - FINANCIAL EXPENSES**

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Foreign exchange losses	(153.365)	(151.226)
Interest expense on bank borrowings	(102.836)	(111.793)
Financial expense on derivatives	(1.999)	-
Interest expense on leasings	(107.022)	(105.729)
Other	(23.064)	(13.030)
	<b>(388.286)</b>	<b>(381.778)</b>



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**NOTE 18 - TAX ASSETS AND LIABILITIES**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Corporate and income taxes payable	32.847	2.861
Less: Prepaid current income taxes	(569)	(14.616)
<b>Taxes on income</b>	<b>32.278</b>	<b>(11.755)</b>

	<b>31 March 2020</b>	<b>31 December 2019</b>
Deferred tax assets	185.550	163.210
Deferred tax liabilities	(152.575)	(181.823)
<b>Deferred tax (liabilities)/assets, net</b>	<b>32.975</b>	<b>( 18.613)</b>

**General Information**

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 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 March 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 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 March 31, 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 31 March 2020 and 2019 are as follows:

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Current period tax expense	( 32.854)	( 692)
Deferred tax income	42.600	( 8.027)
<b>Current period tax amount</b>	<b>9.746</b>	<b>( 8.719)</b>

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**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 31 March 2020 and 31 December 2019 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Deferred tax assets:</b>				
Short term provisions	243.525	220.491	53.575	48.508
Inventories	139.738	127.483	30.742	28.046
Provision for employee termination benefits	234.847	204.503	46.915	40.850
Unincurred interest income	1.726	805	380	177
Fair value change of derivative financial instrument:	30.116	28.117	6.625	6.186
TFRS 16 effect	189.242	162.825	41.633	35.821
Other	25.569	16.237	5.680	3.622
<b>Deferred tax assets</b>			<b>185.550</b>	<b>163.210</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment, intangible assets and investment properties	(1.199.353)	(1.123.130)	(134.179)	(164.666)
Unincurred interest expense	(77.326)	(71.695)	(17.012)	(15.773)
Other	(6.921)	(6.921)	(1.384)	(1.384)
<b>Deferred tax liabilities</b>			<b>(152.575)</b>	<b>(181.823)</b>
<b>Total deferred tax liability, net</b>			<b>32.975</b>	<b>(18.613)</b>

	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
<b>Beginning balance</b>	( 18.613)	1.765
Deferred tax expense from continuing operations	42.600	( 8.027)
Charged to equity	14.948	-
Cumulative translation difference	( 5.960)	( 805)
<b>Ending balance</b>	<b>32.975</b>	<b>(7.067)</b>

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**NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

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

	31 March 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
<b>Total</b>	<b>181.054</b>	<b>100,00</b>	<b>181.054</b>	<b>100,00</b>
<b>Treasury shares (-)</b>	<b>(125.435)</b>		<b>(125.435)</b>	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TL 2.962, corresponding to Kipa shares with a total nominal value of TL 48.998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TL 125.435 within the scope of separation funds.

**Reserves**

The legal reserves consist of first and second legal reserves in accordance with the TCC. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital.

**NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**a) Balances with related parties**

Due from related parties	31 March 2020	31 December 2019
Çelik Motor Ticaret A.Ş.	41	-
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	19	417
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	58
Anadolu Restoran İşl. Ltd. Şti.	-	43
Other	56	231
	<b>116</b>	<b>749</b>

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

<b>Due to related parties</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	132.431	142.932
Coca Cola Satış ve Dağıtım A.Ş.	100.314	87.144
Adel Kalemcilik Ticaret ve San. A.Ş.	9.542	8.909
AEH Sigorta Acenteliği A.Ş.	4.842	14.468
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	4.650	1.354
Other	2.634	781
	<b>254.413</b>	<b>255.588</b>

**b) Transactions with related parties**

<b>Inventory purchases</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	88.443	95.397
Coca Cola Satış ve Dağıtım A.Ş.	71.733	65.985
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	7.870	8.477
Adel Kalemcilik Ticaret ve San. A.Ş.	1.736	-
	<b>169.782</b>	<b>169.859</b>

<b>Other transactions</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Rent revenue	346	301
Rent expenses	( 1.361)	( 3.635)
Other income	155	164
Other expenses	-	( 22)
<b>Other transactions, net</b>	<b>( 861)</b>	<b>( 3.192)</b>

**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 31 March 2020 and 2019 is as follows:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Short term benefits	12.560	11.889
	<b>12.560</b>	<b>11.889</b>

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

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**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.

	<b>31 March 2020</b>	<b>31 March 2019</b>
Net profit/(loss) attributable to shareholders	( 136.295)	( 230.854)
Weighted average number of shares with Kr1 face value each ('000)	18.105.233	18.105.233
<b>Earnings per share</b>	<b>( 0,75)</b>	<b>( 1,28)</b>

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 31 March 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 169.588.

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

	FOREIGN CURRENCY POSITION							
	31 March 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	1.621.570	6.383	218.955	221	697.220	1.181	103.480	2.003
Trade receivables	-	-	-	-	-	-	-	-
Other	1.023	157	-	-	933	157	-	-
<b>Current assets</b>	<b>1.622.593</b>	<b>6.540</b>	<b>218.955</b>	<b>221</b>	<b>698.153</b>	<b>1.338</b>	<b>103.480</b>	<b>2.003</b>
<b>Total assets</b>	<b>1.622.593</b>	<b>6.540</b>	<b>218.955</b>	<b>221</b>	<b>698.153</b>	<b>1.338</b>	<b>103.480</b>	<b>2.003</b>
Financial liabilities	97.799	-	13.555	-	330.808	-	49.741	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>Current liabilities</b>	<b>97.799</b>	<b>-</b>	<b>13.555</b>	<b>-</b>	<b>330.808</b>	<b>-</b>	<b>49.741</b>	<b>-</b>
Financial liabilities	2.329.897	-	322.924	-	2.529.211	-	380.298	-
Non-monetary other liabilities	5.505	-	763	-	5.194	-	781	-
<b>Non-current liabilities</b>	<b>2.335.402</b>	<b>-</b>	<b>323.687</b>	<b>-</b>	<b>2.534.405</b>	<b>-</b>	<b>381.079</b>	<b>-</b>
<b>Total liabilities</b>	<b>2.433.201</b>	<b>-</b>	<b>337.242</b>	<b>-</b>	<b>2.865.213</b>	<b>-</b>	<b>430.820</b>	<b>-</b>

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

	FOREIGN CURRENCY POSITION							
	31 March 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	-	-	-	-	-	-	-	-
<b>Net foreign currency asset/(liability) position</b>	<b>( 810.608)</b>	<b>6.540</b>	<b>( 118.287)</b>	<b>221</b>	<b>( 2.167.058)</b>	<b>1.338</b>	<b>( 327.340)</b>	<b>2.003</b>
<b>Net foreign currency asset/(liability) position of monetary items</b>	<b>( 806.126)</b>	<b>6.383</b>	<b>( 117.524)</b>	<b>221</b>	<b>( 2.162.797)</b>	<b>1.181</b>	<b>( 326.559)</b>	<b>2.003</b>
Fair value hedge funds of foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	54.402	8.349	-	-	164.762	27.737	-	-

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

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

	Gain/Loss	
	Foreign exhcange appreciation	Foreign exhcange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	( 169.588)	169.588
<b>Euro net effect</b>	<b>( 169.588)</b>	<b>169.588</b>

**31 December 2019**

	Gain/Loss	
	Foreign exhcange appreciation	Foreign exhcange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	( 435.402)	435.402
<b>Euro net effect</b>	<b>( 435.402)</b>	<b>435.402</b>

**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).

**NOTE 24 - SUBSEQUENT EVENTS**

Regarding the Euro denominated loans, the Group made a principal loan payment of 72.999.544 EUR before the maturity date, on 15 April 2020.

The sales of the Company's properties, Kırklareli Shopping Mall Center, Ataşehir Migros Ticaret A.Ş. Headquarter building and Ataşehir MMM Store were completed and the title deeds were transferred in exchange of the total value of TL 219.500.