MİGROS TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
1 JANUARY – 31 DECEMBER 2020

(ORIGINALLY ISSUED IN TURKISH)

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

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Restated (*) Audited 31 December 2019
ASSETS			
Current Assets:			
Cash and cash equivalents	4	3,230,793	2,328,309
Financial investments	5	5,879	19,714
Trade receivables	6	174,525	126,354
Trade receivables from related parties	*26*	*154*	*749*
Trade receivables from third parties		*174,371*	*125,605*
Other receivables	7	27,854	35,709
Other receivables from third parties		*27,854*	*35,709*
Derivative instruments		5,174	-
Inventories	8	3,339,580	2,666,449
Prepaid expenses	9	114,183	79,490
Current income tax assets	24	-	11,755
Other current assets		10,318	5,899
Sub total		**6,908,306**	**5,273,679**
Assets held for sale	13	422,615	-
Total current assets		**7,330,921**	**5,273,679**
Non-current assets:			
Financial investments	5	10,815	4,415
Other receivables	7	4,913	5,265
Other receivables from third parties		*4,913*	*5,265*
Derivative instruments		8,249	-
Property, plant and equipment	10	2,772,744	3,736,238
Intangible assets		2,439,671	2,445,825
Goodwill	*12*	*2,252,992*	*2,252,992*
Other intangible assets	*11*	*186,679*	*192,833*
Prepaid expenses	9	21,002	33,082
Right-of-use assets	14	2,789,744	2,318,544
Total non-current assets		**8,047,138**	**8,543,369**
Total assets		**15,378,059**	**13,817,048**

(*) See Note 2.3.

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

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

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Restated (*) Audited 31 December 2019
LIABILITIES			
Current liabilities:			
Short term borrowings		1,144,343	281,603
Bank loans	*15*	*1,144,343*	*281,603*
Short term portion of long term borrowings		1,011,299	1,155,501
Bank loans	*15*	*413,522*	*681,251*
Lease liabilities	*14*	*597,777*	*474,250*
Trade payables	6	7,339,394	5,743,794
Trade payables to related parties	*26*	*280,013*	*255,588*
Trade payables to third parties		*7,059,381*	*5,488,206*
Employee benefits payables	17	239,125	148,609
Other payables	7	178,714	133,660
Other payables to third parties		*178,714*	*133,660*
Derivative Instruments		4,760	1,803
Deferred income	9	142,332	94,984
Taxes on income	24	8,208	-
Short term provisions		257,013	224,605
Short term provisions for employee benefits	*17*	*158,126*	*139,366*
Other short term provisions	*16*	*98,887*	*85,239*
Other current liabilities		1,389	3,681
Sub total		**10,326,577**	**7,788,240**
Liabilities regarding assets classified for sale	13	76,374	-
Total current liabilities		**10,402,951**	**7,788,240**
Non-current liabilities:			
Long term borrowings		4,616,639	5,400,315
Bank loans	*15*	*2,279,885*	*3,440,185*
Lease liabilities	*14*	*2,336,754*	*1,960,130*
Other payables	7	29,232	13,026
Other payables to third parties		*29,232*	*13,026*
Deferred income	9	25,081	3,196
Derivative Instruments		-	26,314
Long term provisions		257,690	204,503
Long term provisions for employee benefits	*17*	257,690	204,503
Deferred tax liabilities	24	13,005	27,286
Total non-current liabilities		**4,941,647**	**5,674,640**
Total liabilities		**15,344,598**	**13,462,880**

(*) See Note 2.3.

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

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Restated (*) Audited 31 December 2019
EQUITY			
Attributable to equity holders of parent		**31,061**	**352,503**
Share capital	25	181,054	181,054
Other capital reserves		(365)	(365)
Treasury shares	25	(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		406,218	637,922
-Defined benefit plans re-measurement losses		*(3,042)*	*(14,215)*
-Revaluation fund of property, plant and equipment		*409,260*	*652,137*
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss		256,000	176,102
- Currency translation differences		*256,000*	*176,102*
Restricted reserves		111,249	23,771
Accumulated losses		(416,750)	(101,808)
Net loss for the period		(402,984)	(460,812)
Non-controlling interest		**2,400**	**1,665**
Total equity		**33,461**	**354,168**
Total liabilities and equity		**15,378,059**	**13,817,048**

(*) See Note 2.3.

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

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

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Notes	Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
Revenue	18	28,790,190	22,864,760
Cost of sales (-)	18	(21,391,323)	(16,745,635)
Gross profit		**7,398,867**	**6,119,125**
General administrative expenses (-)	19	(355,401)	(274,543)
Marketing expenses (-)	19	(5,662,404)	(4,495,990)
Other operating income	20	295,523	308,653
Other operating expense (-)	20	(642,633)	(826,021)
Operating profit		**1,033,952**	**831,224**
Income from investment activities	21	48,146	27,748
Expenses from investment activities (-)	21	(19,397)	(57,917)
Operating income before finance income/(expense)		**1,062,701**	**801,055**
Financial income	22	303,192	29,056
Financial expense (-)	23	(1,586,598)	(1,271,594)
Net loss before tax from continuing operations		**(220,705)**	**(441,483)**
Tax expense from continuing operations		**(183,240)**	**(30,252)**
- Income tax expense	24	(192,269)	(261)
- Deferred tax expense	24	9,029	(29,991)
Net loss from continuing operations		**(403,945)**	**(471,735)**
Net profit from discontinuing operations	**13**	**996**	**11,065**
Net loss for the period		**(402,949)**	**(460,670)**
Net loss attributable to:			
- Non-controlling interest		35	142
- Equity holders of parent	27	(402,984)	(460,812)
Loss per share (TRL) from contiuning operations	27	(2.23)	(2.61)
Profit per share (TRL) from discontiuning operations	27	0.01	0.06

(*) See Note 2.3.

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

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

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
Net loss for the period	**(402,949)**	**(460,670)**
Other comprehensive income/(expense) that may not be reclassified subsequently to profit or loss		
-Defined benefit plan re-measurement losses,net off tax	13,966	(6,188)
-Revaluation of fund of property,plant and equipment	(16,275)	145,489
Tax effect of other comprehensive income/(expense) not to be reclassified to profit or loss		
-Defined benefit plan re-measurement losses	(2,793)	1,238
-Tax effect of revaluation fund of property,plant and equipment	3,995	(3,559)
Other comprehensive income/(expense) to be reclassified to profit or loss		
-Currency translation differences	83,349	42,768
Other comprehensive expense, after tax	82,242	179,748
Total comprehensive expense	**(320,707)**	**(280,922)**
Total comprehensive expense attributable to:		
-Non-controlling interests	735	(521)
-Equity holders of parent	(321,442)	(280,401)

(*) See Note 2.3.

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

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

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL 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	Tresuary shares	Additional contribution to share capital	Defined benefit plans re-measurement losses	Increase / (decrease) of revaluation fund of fixed 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	-	-	-	-	-	(177,070)	-	14,380	(672,868)	835,558	-	-	-
Total comprehensive expense	-	-	-	-	(4,950)	141,930	43,431	-	-	(460,812)	(280,401)	(521)	(280,922)
Net loss for the period	-	-	-	-	-	-	-	-	-	(460,812)	(460,812)	142	(460,670)
Cumulative translation differences	-	-	-	-	-	-	43,431	-	-	-	43,431	(663)	42,768
Defined benefit plans re-measurement losses	-	-	-	-	(4,950)	21,546	-	-	-	-	16,596	-	16,596
Revaluation fund of fixed assets	-	-	-	-	-	120,384	-	-	-	-	120,384	-	120,384
Balances at 31 December 2019	**181,054**	**(365)**	**(125,435)**	**22,074**	**(14,215)**	**652,137**	**176,102**	**23,771**	**(101,808)**	**(460,812)**	**352,503**	**1,665**	**354,168**
Balances at 1 January 2020 (Restated)(*)	**181,054**	**(365)**	**(125,435)**	**22,074**	**(14,215)**	**652,137**	**176,102**	**23,771**	**(101,808)**	**(460,812)**	**352,503**	**1,665**	**354,168**
Transfers	-	-	-	-	-	(230,597)	(2,751)	87,478	(314,942)	460,812	-	-	-
Total comprehensive expense	-	-	-	-	11,173	(12,280)	82,649	-	-	(402,984)	(321,442)	735	(320,707)
Net loss for the period	-	-	-	-	-	-	-	-	-	(402,984)	(402,984)	35	(402,949)
Cumulative translation differences	-	-	-	-	-	-	82,649	-	-	-	82,649	700	83,349
Defined benefit plans re-measurement gains	-	-	-	-	11,173	-	-	-	-	-	11,173	-	11,173
Increase of revaluation fund of fixed assets	-	-	-	-	-	(12,280)	-	-	-	-	(12,280)	-	(12,280)
Balances at 31 December 2020	**181,054**	**(365)**	**(125,435)**	**22,074**	**(3,042)**	**409,260**	**256,000**	**111,249**	**(416,750)**	**(402,984)**	**31,061**	**2,400**	**33,461**

(*) See Note 2.3.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Notes	Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
Cash flow from operating activities:			
Net loss for the period		**(402,949)**	**(460,670)**
Net loss from continued operations for the period		(403,945)	(471,735)
Net profit from discontinued operations for the period		996	11,065
Adjustments related to reconciliation of loss		**2,982,263**	**2,749,538**
Adjustments for depreciation and amortisation expenses	19	843,084	787,160
Adjustments for impairment on receivables	6	11,334	11,405
Adjustments for inventory provisions	8	25,776	25,664
Adjustments for impairment on property, plant and equipment	21	19,397	29,500
Adjustments for provision for employee benefits	17	135,714	122,510
Adjustments for provision for litigation	16	27,868	17,693
Adjustments for interest income	20.22	(96,483)	(81,670)
Adjustments for interest expense	23	901,183	883,009
Adjustments for deferred financing due to forward purchases expenses	20	551,788	766,880
Adjustments for unearned finance income from sales	20	(122,592)	(183,255)
Adjustments for unrealized foreign exchange losses related to bank borrowings	25	558,071	299,404
Adjustments for fair value losses arising from derivatives	22	(7,971)	37,456
Adjustments for income tax expense	24	183,240	33,113
(Gain)/loss on sale of property plant and equipment	21	(48,146)	669
Changes in net working capital		**1,074,292**	**476,066**
Adjustments for increase in trade receivables		(65,584)	(15,650)
Adjustments for increase in inventories		(737,705)	(443,061)
Adjustments for increase in other receivables related with operations		(45,195)	15,666
Adjustments for increase in trade payables		1,695,977	854,011
Adjustments for increase in other payables related with operations		226,799	65,100
Cash flows from operating activities		**3,653,606**	**2,764,934**
Employee benefits paid	17	(49,295)	(53,154)
Interest received		213,301	254,076
Interest paid		(608,172)	(746,017)
Taxes paid		(172,141)	(15,593)
Other provisions paid	16	(14,432)	(19,064)
Net cash provided by operating activities		**3,022,867**	**2,185,182**

(*) See Note 2.3.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Notes	Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	10-11	(539,496)	(340,861)
Cash inflows from the sale of tangible and intangible assets		928,156	469,634
Cash outflows from discontinued operations		(60,300)	-
Net cash used in investing activities		**328,360**	**128,773**
Cash flows from financing activities			
Proceeds from borrowings	15	1,570,780	770,200
Repayment of borrowings	15	(2,748,401)	(1,257,980)
Repayment of derivative instruments		(28,809)	(81,234)
Interest received	22	6,312	9,854
Interest paid		(419,274)	(456,271)
Cashoutflows from payments of rent agreements		(814,047)	(728,022)
Net cash provided by financing activities		**(2,433,439)**	**(1,743,453)**
Impact of foreign currency translation differences on cash and cash equivalents		**(15,304)**	**7,291**
Net (decrease) / increase in cash and cash equivalents		902,484	577,793
Cash and cash equivalents at the beginning of period	**4**	**2,328,309**	**1,750,516**
Cash and cash equivalents at the end of period	**4**	**3,230,793**	**2,328,309**

(*) See Note 2.3.

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

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 31 December 2020, the indirect shares of AG Anadolu Grubu Holding A.Ş. ("Anadolu Group") is 50% and the direct and indirect total of Migros's capital shares of BC Partners (subsidiaries through "Kenan Investments S.A.") equal to 12%.

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 December 2020, the Group operates in 2,319 stores in total (31 December 2019: 2,198) which comprise 1,567,305 m2 from 2,297 retail stores and 13.012 m2 from 22 wholesale stores with a total net space of 1,580,317 m2 (31 December 2019: 1,535,531 m2). As of 31 December 2020, the Group employed 38,458 people (31 December 2019: 33,534). 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 consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 1 March 2021 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 regulatories have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (cont'd)

Subsidiaries:

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

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	December 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
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (*)	Turkey	Turkey	Services limited by e-money legislation	80	100

(*) Not included in the scope of consolidation on the grounds of materiality. The name of Sanal Merkez Ticaret A.Ş., subsidiary of our Group, was changed to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay").

The Group has acquired 25% shares of Paket Lojistik ve Teknoloji A.Ş. on 1 November 2019. The purchase consideration reflects the fair value.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Basis of preperation and presentation of financial statements

The 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. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TFRS contains 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 15 April 2019 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.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the the consolidated financial statements of the Group have been prepared accordingly.

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

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

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 consolidated 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 TL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group. The foreign currency position of the Group is presented in Note 28.

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.

The functional currencies of the foreign operations are Leva, Tenge and Dinar.

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

2.2 Summary of significant accounting policies

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group. accounting policies which applied to preperation of consolidated financial statements are summarized is as follows:

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries are companies over which Migros Ticaret has capability to control the financial and operating policies for the benefit of Migros Ticaret. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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

2.2 Summary of significant accounting policies (Continued)

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a basis within other operating income or other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Revenue

The Company records revenue when fullfills performance obligation while transferring committed service to their customer. Asset is transferred when service control is transferred or transferring to customer. Transaction fee, excluded amounts collected on behalf of third parties, is expected cost of the Company that in return of transferring committed advertisement and sponsorship services to customer. The Company reflects relevant amount as revenue to its financial statements when transfers control of these services to its customer.

The Company records revenue accordance with the following 5 main principles:

(a) Determination of customer contracts
(b) Determination of performance obligation on contracts
(c) Determination of transaction fee on contracts
(d) Allocation of transaction price to performance obligation in contracts
(e) Revenue recognation when each performance obligation is fullfilled.

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

2.2 Summary of significant accounting policies (Continued)

Revenue

The specific accounting policies for the group's main types of revenue are explained below:

Sales of goods - Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when the performance obligation is fulfilled. Retail sales are usually made against a cash or credit card payment.

Within the scope of the group customer loyalty program, customers who use loyalty cards earn points from their purchases. For these earned points, the probability of using them in the following periods is estimated and the relevant amount is recorded as sales discount.

Sales of goods – Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Control transfer does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied.

Rent revenue

The Group recognises rent income on accrual basis based on the agreement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Borrowing costs are not included in inventory cost. Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of inventories. An inventory difference provision for the period covering the latest inventory count date and the balance sheet date has been included into the inventory impairment item.

Property, plant and equipment

Fair Value Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists. With respect to TAS 16 "Property, plant and equipment", the Group has decided to choose revaluation model for lands and buildings by using 26 February 2021 dated valuation reports of CMB accredited real estate company, Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. ("Nova Taşınmaz Değerleme") and 31 December 2020 dated valuation reports of CMB accredited real estate company, TSKB Gayrimenkul Değerleme A.Ş. ("TSKB Gayrimenkul Değerleme") as of 31 December 2017.

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

2.2 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Fair Value Method

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Cost Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

2.2 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Cost Method

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The land is not subject to depreciation.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful Lives (Years)
Buildings	25-50
Leasehold improvements	over period of lease (*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	5-8

(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the shorter of the lease term and their useful lives.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the consolidated profit and loss statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

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

2.2 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Derecognition of tangible assets

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements. The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group. A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

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

2.2 Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Rent agreements

Rent agreements are designated as intangible assets by the Group and consist of taken over rent agreements of the stores that purchased. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores are presented under "other intangible assets". Related amortization expenses are recognised under the "marketing expenses" in the statements of income.

Computer softwares (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

Internally-generated intangible assets and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software development costs are capitalized and depreciated over their estimated useful lives.

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

2.2 Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Assets held for sale

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. When the fair value is less than the carrying cost, an impairment loss is recognized as an expense in the consolidated income statement for the period.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Classification and measurement

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

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in consolidated the statement of financial position.

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

2.2 Summary of significant accounting policies (Continued)

Financial assets (Continued)

Impairment

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

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts and interest rate swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. The Group measures such assets at their fair values. Gains or losses arising from the related financial assets are recognized in other comprehensive income except foreign exchange gain / loss and impairment loss. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

2.2 Summary of significant accounting policies (Continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.2 for further information about the group's accounting for trade receivables and impairment policies.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. As disclosed in Note 27 earnings per share are calculated in accordance with TAS 33 "Earning Per Share".

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

2.2 Summary of significant accounting policies (Continued)

Earnings per share (Continued)

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Subsequent events

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.2 Summary of significant accounting policies (Continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

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

2.2 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

2.2 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group as lessor (Continued)

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of TFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

Related parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company;

(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

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

2.2 Summary of significant accounting policies (Continued)

Segment reporting of financial information

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis (Note 3).

Income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.2 Summary of significant accounting policies (Continued)

Income taxes

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise

Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

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

2.3 Summary of significant accounting policies (Continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. As a part of distribution of dividends, dividend liabilities are reflected to consolidated financial statements as liabilities, on the period of declaration.

Paid in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies (Note 25).

Deferred finance income/charges

Deferred finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses.

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

2.3 Comparative information and restatement of prior period consolidated financial statements

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

The Group has reviewed its prior period lease liabilities calculation relating to IFRS 16 lease liabilities standard, which is effective from 1 January 2019. The Company has retrospectively restated the effects of the aforementioned changes in accordance with TAS 8 "Changes in Accounting Policies, Estimates and Errors". "Presentation of Financial Statements – TAS 1 (Revised)" standard states that in case of a retrospective update of the financial statements, the Financial Position table and its related notes must be presented for three periods. Consequently, the restated financial position as of 31 December 2019 and 1 January 2019 and the income statement or the other comprehensive income statement for the period 1 January – 31 December 2019 have been presented together. The restatement effect on prior years net profit and net period loss as of 31 December 2020:

The following accounts were affected in the financial position as of 1 January 2019

As of 1 January 2019	Previously reported	Restatement effect	Restated
Right-of-use assets	2,653,181	(285,431)	2,367,750
Short term lease liabilities	323,954	17,258	341,212
Long term lease liabilities	2,561,867	(559,002)	2,002,865

	31 December 2019		
	Previously reported	Restatement effect	Restated
ASSETS			
Current Assets:			
Prepaid expenses	82,734	(3,244)	79,490
Total current assets	**5,276,923**	**(3,244)**	**5,273,679**
Non-current assets:			
Prepaid expenses	38,041	(4,959)	33,082
Right-of-use assets	2,954,168	(635,624)	2,318,544
Total non-current assets	**9,183,952**	**(640,583)**	**8,543,369**
Total assets	**14,460,875**	**(643,827)**	**13,817,048**
LIABILITIES			
Current liabilities:			
Lease liabilities	230,028	244,222	474,250
Total current liabilities	**7,544,018**	**244,222**	**7,788,240**
Non-current liabilities:			
Lease liabilities	2,888,152	(928,022)	1,960,130
Deferred tax liabilities	18,613	8,673	27,286
Total non-current liabilities	**6,593,989**	**(919,349)**	**5,674,640**
Total liabilities	**14,138,007**	**(675,127)**	**13,462,880**
EQUITY			
Attributable to equity holders of parent	**321,203**	**31,300**	**352,503**
Net income/(loss)	(492,112)	31,300	(460,812)
Total equity	**322,868**	**31,300**	**354,168**
Total liabilities and equity	**14,460,875**	**(643,827)**	**13,817,048**

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

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

	31 December 2019		
	Previously reported	**Restatement effect**	**Restated**
Cost of sales (-)	(16,986,111)	229	(16,745,635)
Gross profit	**6,205,253**	**229**	**6,119,125**
Marketing expenses (-)(*)	(4,599,972)	41,463	(4,495,990)
Other operating expense (-)	(825,168)	(2,644)	(826,021)
Operating profit	**804,758**	**39,047**	**831,224**
Operating income before finance income/(expense)	**774,589**	**39,047**	**801,055**
Financial expense (-)	(1,257,985)	926	(1,271,594)
Net (loss) / income before tax from continuing operations	**(467,530)**	**39,973**	**(441,483)**
Tax expense from continuing operations	**(24,440)**	**(8,673)**	**(30,252)**
- Income tax expense	(3,122)	-	(261)
- Deferred tax income / (expense)	(21,318)	(8,673)	(29,991)
Net loss from continuing operations	**(491,970)**	**31,300**	**(471,735)**
Net profit from discontinuing operations	**-**	**-**	**11,065**
Net loss for the period	**(491,970)**	**31,300**	**(460,670)**

2.4 Critical accounting estimates and assumptions

The preparation of 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 outlined below:

(a) Goodwill impairment test

As explained in related accounting policy, 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 five-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 7.9% 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 (Note 12).

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

2.4 Critical accounting estimates and assumptions (Continued)

(b) Impairment on leasehold improvements

As explained in related accounting policy, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store.

(c) Extension option in lease contracts

The lease obligation is determined by taking into account the extension options in the contracts. Most of the extension options included in the long-term lease contracts consist of applicable extension options by the Group. The Group reassesses the extension options in the lease term based on the medium-term business plans in the last year of the lease term and, if necessary, adds the extension right prospectively to the contract period. If the conditions change significantly, the assessment is reviewed by the Group.

(d) Fair Value Measurement

The Group has chosen revaluation method as of 31 December 2020 by discarding cost method mentioned in TAS 16 for lands and building. Revaluation studies of lands, building and investment properties have been performed by Nova Taşınmaz Değerleme which is CMB accredited professional valuation Companies.

Lands and building and investment properties in assets of the Group which are located in Turkey have been revaluated in 26 February 2021 valuation reports of CMB accredited real estate companies, Nova Taşınmaz Değerleme by using "Sample comparison approach analysis", and "Income approach analysis".

Lands and building and investment properties in assets of the Group which are located in Kazakhstan and Macedonia have been revaluated in 31 December 2020 dated valuation report of CMB accredited real estate company, TSKB Gayrimenkul by using "Income approach analysis".

As a result of revaluation study made by the experts, positive difference for lands and building amounting to TL 52,967 is accounted as TL 46,857 after net-off tax and minority effect "Revaluation Funds" under equity.

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

2.5 New and Revised Turkish Financial Reporting Standards

a) The new standards, amendments to published standards and interpretations effective applicable for the current period:

New and amended IFRS Standards that are effective for the current year

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

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 IFRS 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.

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:

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

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

a) The new standards, amendments to published standards and interpretations effective applicable for the current period (Continued)

Amendments to TFRS 16 *COVID-19 Related Rent Concessions (Continued)*

- 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.

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

The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to 1 January 2020.

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, IFRS Interpretation 19, IFRS 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	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9 and IAS 41*

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

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

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

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 IFRS 4 Insurance Contracts as of 1 January 2023.

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 TFRS 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.

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.

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

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

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

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.

2.6 Going concern

In accordance with the going concern assumption, the consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2020, the Company's equity is TRL 33,461. The main reason of the decrease in equity is due to the foreign exchange differences arising from the foreign exchange denominated loans, and there will be not principal payment of loans until 2023. The Company's net Euro position is (14,180) Euro as of the end of 2020. This mentioned negative Euro position is anticipated to be nullified in 2021. Therefore, the foreign exchange losses causing the deterioration of the equity in the prior years are not expected in 2021. Additionally, the sale of held for sale assets is expected to lower the financial leverage, which will decrease the interest expenses of the Company. Consequently, these factors will positively contribute the net profit and strenghten the equity. Furthermore, the Company preserves its ability to generate strong operating cash flows.

According to the calculations as of the balance sheet date, despite of the decline in the equity's capacity to cover the share capital and its reserves, if the unrealized foreign exchange loss of TRL 655,125 is excluded from the assessment (based on the communiqué of the Application of Turkish Commerical Code 6102/Article 376, Temporary Clause 1), no shortage is observed in the equity coverage as of 31 December 2020. Additionaly, in accordance with the updated communiqué regarding the Application of Turkish Commercial Code 6102/Article 376 published on 26 December 2020, the half of the sum of the rent expenses, depreciations and personnel expenses accrued in year 2020 and 2021 can be substracted from the assessment calculation. The sum of the Group's accrued rent expenses, depreciations and personnel expenses for 2020 is TRL 5,268,701 and if the half of this amount, which is TRL 2,634,350, is excluded from the calculation, the equity coverage improves even more. Furthermore, the Company preserves its ability to generate strong operating cash flows.

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, unusued vacation liability expense on gross profit amount in consolidated statements of income.

The segment information provided to the Board of Directors as of 31 December 2020 and 2019 is as follows:

Segment analysis for the period 1 January - 31 December 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued	Total discontinued	Total
External Revenues	28,637,361	152,829	28,790,190	-	28,790,190	349,882	29,140,072
Inter segment revenues	3,071	-	3,071	(3,071)	-	-	-
Sales revenue	28,640,432	152,829	28,793,261	(3,071)	28,790,190	349,882	29,140,072
Cost of sales	(21,285,582)	(108,812)	(21,394,394)	3,071	(21,391,323)	(259,303)	(21,650,626)
Gross profit	7,354,850	44,017	7,398,867	-	7,398,867	90,579	7,489,446
Selling and marketing expenses	(5,627,807)	(34,597)	(5,662,404)	-	(5,662,404)	(61,740)	(5,724,144)
General administrative expenses	(334,432)	(20,969)	(355,401)	-	(355,401)	(25,371)	(380,772)
Addition: Depreciation and amortisation expenses	835,442	7,642	843,084	-	843,084	13,805	856,889
Addition: Provision for termination benefits	67,659	-	67,659	-	67,659	178	67,837
Addition: Termination benefits paid	41,837	-	41,837	-	41,837	-	41,837
Addition: Provision for Unused vacation	18,760	-	18,760	-	18,760	-	18,760
EBITDA (Including TFRS 16 Effect)	**2,356,309**	**(3,907)**	**2,352,402**	**-**	**2,352,402**	**17,451**	**2,369,853**
TFRS 16 Effect	(814,047)	-	(814,047)	-	(814,047)	-	(814,047)
EBITDA	**1,542,262**	**(3,907)**	**1,538,355**	**-**	**1,538,355**	**17,451**	**1,555,806**
Rent Expense	1,273,618	12,550	1,286,168	-	1,286,168	16,028	1,302,196
EBITDAR	**1,273,618**	**12,550**	**1,286,168**	**-**	**2,824,523**	**33,479**	**2,858,002**

NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January – 31 December 2019

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued	Total discontinued	Total
External Revenues	22.605.667	259.093	22.864.760	-	22.864.760	326.604	23.191.364
Inter segment revenues	5.171	-	5.171	(5.171)	-	-	-
Sales revenue	22.610.838	259.093	22.869.931	(5.171)	22.864.760	326.604	23.191.364
Cost of sales	(16.561.553)	(189.253)	(16.750.806)	5.171	(16.745.635)	(240.248)	(16.985.883)
Gross profit	6.049.285	69.840	6.119.125	-	6.119.125	86.356	6.205.481
Selling and marketing expenses	(4.445.822)	(50.168)	(4.495.990)	-	(4.495.990)	(50.435)	(4.546.425)
General administrative expenses	(254.339)	(20.204)	(274.543)	-	(274.543)	(21.691)	(296.234)
Addition: Depreciation and amortisation expenses	767.696	7.381	775.077	-	775.077	12.083	- 787.160
Addition: Provision for termination benefits	52.791	-	52.791	-	52.791	47	52.838
Addition: Termination benefits paid	39.321	-	39.321	-	39.321	-	39.321
Addition: Provision for Unused vacation	16.518	-	16.518	-	16.518	-	16.518
EBITDA (Including TFRS 16 Effect)	**2.225.450**	**6.849**	**2.232.299**	**-**	**2.232.299**	**26.360**	**2.258.659**
TFRS 16 Effect	(728.022)	-	(728.022)	-	(728.022)	-	(728.022)
EBITDA	**1.497.428**	**6.849**	**1.504.277**	**-**	**1.504.277**	**26.360**	**1.530.637**
Rent Expense	1.047.246	21.749	1.068.995	-	1.068.995	14.808	1.083.803
EBITDAR	**2.544.674**	**28.598**	**2.573.272**	**-**	**2.573.272**	**41.168**	**2.614.440**

NOTE 3 - SEGMENT REPORTING (Continued)

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

	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
EBITDAR reported segments	2,824,523	2,573,272
Rent expenses	(1,286,168)	(1,068,995)
TFRS 16 Effect	814,047	728,022
EBITDA reported segments	**2,352,402**	**2,232,299**
Depreciation and amortisation	(843,084)	(775,077)
Provision for employement termination benefits	(67,659)	(52,791)
Termination benefits paid	(41,837)	(39,321)
Provision for unused vacation liability	(18,760)	(16,518)
Other operating income	295,523	308,653
Other operating expense (-)	(642,633)	(826,021)
Operating profit	**1,033,952**	**831,224**
Income from investing activities	48,146	27,748
Expense from investing activities (-)	(19,397)	(57,917)
Operating profit beftore finance income	**1,062,701**	**801,055**
Financial income	303,192	29,056
Financial expense (-)	(1,586,598)	(1,271,594)
Income/(loss) before tax	**(220,705)**	**(441,483)**

NOTE 3 - SEGMENT REPORTING (Continued)

Segment assets and liabilities

The figures provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	2020	**2019**
Turkey	14,859,851	13,293,444
Other countries	671,139	640,384
Segment assets	**15,530,990**	**13,933,828**
Less: Eliminations	(152,931)	(116,780)
Total assets of consolidated financial statement	**15,378,059**	**13,817,048**

	2020	**2019**
Turkey	15,179,432	13,257,553
Other countries	254,473	258,481
Segment liabilities	**15,433,905**	**13,516,034**
Less: Eliminations	(89,307)	(53,154)
Total liabilities of consolidated financial statement	**15,344,598**	**13,462,880**

Segment information of capital expenditures as of 31 December 2020 and 2019:

	2020	**2019**
Turkey	533,420	331,470
Other countries	6,074	9,391
	539,494	**340,861**

NOT 4 - CASH AND CASH EQUIVALENTS

	2020	2019
Cash	151,082	91,094
Banks		
- demand deposit (*)	146,059	164,976
- time deposit	1,415,858	1,094,940
Cheques in collection	338	501
Credit card receivables	1,517,456	976,798
	3,230,793	**2,328,309**

(*) The Group transfers the cash in its stores registers to the bank on a daily basis. In accordance with the bank agreements, transfered cash amounts have temporary blockages for a certain period of time. As of 31 December 2020, a cash amount of TL 130,290 in bank accounts is temporarily blocked due to the mentioned cash transfer. (2019: TL 135,424)

Weighted average effective interest rates on TL and EURO denominated time deposits as of 31 December 2020 are 17.8% and 2% respectively (2019: 11.3% and 0.3%)

Other cash and cash equivalents consist of credit card receivables. Credit card receivables with a maturity of less than one month are discounted at 31 December 2020 with annual rate of 15.5% (2019: 10.6%)

The maturity analysis of time deposits at 31 December 2020 and 2019 is as follows:

	2020	2019
1 - 30 days	1,415,858	1,086,900
30 - 90 days	-	8,040
90 - 180 days (*)	-	65
Over 180 days (*)	5,879	19,649
	1,421,737	**1,114,654**

(*) Related amount indicating the bank deposits with over 90 days maturity recognised as cash fund by the Group (Note 5).

NOT 5 - FINANCIAL INVESTMENTS

Financial assets

	2020	2019
Time deposit (*)	5,879	19,714
	5,879	**19,714**

(*) Related amount indicating the bank deposits with 90-180 days maturity recognised as cash fund by the Group.

Financial assets carried at fair value through other comprehensive income

	2020	2019
Long term financial assets carried at fair value through other comprehensive income	10,815	4,415
	10,815	**4,415**

	2020		2019	
	TL	Share (%)	TL	Share (%)
Paket Lojistik	3,250	25	3,250	25
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.(*)	7,565	80	1,165	100
Total	**10,815**		**4,415**	

(*) It was decided to change the name of Sanal Merkez Ticaret A.Ş., subsidiary of our Company, to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay").

Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş's cost reflects its fair value.

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2020	2019
Receivables from tenants and wholesale activities	151,596	115,328
Doubtful trade receivables	92,941	79,867
Notes receivables	14,507	3,211
Due from related parties (Note 26)	154	749
Less: Provision for doubtfull receivables	(83,330)	(71,996)
Less: Unearned finance income on term sales	(1,343)	(805)
	174,525	**126,354**

The maturity of trade receivables are generally less than one month as of 31 December 2020 and they were discounted with the annual rate of 15.5% (2019: 10.6%).

Movement of provision for doubtful receivables is as follows:

	2020	2019
1 January	**71,996**	**60,313**
Current year charge	12,294	11,191
Transfers from non-current assets held for sale	(3,355)	506
Collections and reversals	(2,114)	(2,234)
Currency translation effect	4,509	2,220
31 December	**83,330**	**71,996**

Trade payables:

	2020	2019
Trade payables	7,071,924	5,464,568
Due to related parties (Note 26)	280,013	255,588
Expense accruals	115,536	95,333
Unincurred finance cost on term purchases	(128,079)	(71,695)
	7,339,394	**5,743,794**

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 15.6% as of 31 December 2020 (2019: 10.6%)

The further disclosures of liquidity risk and foreign exchange risk that the Group is exposed to with respect to the trade payables are included in Note 28.

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	2020	2019
Receivables from personnel	25,121	20,742
Receivables from insurance companies	2,689	1,200
Other	44	13,767
	27,854	**35,709**

Long term other receivables

	2020	2019
Deposits and guarantees given	4,913	5,265
	4,913	**5,265**

Other short term payables

	2020	2019
Other taxes and funds payable	113,275	70,033
Value added tax payables ("VAT")	54,093	46,972
Credit card bills collection account (*)	2,459	4,195
Other	8,887	12,460
	178,714	**133,660**

(*) Majority of the payables above consist of related banks' credit card bill collections made in the stores. The collections have the maturity of less than one month.

Long term other payables

	2020	2019
Deposits and guarantees received	29,232	13,026
	29,232	**13,026**

NOTE 8 - INVENTORIES

	2020	2019
Raw materials	18,381	17,184
Work in progress	50,882	40,034
Merchandise stocks	3,325,656	2,654,269
Other	19,304	3,829
Less: Provision for net realiazable value	(74,643)	(48,867)
	3,339,580	**2,666,449**

NOTE 9 - PREPAID EXPENSES AND DEFERRED REVENUES

Short term prepaid expenses

	2020	2019
Prepaid rent expenses	43,372	27,441
Prepaid insurance expenses	30,923	26,954
Advances given	32	653
Other prepaid expenses	39,856	24,442
	114,183	**79,490**

Long term prepaid expenses

	2020	2019
Prepaid rent expenses	19,059	30,300
Advances given for property, plant and equipement	1,943	2,782
	21,002	**33,082**

Short term liabilities from customer contracts

	2020	2019
Customer cheques	118,362	70,826
Deferred revenues	23,970	24,158
	142,332	**94,984**

Long term deferred revenue

	2020	2019
Deferred revenues	25,081	3,196
	25,081	**3,196**

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2020	Additions	Disposals	Impairment loss (*)	Revaluation	Transfers	Transfer to fixed assets held for sale	Cumulative translation differences	31 December 2020
Cost									
Land	1,288,070	-	(658,498)	(1,240)	40,422	-	(97,841)	19,994	590,907
Buildings	1,048,096	4,901	(372,588)	(14,078)	12,545	1,284	(182,513)	68,648	566,295
Leasehold improvements	899,000	80,685	(9,531)	(10,768)	-	2,247	(14,351)	13,823	961,105
Machinery and equipments	1,279,878	200,631	(38,191)	-	-	14,482	(33,512)	27,206	1,450,494
Motor vehicles	10,988	2,281	(449)	-	-	-	(4,110)	1,035	9,745
Furniture and fixtures	840,781	102,357	(12,535)	-	-	480	(61,875)	17,808	887,016
Construction in progress	54,913	99,090	-	-	-	(39,057)	-	1,545	116,491
	5,421,726	**489,945**	**(1,091,792)**	**(26,086)**	**52,967**	**(20,564)**	**(394,202)**	**150,059**	**4,582,053**
Accumulated depreciation									
Buildings	(29,461)	(28,076)	37,770	-	-	-	22,978	(44,921)	(41,710)
Leasehold improvements	(459,195)	(69,180)	7,532	6,689	-	-	5,715	(2,755)	(511,194)
Machinery and equipments	(684,063)	(111,716)	35,142	-	-	(30)	25,666	(8,694)	(743,695)
Motor vehicles	(3,378)	(2,052)	407	-	-	-	2,227	(589)	(3,385)
Furniture and fixture	(509,391)	(54,035)	10,598	-	-	(635)	59,452	(15,314)	(509,325)
	(1,685,488)	**(265,059)**	**91,449**	**6,689**	**-**	**(665)**	**116,038**	**(72,273)**	**(1,809,309)**
Net book value	**3,736,238**								**2,772,744**

(*) Impairment loss amounting to TL 19,397 consists of leasehold improvements of the stores closed in 2020 and fair value changes in lands and buildings (Note:21).

There is no pledge on property, plant and equipment as of 31 December 2020 and 2019. Depreciation charges on property, plant and equipment are included in marketing expenses. TL 11,365 of the total depreciation charge is related to Ramstore Macedonia DOO.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended at 31 December 2019 is as follows;

	1 January 2019	Additions	Disposals	Impairment loss (*)	Revaluation	Transfers	Transfer to fixed assets held for sale	Cumulative translation differences	31 December 2019
Cost									
Land	1,458,276	-	(196,874)	(12,776)	25,212	8,202	-	14,232	1,288,070
Buildings	1,017,439	16,849	(129,098)	(12,746)	122,496	16,585	-	24,954	1,048,096
Leasehold improvements	844,539	57,689	(4,107)	(18,583)	-	41,598	-	2,877	899,000
Machinery and equipments	1,168,600	85,160	(21,941)	-	-	-	-	6,461	1,279,878
Motor vehicles	6,397	5,562	(1,239)	-	-	-	-	268	10,988
Furniture and fixtures	786,762	40,053	(6,000)	-	-	14,344	-	5,622	840,781
Construction in progress	37,381	101,935	-	-	-	(85,891)	-	1,488	54,913
	5,319,394	**307,248**	**(359,259)**	**(44,105)**	**147,708**	**(5,162)**	**-**	**55,902**	**5,421,726**
Accumulated depreciation					-	-			
Buildings	-	(31,795)	2,334	-	-	-	-	-	(29,461)
Leasehold improvements	(404,733)	(70,245)	2,773	14,605	-	-	-	(1,595)	(459,195)
Machinery and equipments	(592,706)	(104,986)	18,066	-	-	(61)	-	(4,376)	(684,063)
Motor vehicles	(1,439)	(2,344)	555	-	-	-	-	(150)	(3,378)
Furniture and fixture	(457,474)	(51,202)	3,839	-	-	(452)	-	(4,102)	(509,391)
	(1,456,352)	**(260,572)**	**27,567**	**14,605**	**-**	**(513)**	**-**	**(10,223)**	**(1,685,488)**
Net book value	**3,863,042**								**3,736,238**

(*) Impairment loss amounting to TL 29,500 consists of leasehold improvements of the stores closed in 2019 and fair value changes in lands and buildings (Note:21).

NOTE 11 - INTANGIBLE ASSETS

Other Intangible Assets

Movement of intangible assets period ended at 31 December 2020 is as follows;

	1 January 2020	Additions	Disposals	Transfers	Transfer to non-current assets held for sale	Cumulative translation differences	31 December 2020
Cost							
Trademark	2,787	-	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	-	39,131
Rights	408,899	49,551	(5,468)	20,364	(5,927)	2,957	470,376
Other intangible assets	169,302	-	-	865	-	-	170,167
	620,119	**49,551**	**(5,468)**	**21,229**	**(5,927)**	**2,957**	**682,461**
Accumulated amortisation							
Rent agreements	(35,403)	(773)	-	-	-	-	(36,176)
Rights	(290,041)	(56,212)	4,010	-	3,700	(1,883)	(340,426)
Other intangible assets	(101,842)	(17,338)	-	-	-	-	(119,180)
	(427,286)	**(74,323)**	**4,010**	**-**	**3,700**	**(1,883)**	**(495,782)**
Net book value	**192,833**						**186,679**

NOTE 11 - INTANGIBLE ASSETS (Continued)

Other Intangible Assets (con't)

Movement of intangible assets period ended at 31 December 2019 is as follows;

	1 January 2019	Additions	Disposals	Transfers	Transfer to non-current assets held for sale	Cumulative translation differences	31 December 2019
Cost							
Trademark	2,787	-	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	-	39,131
Rights	373,595	33,613	-	-	-	1,691	408,899
Other intangible assets	163,627	-	-	- 5,675	- -	-	169,302
	579,140	**33,613**	**-**	**5,675**	**-**	**1,691**	**620,119**
Accumulated amortisation							
Rent agreements	(34,355)	(1,048)	-	-	-	-	(35,403)
Rights	(234,169)	(54,733)	-	-	-	(1,139)	(290,041)
Other intangible assets	(84,366)	(17,476)	-	- -	- -	-	(101,842)
	(352,890)	**(73,257)**	**-**	**-**	**-**	**(1,139)**	**(427,286)**
Net book value	**226,250**						**192,833**

Amortisation expenses related to intangible assets have been accounted under general administrative expenses.

NOTE 12 - GOODWILL

	2020	2019
Opening balance	**2,252,992**	**2,252,992**
Closing balance	**2,252,992**	**2,252,992**

Impairment tests for goodwill:

The whole amount of goodwill is related to the acquisition of Migros, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering an five year period.

Subsequent projected cash flows over a five year period were calculated without regard to any growth rate, and the analysis predicted that the existing profitability structure would be preserved.

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The discount rate 7.9% used is the after tax discount rate and includes the company-specific risks. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 100 basis points (such as 7.9% or 8.9% instead of 6.9%) causes a decrease/increase of TL 872,886 (2019: TL 677,058) in the fair value calculations for which sales costs are deducted, as of 31 December 2020. Within the context of analysis performed by the Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

NOTE 13 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Non-Current Assets Held for Sale

In line with the Group's growth targets and its strategic focus, Ramstore Macedonia DOO (a subsidiary of the Group operating in North Macedonia) operations have been re-evaluated. Following the evaluations, Ramstore Macedonia assets have been reclassified as "assets held for sale" since the sale of 100% shares of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), the 99% direct shareholder of Ramstore Macedonia, is planned to be concluded in the short term.

	2020
Propert, Plant and Equipment	278,163
Inventories	48,606
Non-Current Assets Held for Sale	137,804
Elimination effect	(41,958)
Total Assets Held for Sale	**422,615**

Trade Payables	83,366
Other	15,517
Elimination effect	(22,510)
Liabilities Regarding Assets Classified for Sale	**76,373**

b) Income and Expenses from Discontinued Operations

Income and expenses related to discontinued operations, compared to last year, are as follows:

	2020	**2019**
Revenue	349,882	326,604
Cost of Goods Sold	(259,303)	(240,249)
General Administrative Expenses	(25,371)	(21,691)
Marketing Expenses	(61,740)	(50,435)
Other Income and Expenses from Operating Activities	(643)	(1,648)
Finance Expenses	1,702	1,345
Profit Before Tax	4,527	13,926
Tax Expense	(3,531)	(2,861)
Net Profit	**996**	**11,065**

NOTE 14 – RIGHT OF USE ASSETS

For 31 December 2020 and 2019, movement on right use of assets is as follows:

	1 January 2020	Additions	Disposals	31 December 2020
Cost				
Buildings	2,769,878	999,250	(12,983)	3,756,145
Accumulated depreciation				
Buildings	(451,334)	(515,067)	-	(966,401)
Net book value	**2,318,544**			**2,789,744**

	1 January 2019	Additions	Disposals	31 December 2019
Cost				
Buildings	2,367,750	411,407	(9,279)	2,769,878
Accumulated depreciation				
Buildings	-	(451,334)	-	(451,334)
Net book value	**2,367,750**			**2,318,544**

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

Short term lease liabilities

	2020	2019
Lease liabilities	597,777	474,250
	597,777	**474,250**

Long term lease liabilities

	2020	2019
Lease liabilities	2,336,754	1,960,130
	2,336,754	**1,960,130**

NOTE 15 - FINANCIAL LIABILITIES

	31 December 2020		
	Effective interest rate (%)	**In original currency**	**Total TRL equivalent**
Short term borrowings			
With fixed interest rate - TRL	14.84	657,772	657,772
With floating interest rate - TRL	21.47	486,571	486,571
Total short term borrowings			**1,144,343**
Current portion of long term borrowings			
With floating interest rate - EUR	5.29	4,614	41,563
With fixed interest rate - TRL	11.79	333,392	333,392
With floating interest rate - TRL	16.65	34,213	34,213
KZK Loan - Tenge	11.53	249,569	4,354
Total current portion of long term borrowings			**413,522**
Total current bank borrowings			**1,557,865**
Non-current bank borrowings			
With floating interest rate - EUR	5.29	90,102	811,629
With fixed interest rate - TRL	11.79	1,187,555	1,187,555
With floating interest rate - TRL	16.65	220,123	220,123
KZK Loan - Tenge	11.53	3,471,945	60,578
Total non-current bank borrowings			**2,279,885**
Total financial liabilities			**3,837,750**

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

	Tenge loan TRL equivalent	**Euro loan TRL equivalent**	**TRL loan**	**Total TRL equivalent**
1 January 2021 - 31 December 2021	4,354	41,563	1,511,948	1,557,865
1 January 2022 - 31 December 2022	18,055	39,682	547,261	604,998
1 January 2023 - 31 December 2023	20,495	771,947	324,242	1,116,684
1 January 2024 - 31 December 2024	17,547	-	348,639	366,186
1 January 2025 - 5 June 2025	4,481	-	187,536	192,017
	64,932	**853,192**	**2,919,626**	**3,837,750**

The fair value of borrowings at 31 December 2020 is TL 3,856,169.

NOTE 15 - FINANCIAL LIABILITIES (Continued)

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

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2021 - 31 December 2021	3,695	-	1,241,414	1,245,109
1 January 2022 - 31 December 2022	18,055	-	448,978	467,033
1 January 2023 - 31 December 2023	20,494	852,554	308,575	1,181,623
1 January 2024 - 31 December 2024	17,547	-	450,729	468,276
1 January 2025 - 5 June 2025	4,481	-	378,312	382,793
	64,272	**852,554**	**2,828,008**	**3,744,834**

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

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2021 - 31 December 2021	10,711	41,059	1,586,029	1,637,798
1 January 2022 - 31 December 2022	24,023	41,284	713,245	778,552
1 January 2023 - 31 December 2023	24,216	872,691	475,567	1,372,474
1 January 2024 - 31 December 2024	19,176	-	557,479	576,654
1 January 2025 - 5 June 2025	4,716	-	420,078	424,794
	82,842	**955,034**	**3,752,397**	**4,790,272**

The Group has the obligation to comply with the various credit commitments in the loan agreement in the interest of the said bank credits. The financial ratios calculated on the consolidated financial statements as of 31 December 2020 are in line with the provisions of the bank loan agreement.

The movement schedule of borrowings as of 31 December 2020 and 2019 is as follows;

	2020	2019
Beginning balance	**4,403,039**	**4,570,097**
Proceeds of borrowings	1,570,780	770,200
Payments	(2,748,401)	(1,257,980)
Foreign exchange losses	558,071	299,404
Interest accrual	54,261	21,318
Closing	**3,837,750**	**4,403,039**

NOTE 15 - FINANCIAL LIABILITIES (Continued)

	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**

The redemption schedule of 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 borrowings at 31 December 2019 is TL 4,558,469.

NOTE 15 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of 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 contractual cash outflows, which consists of principal and interest, of 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**

NOTE 16- PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	2020	2019
Provision for litigation	94,561	81,125
Provisions for customer loyalty programs	2,344	1,754
Other	1,982	2,360
	98,887	**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.

	2020	2019
Beginning balance	81,125	82,496
Increase during period	27,868	25,422
Provision released	-	(7,729)
Payments during period	(14,432)	(19,064)
Ending balance	**94,561**	**81,125**

Collaterals, Pledges, Mortgages ("CPM")

31 December 2020:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	242,637	237,861	651	-
B. CPM given on behalf of fully consolidated subsidiaries	60,578	-	8,253	-
Total collaterals, pledges and mortgages	**303,215**	**237,861**	**8,904**	**-**
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 (%)	-			

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

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

	2020	2019
Letter of guarantees given	303,215	290,058
	303,215	**290,058**

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

	2020	2019
Guarantees obtained from customers	224,732	176,257
Mortgages obtained from customers	16,129	73,823
	240,861	**250,080**

NOTE 17 - EMPLOYEE BENEFITS

	2020	2019
Wages payable	181,653	108,832
Social security deductions	57,472	39,777
	239,125	**148,609**

	2020	2019
Provision for employee termination benefits	257,690	204,503
Provision for unused vacation	158,126	139,366
	415,816	**343,869**

Movement of provision for unused vacation is as follows:

	2020	2019
Beginning balance	**139,366**	**122,848**
Increase during period	26,218	30,351
Recovered during period	(7,458)	(13,833)
Ending balance	**158,126**	**139,366**

NOTE 17 - EMPLOYEE BENEFITS (Continued)

Provision for employment 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 consolidated financial statements as of 31 December 2020 and 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 provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

The following actuarial assumptions were used in the calculation of the total liability:

	2020	**2019**
Discount rate (%)	4.15	3.72
Turnover rate to estimate the probability of retirement (%)	88.87 – 100.00	89.87 – 100.00

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 TL 7,638.96 effective from 1 January 2021 (1 January 2020: TL 6,730.15) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 17 - EMPLOYEE BENEFITS (Continued)

In the calculation, the employees were separated into two groups based on the working years in the Group: 0-14 years and 15 years and above. The probability of retirement is used as 88.87% and 100% for the employees working 0-14 years and 15 years and above, respectively.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would increase/(decrease) by TL 24,413 (TL 28,712).

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

	2020	2019
Beginning balance	**204,503**	**145,477**
Increase during period	109,496	92,159
Provision for discontinuing operations	(506)	-
Payments during period	(41,837)	(39,321)
Actuarial (gain)/loss	(13,966)	6,188
Ending balance	**257,690**	**204,503**

NOTE 18 - REVENUE

	2020	2019
Domestic sales	29,074,462	23,052,626
Foreign sales	149,695	255,254
Other sales	37,001	31,848
Gross sales	**29,261,158**	**23,339,728**
Discounts and returns (-)	(470,968)	(474,968)
Sales revenue, net	**28,790,190**	**22,864,760**
Cost of sales	(21,391,323)	(16,745,635)
Gross profit	**7,398,867**	**6,119,125**

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

	2020	2019
Retail sales revenue	28,327,746	22,357,979
Wholesale revenue	757,699	727,206
Rent income	138,712	222,695
	29,224,157	**23,307,880**

NOTE 19 - EXPENSE BY NATURE

Total	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	3,117,625	2,359,479
Depreciation and amortisation	843,084	775,077
Rent and common area	590,807	478,887
Energy	362,232	353,307
Porterage and cleaning	190,000	160,322
Advertising	139,165	116,622
Mechanisation	130,616	115,276
Repair and maintenance	85,699	75,503
Security	62,937	56,491
Taxes and other fees	33,329	27,768
Communication	17,576	16,054
Other	444,735	235,747
	6,017,805	**4,770,533**

Marketing expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	2,848,932	2,151,566
Depreciation and amortisation	843,084	775,077
Rent and common area	582,349	478,086
Energy	359,784	349,858
Porterage and cleaning	184,643	155,767
Advertising	139,151	116,588
Mechanisation	120,893	105,705
Repair and maintanence	83,350	73,146
Security	60,855	54,394
Taxes and other fees	28,813	25,024
Communication	15,155	13,855
Other	395,395	196,924
	5,662,404	**4,495,990**

General administrative expenses	2020	2019
Personnel expenses	268,693	207,913
Other	86,708	66,630
	355,401	**274,543**

NOTE 19 - EXPENSE BY NATURE (Continued)

Expenses by nature in cost of sales for the year ended at 31 December 2020 and 2019 are as follows:

	2020	2019
Cost of goods sold	(21,343,763)	(16,703,248)
Cost of service rendered	(47,560)	(42,387)
	(21,391,323)	**(16,745,635)**

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

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	**2020**	**2019**
Interest income on term sales	122,592	183,255
Interest income from operating activities	90,171	71,816
Other	82,760	53,582
	295,523	**308,653**

Other operating expenses	**2020**	**2019**
Interest expense on term purchases	(551,788)	(766,880)
Litigation provision	(27,868)	(25,422)
Bad debt provision expense	(11,334)	(11,683)
Other	(51,643)	(22,036)
	(642,633)	**(826,021)**

NOTE 21 - REVENUES AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	**2020**	**2019**
Gain on sale of property, plant and equipment and assets held for sale	48,146	27,748
	48,146	**27,748**

Expense from investing activities	**2020**	**2019**
Losses from impairment provision property,plant and equipment	(15,318)	(25,522)
Losses on sale of property,plant and equipment	-	(28,417)
Losses from leasehold improvements (Note 10)	(4,079)	(3,978)
	(19,397)	**(57,917)**

NOTE 22 - FINANCIAL INCOME

	2020	**2019**
Foreign exchange gains	250,013	20,934
Interest income on bank deposits	6,312	8,122
Financial income on derivatives	36,780	-
Other	10,087	-
	303,192	**29,056**

NOTE 23 - FINANCIAL EXPENSES

	2020	**2019**
Foreign exchange losses	(582,230)	(293,082)
Interest expense on bank borrowings	(472,714)	(476,104)
Financial expense on derivatives	(28,809)	(37,456)
Interest expense on leasings	(428,469)	(406,905)
Other	(74,376)	(58,047)
	(1,586,598)	**(1,271,594)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	2020	2019
Corporate and income taxes payable	190,924	2,861
Less: Prepaid current income taxes	(182,716)	(14,616)
Current tax liabilities/(assets)	**8,208**	**(11,755)**

	2020	2019
Deferred tax assets	196,662	154,537
Deferred tax liabilities	(209,667)	(181,823)
Deferred tax assets/(liabilities), net	**(13,005)**	**(27,286)**

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% (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%.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

The investment incentive calculated over the investment expenditures and within the scope of the income tax law numbered 19, were not subjected to the deduction from the tax base due to the insufficient taxable profit by Kipa Ticaret A.Ş., and transferred to the Company amounting to TL 15,648 TL (31.12.2020 indexed value) and this total amount has been deducted from the taxable profit as of 31 December 2020.

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 statutory accounts. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of 31 December 2020 Turkey, Kazakhstan, Bulgaria and Macedonia respectively 22%, 20%, 10% and 10% (2019: 22% , 20%, 10% and 10%).

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	2020	2019
Loss before tax	(220,705)	(441,483)
Calculated tax income according to parent company rax rate (22%)	48,555	97,126
Differences in tax rate of subsidiaries	(9,827)	(2,758)
Expected tax expense of the Group	**38,728**	**94,368**
Effect of non-deductable expenses	(269,894)	(157,786)
Effect of exemptions for R&D	8,521	12,196
Allowable losses	-	31,445
Tax effect of other income exemp from tax	43,191	-
Other	(3,786)	(10,475)
The Group's tax income / (expense)	**(183,240)**	**(30,252)**

The details of taxation on income for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
Current period tax expense	(192,269)	(261)
Deferred tax expense	9,029	(29,991)
Current period tax amount	**(183,240)**	**(30,252)**

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2020 and 2019, the deferred tax assets and liabilities calculated using the total temporary differences and the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**
Deferred tax assets:				
Short term provisions	252.687	220.491	50.537	48.508
Inventories	193.538	127.483	38.708	28.046
Provision for employee termination benefits	257.690	204.503	51.538	40.850
Unincurred interest income	1.343	805	269	177
Derivative instruments	-	28.117	-	6.186
Right of use asset	266.774	135.740	53.355	27.148
Other	11.276	16.237	2.255	3.622
Deferred tax assets	**983.308**	**733.376**	**196.662**	**154.537**
Deferred tax liabilities:				
Derivative instruments	(8.663)	-	(1.733)	-
Property, plant and equipment and intangible assets	(1.093.910)	(1.123.130)	(178.611)	(164.666)
Unincurred interest expense	(128.326)	(71.695)	(25.665)	(15.773)
Other	(18.281)	(6.921)	(3.658)	(1.384)
Deferred tax liabilities	**(1.249.180)**	**(1.201.746)**	**(209.667)**	**(181.823)**
Total deferred tax liability, net	**(265.872)**	**(468.370)**	**(13.005)**	**(27.286)**

Deferred tax movement within the period is as followed:

	2020	**2019**
Beginning balance	**(27,286)**	**1,765**
Deferred tax expense from continuing operations	9,029	(29,991)
Recognized under equity	1,202	(2,322)
Cumulative translation difference	4,051	3,262
Ending balance	**(13,005)**	**(27,286)**

NOTE 25 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company's authorised and issued capital consists of 18,105,423,300 shares at 1 shares of Kr1 nominal value as of 31 December 2020. All shares are paid-in and no privileges are given to different share groups and shareholders.

	31 December 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 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.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	31 December 2020	31 December 2019
Anadolu Motor Üretim ve Pazarlama A.Ş.	80	58
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	2	417
Anadolu Restoran İşl. Ltd. Şti.	-	43
Diğer	72	231
	154	**749**

Due to related parties	31 December 2020	31 December 2019
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	162,315	142,932
Coca Cola Satış ve Dağıtım A.Ş.	78,381	87,144
AEH Sigorta Acenteliği A.Ş.	17,731	14,468
Adel Kalemcilik Ticaret ve San. A.Ş.	10,498	8,909
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	8,889	1,354
Other	2,199	781
	280,013	**255,588**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties

Inventory purchases	31 December 2020	31 December 2019
Coca Cola Satış ve Dağıtım A.Ş.	321,955	286,004
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	508,890	493,465
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	28,252	25,234
Adel Kalemcilik Ticaret ve San. A.Ş.	8,798	6,421
	867,895	**811,124**

Other transactions	2020	2019
Rent revenue	496	1.593
Rent expenses	(7.457)	(15.066)
Other income	608	827
Other expenses	-	(75)
Other transactions, net	**(6.354)**	**(12.722)**

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 December 2020 and 2019 is as follows:

	2020	2019
Short term benefits	65,746	46,194
	65,746	**46,194**

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

NOTE 27 - EARNINGS 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. The Company has no diluted instruments.

	2020	2019
Net profit/(loss) attributable to shareholders	(402,984)	(460,812)
Weighted average number of shares with Kr 1 face value each ('000)	18,105,233	18,105,233
Earnings per share	**(2.23)**	**(2.55)**

NOTE 28- FINANCIAL RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The weighted average nominal interest rate of the Group's financial liabilities that are sensitive to interest for EURO loans is 4.75% (2019: 4.75%). As of 31 December 2020, if interest rates on Euro denominated borrowings had been 100 base point higher/lower with all other variables held constant, pre-tax profit for the year would have been TL 869 (2019: TL 2,907) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate positions of the Group at 31 December 2020 and 2019 are as follows:

	2020	2019
Financial instruments with fixed interest rate		
Time deposits	1,421,737	1,114,654
Financial investments	2,243,651	1,342,430
Lease liabilities	2,934,531	2,434,380
Financial instruments with floating interest rate		
Financial liabilities	1,594,099	3,060,609

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity and funding risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2020, the Group's financial debt with a maturity longer than 1 year is TL 2,279,885 (2019: TL 3.440.185).

The maturity analysis of the Group's financial liabilities as of 31 December 2020 is as follows:

Non derivative financial liabilities:

31 December 2020	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Financial payables	3,837,750	4,790,272	398,292	1,239,506	3,152,474	-
Trade payables	7,339,394	7,467,473	6,345,141	1,122,332	-	-
Other payables	417,839	417,839	417,839	-	-	-
	11,594,983	**12,675,584**	**7,161,272**	**2,361,838**	**3,152,474**	**-**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk: (Continued)

Non derivative financial liabilities: (Continued)

31 December 2019	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Financial payables	4,403,039	5,491,622	331,437	687,107	4,473,078	-
Trade payables	5,743,794	5,751,065	4,753,804	997,261	-	-
Other payables	282,269	282,269	282,269	-	-	-
	10,429,102	**11,524,957**	**5,367,511**	**1,684,368**	**4,473,078**	**-**

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

The risk details of credits and receivables as of 31 December 2020 and 2019 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

	31 December 2020			
	Trade receivables		Other receivables	Deposits
	Related party	Other	Other	in bank
Maximum risk exposed credit risk as of reporting date (A+B+C)	**154**	**174,370**	**32,767**	**1,567,796**
Secured portion of maximum credit risk by guarantees	-	46,474	-	-
A. Net book value of financial assets either are not due or not impaired	154	147,833	32,767	1,567,796
secured portion by guarantees	-	33,141	-	-
B. Net book value of the expired or not impaired financial assets	-	16,926	-	-
secured portion with guarantees	-	3,722	-	-
C. Impaired assets net book value	-	9,611	-	-
over due (gross book value)	-	92,941	-	-
impairment (-)	-	(83,330)	-	-
secured portion of the net value by guarantees etc.	-	9,611	-	-
D. Expected credit loss (-)	-	-	-	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2019			
	Trade receivables		Other receivables	Deposits
	Related party	Other	Other	in bank
Maximum risk exposed credit risk as of reporting date (A+B+C)	**749**	**125,605**	**40,974**	**1,279,630**
Secured portion of maximum credit risk by guarantees	82	34,755	-	-
A. Net book value of financial assets either are not due or not impaired	749	111,511	40,974	1,279,630
secured portion by guarantees	82	26,308	-	-
B. Net book value of the expired or not impaired financial assets	-	6,223	-	-
secured portion with guarantees	-	575	-	-
C. Impaired assets net book value	-	7,731	-	-
over due (gross book value)	-	79,727	-	-
impairment (-)	-	(71,996)	-	-
secured portion of the net value by guarantees etc.	-	7,871	-	-
D. Expected credit loss (-)	-	-	-	-

As of reporting date there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets.

Aging of the receivables which are overdue but not impaired

	2020	2019
Between 0-1 month	7,634	3,100
Between 1-3 month	6,552	1,081
Between 3-12 month	1,996	1,209
Between 1-5 years	744	834
	16,926	**6,223**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Risky Position of Capital:

Net debt ratio as of 31 December 2020 and 2019 is as follows;

	2020	2019
Total liabilities	15,344,598	13,462,880
Less: Cash and cash equivalents	(3,230,793)	(2,328,309)
Deferred tax liabilities	(13,005)	(27,286)
Net debt	12,100,800	11,107,285
Equity attributable to holders of parent	31,061	352,503
Equity + net debt	12,131,861	11,459,788
	99.74%	**96.92%**

Foreign currency risk

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 December 2020, if Euro had appreciated against TL by 20% and all other variables had remained constant, the income 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 lower in the amount of TL 24,330 (31 December 2019: 435,402 higher).

NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

	FOREIGN CURRENCY POSITION							
	31 December 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	738,895	930	81,211	528	697,220	1,181	103,480	2,003
Trade receivables	-	-	-	-	-	-	-	-
Other	66	9	-	-	933	157	-	-
Current assets	**738,961**	**939**	**81,211**	**528**	**698,153**	**1,338**	**103,480**	**2,003**
Total assets	**738,961**	**939**	**81,211**	**528**	**698,153**	**1,338**	**103,480**	**2,003**
Financial liabilities	41,563	-	4,614	-	330,808	-	49,741	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	**41,563**	-	**4,614**	-	**330,808**	-	**49,741**	-
Financial liabilities	811,629	-	90,102	-	2,529,211	-	380,298	-
Non-monetary other liabilities	6,080	-	675	-	5,194	-	781	-
Non-current liabilities	**817,709**	-	**90,777**	-	**2,534,405**	-	**381,079**	-
Total liabilities	**859,272**	-	**95,391**	-	**2,865,213**	-	**430,820**	-

NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 December 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 derivaties (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	**(120,311)**	**939**	**(14,180)**	**528**	**(2,167,058)**	**1,338**	**(327,340)**	**2,003**
Net foreign currency asset/(liability) position of monetary items	**(114,297)**	**930**	**(13,505)**	**528**	**(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 liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	165,547	22,553	-	-	164,762	27,737	-	-

NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

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

31 December 2020

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%20 change in Euro exchange rate		
Euro net asset/liability	(24,330)	24,330
Euro net effect	**(24,330)**	**24,330**

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 30 - 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 indirecty (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 30 - FINANCIAL INSTRUMENTS (Continued)

The fair value hierarchy for the assets and liabilities measured at fair value as of 31 December 2020 and 2019 is as follows:

		Fair Value Level as of reporting period		
	31 December 2020	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Lands	590,907	-	-	590,907
Buildings	524,585	-	-	524,585
Derivatives	18,183	-	18,183	-

		Fair Value Level as of reporting period		
	31 December 2019	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Lands	1,288,070	-	-	1,288,070
Buildings	1,018,635	-	-	1,018,635
Derivatives	(28,117)	-	(28,117)	-

The discount, capitilization and store occupancy rates used in the studies were determined by the valuation companies.

The discount rates are consistent with the inflation expectation survey of the CBRT and used between 11% and 17.94% for the properties in Turkey. Discount rates used between 10% to 13% for the properties abroad.

The capitilization rates vary between 5% and 10% in terms of the location of the real estate.

NOTE 31 - SUBSEQUENT EVENTS

In line with the Group's growth targets and its strategic focus in markets where the Group operates, Ramstore Macedonia operations have been re-evaluated. Following the evaluations, the negotiations have been initiated with regard to the sale of %100 of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria") to CITY PLAZA DOO Skopje ("the Buyer"), the 99% direct shareholder of Ramstore Macedonia. In this respect, a preliminary sales agreement has been signed between our Company and the buyer. The negotiations continue regarding the signing of a Share Purchase Agreement.

In line with the Group's strategic targets, in order to acquire the tenant rights and the rent contracts of 34 stores, a transfer agreement was signed with Carrefore Sabancı Ticaret Merkezi A.Ş ("Carrefour") on 7 January 2021.

On 26 January 2021, Kenan Investments S.A sold its Migros Ticaret A.Ş shares with the nominal value of TRL 21.308.336 over TRL 44,15 sell price. After the mentinoned transaction, the share ownership of Kenan Investments SA and the funds managed by BC Partners subsidiaries decreased to 0%. The free-float increased to 49,18% as of 26 January 2021 (31 December 2020: 37,41%).