

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

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF 30 JUNE 2021

(ORIGINALLY ISSUED IN TURKISH)

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
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ORIGINALLY ISSUED IN TURKISH**

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2021 AND 31 DECEMBER 2020**

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

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

	Notes	Current Period 30 June 2021	Prior Year 31 December 2020
ASSETS			
Current Assets:			
Cash and cash equivalents		2,466,476	3,230,793
Financial investments		1,663	5,879
Trade receivables		188,297	174,525
<i>Trade receivables from related parties</i>	20	448	154
<i>Trade receivables from third parties</i>		187,849	174,371
Other receivables		32,565	27,854
<i>Other receivables from third parties</i>		32,565	27,854
Derivative financial instruments		14,965	5,174
Inventories	8	3,968,771	3,339,580
Prepaid expenses		112,587	114,183
Current income tax assets		-	-
Other current assets		23,395	10,318
Sub total		6,808,719	6,908,306
Assets held for sale		-	422,615
Total current assets		6,808,719	7,330,921
Non-current assets:			
Financial investments		13,465	10,815
Other receivables		4,980	4,913
<i>Other receivables from third parties</i>		4,980	4,913
Derivative financial instruments		-	8,249
Property, plant and equipment	5	2,887,972	2,772,744
Intangible assets		2,457,051	2,439,671
<i>Goodwill</i>		2,252,992	2,252,992
<i>Other intangible assets</i>	6	204,059	186,679
Prepaid expenses		26,443	21,002
Right-of-use assets	7	2,720,590	2,789,744
Deferred tax assets	18	41,034	-
Total non-current assets		8,151,535	8,047,138
Total assets		14,960,254	15,378,059

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

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30 JUNE 2021 AND 31 DECEMBER 2020**

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

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	Notes	Current Period 30 June 2021	Prior Year 31 December 2020
LIABILITIES			
Current liabilities:			
Short term borrowings		980,112	1,144,343
<i>Bank loans</i>	9	980,112	1,144,343
Short term portion of long term borrowings		1,094,454	1,011,299
<i>Bank loans</i>	9	442,315	413,522
<i>Lease liabilities</i>		652,139	597,777
Trade payables		7,936,204	7,339,394
<i>Trade payables to related parties</i>	20	332,847	280,013
<i>Trade payables to third parties</i>		7,603,357	7,059,381
Employee benefits payables		254,876	239,125
Other payables		82,174	178,714
<i>Other payables to third parties</i>		82,174	178,714
Derivative Instruments		539	4,760
Deferred income		149,514	142,332
Taxes on income	18	62,977	8,208
Short term provisions		311,789	257,013
<i>Short term provisions for employee benefits</i>	11	198,921	158,126
<i>Other short term provisions</i>	10	112,868	98,887
Other current liabilities		3,391	1,389
Sub total		10,876,030	10,326,577
Liabilities regarding asset groups classified for sale		-	76,374
Total current liabilities		10,876,030	10,402,951
Non-current liabilities:			
Long term borrowings		3,716,588	4,616,639
<i>Bank loans</i>	9	1,420,705	2,279,885
<i>Lease liabilities</i>		2,295,883	2,336,754
Other payables		18,781	29,232
<i>Other payables to third parties</i>		18,781	29,232
Deferred income		17,927	25,081
Derivative Instruments			
Long term provisions		315,913	257,690
<i>Long term provisions for employee benefits</i>	11	315,913	257,690
Deferred tax liabilities		-	13,005
Total non-current liabilities		4,069,209	4,941,647
Total liabilities		14,945,239	15,344,598

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30 JUNE 2021 AND 31 DECEMBER 2020**

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

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

		Current Period	Prior Year
	Notes	30 June 2021	31 December 2020
EQUITY			
Attributable to equity holders of parent		15,015	31,061
Share capital		181,054	181,054
Other capital reserves		(365)	(365)
Treasury shares (-)	19	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss		376,653	406,218
-Defined benefit plans re-measurement (losses)		(3,042)	(3,042)
-Revaluation fund of property, plant and equipment		379,695	409,260
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss		25,322	256,000
- Currency translation differences		25,322	256,000
Restricted reserves		250,582	111,249
Accumulated losses		(926,139)	(416,750)
Net income/(loss)		211,269	(402,984)
Non-controlling interest		-	2,400
Total equity		15,015	33,461
Total liabilities and equity		14,960,254	15,378,059

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021 AND 2020**

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

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

				Restated	Restated
		Current period	Prior	Current period	Prior
		Reviewed	year	Reviewed	year
		1 January -	Not Reviewed	1 January -	Not Reviewed
		1 April -	1 April -	1 January -	1 April -
	Notes	30 June 2021	30 June 2021	30 June 2020	30 June 2020
Revenue	3, 12	16,104,112	8,415,021	13,253,610	6,906,013
Cost of sales (-)	3, 12	(12,179,795)	(6,389,865)	(10,070,949)	(5,309,307)
Gross profit		3,924,317	2,025,156	3,182,661	1,596,706
General administrative expenses (-)	13	(192,328)	(94,854)	(166,185)	(82,626)
Marketing expenses (-)	13	(2,923,273)	(1,516,792)	(2,417,376)	(1,215,425)
Other operating income	14	190,274	99,283	103,173	35,340
Other operating expense (-)	14	(496,518)	(267,822)	(242,699)	(108,923)
Operating profit		502,472	244,971	459,574	225,072
Income from investment activities	15	213,535	373	12,267	11,189
Expenses from investment activities (-)	15	(1,613)	(130)	(13,734)	(11,187)
Operating income before					
finance income/(expense)		714,394	245,214	458,107	225,074
Financial income	16	88,384	29,385	12,203	6,400
Financial expense (-)	17	(551,557)	(264,692)	(719,100)	(335,999)
Net (loss) / income before tax from continuing operations		251,221	9,907	(248,790)	(104,525)
Tax expense from continuing operations		(40,630)	(8,148)	(28,050)	(38,657)
- Income tax expense	18	(93,845)	(37,226)	(76,664)	(44,380)
- Deferred tax income / (expense)	18	53,215	29,078	48,614	5,723
Continued operations income / (loss)		210,591	1,759	(276,840)	(143,182)
Discontinued operations income		678	-	536	(1,255)
Net income / (loss)		211,269	1,759	(276,304)	(144,437)
Net income / (loss) attributable to:					
- Non-controlling interest		-	-	19	(5)
- Equity holders of parent	21	211,269	1,759	(276,323)	(144,432)
Continued (loss) / learning per share TRL	21	1.16	0.01	(1.53)	(0.79)
Discontinued (loss) / learning per share TRL	21	-	-	-	(0.01)

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021 AND 2020**

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

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

	Current period Reviewed 1 January - 30 June 2021	Prior year Not Reviewed 1 April - 30 June 2021	Restated Current period Reviewed 1 January - 30 June 2020	Restated Prior year Not Reviewed 1 April - 30 June 2020
Net (loss) / income for the period	211,269	1,759	(276,304)	(144,437)
Items that may be reclassified subsequently				
-Revaluation of fund of property, plant and equipment	765	299	(62,380)	(3,458)
Tax effect of items not to be reclassified to profit or loss				
-Tax effect of revaluation fund of property, plant and equipment	(153)	(60)	48,072	35,139
Items to be reclassified to profit or loss				
-Currency translation differences	(230,327)	(21,047)	34,653	13,394
Other comprehensive income / (loss), after tax	(229,715)	(20,808)	20,345	45,075
Total comprehensive income / (loss)	(18,446)	(19,049)	(255,959)	(99,362)
Total comprehensive (loss) / income attributable				
-Non-controlling interests	(2,400)	-	387	111
-Equity holders of parent	(16,046)	(19,049)	(256,346)	(99,473)

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021 AND 2020

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

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	Other comprehensive income/ expenses not to be reclassified to profit or loss					Other comprehensive income/ expenses to be reclassified to profit or loss		Retained earnings					
	Share capital	Other capital reserves	Treasury shares	Additional contribution to share capital	Defined benefit plans re-measurement losses	Increase/(decrease) re-evaluation of tangible assets	Cumulative translation losses	Restricted reserves	Accumulated losses	Net loss for the period	Attributable to equity holders of the parents	Non- controlling interests	Total equity
Balances at 1 January 2020	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	-	-	-	-	-	(186,905)	-	87,478	(361,385)	460,812	-	-	-
Total comprehensive income	-	-	-	-	-	(14,308)	34,285	-	-	(276,323)	(256,346)	387	(255,959)
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	(276,323)	(276,323)	19	(276,304)
Cumulative translation differences	-	-	-	-	-	-	34,285	-	-	-	34,285	368	34,653
Decreases of revaluation of fixed assets	-	-	-	-	-	(14,308)	-	-	-	-	(14,308)	-	(14,308)
Balances at 30 June 2020	181,054	(365)	(125,435)	22,074	(14,215)	450,924	210,387	111,249	(463,193)	(276,323)	96,157	2,052	98,209
Balances at 1 January 2021	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
Transfers	-	-	-	-	-	(30,177)	(2,751)	139,333	(509,389)	402,984	-	-	-
Total comprehensive (loss)/income	-	-	-	-	-	612	(227,927)	-	-	211,269	(16,046)	(2,400)	(18,446)
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	211,269	211,269	-	211,269
Cumulative translation differences	-	-	-	-	-	-	(22,184)	-	-	-	(22,184)	-	(22,184)
Increase / (decrease) due to loss of control in subsidiaries (Note:24)	-	-	-	-	-	-	(205,743)	-	-	-	(205,743)	(2,400)	(208,143)
Decreases of revaluation of fixed assets	-	-	-	-	-	612	-	-	-	-	612	-	612
Balances at 30 June 2021	181,054	(365)	(125,435)	22,074	(3,042)	379,695	25,322	250,582	(926,139)	211,269	15,015	-	15,015

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021 AND 2020**

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

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	Notes	1 January - 30 June 2021	Restated 1 January - 30 June 2020
Cash flow from operating activities:			
Net income / (loss) for the period		211,269	(276,304)
Continued operations income / (loss)		210,591	(276,840)
Discontinued operations income / (loss)		678	536
Adjustments related to reconciliation of loss			
Adjustments for depreciation and amortisation expenses	13	432,214	411,993
Adjustments for impairment on receivables	14	1,640	2,204
Adjustments for inventory provisions	8	32,024	24,504
Adjustments for impairment on property, plant and equipment	15	1,189	3,186
Adjustments for provision for employee benefits	11	124,497	95,632
Adjustments for provision for litigation	10	21,172	8,584
Adjustments for interest income	14,16	(51,065)	(27,824)
Adjustments for interest expense	17	474,275	425,490
Adjustments for deferred financing due to forward purchases expenses	14	458,548	224,194
Adjustments for unearned finance income from sales	14	(123,426)	(41,181)
Adjustments for unrealized foreign exchange losses related to bank borrowings	9	37,838	323,961
Adjustments for fair value losses arising from derivatives	17	(10,615)	11,060
Adjustments for income tax expense	18	40,630	28,050
Loss on sale of property plant and equipment	15	51	(1,719)
Adjustments for losses/(gains) on sale of non-current assets classified as held for sale	15	(213,162)	-
Changes in net working capital		(71,295)	581,656
Adjustments for increase in trade receivables		(12,480)	(34,124)
Adjustments for increase in inventories		(661,215)	(378,673)
Adjustments for increase in other receivables related with operations		(45,454)	(86,739)
Adjustments for increase in trade payables		653,582	624,785
Adjustments for increase in other payables related with operations		(5,728)	456,407
Cash flows from operating activities		1,365,784	1,793,486
Employee benefits paid	11	(25,479)	(23,212)
Interest received		168,526	71,329
Interest paid		(515,320)	(222,586)
Taxes paid		(46,411)	(49,164)
Other provisions paid	10	(7,749)	(5,793)
Net cash provided by operating activities		939,351	1,564,060

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021 AND 2020**

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	Notes	1 January - 30 June 2021	Restated 1 January - 30 June 2020
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets		(302,685)	(167,721)
Cash inflows from the purchase of non-current assets classified as held for sale	24	374,451	-
Cash inflows from the sale of tangible and intangible assets		15,252	523,419
Net cash used in investing activities		87,018	355,698
Cash flows from financing activities			
Proceeds from borrowings	9	300,000	1,139,040
Repayment of borrowings	9	(1,379,891)	(1,793,652)
Repayment of derivative instruments		4,852	(7,630)
Interest received	16	3,033	2,030
Interest paid		(234,872)	(211,100)
Cash outflows from payments of rent agreements		(436,698)	(390,148)
Net cash provided by financing activities		(1,743,576)	(1,261,460)
Impact of foreign currency translation differences on cash and cash equivalents		(47,110)	(1,606)
Net (decrease) / increase in cash and cash equivalents		(764,317)	656,692
Cash and cash equivalents at the beginning of period		3,230,793	2,328,309
Cash and cash equivalents at the end of period		2,466,476	2,985,001

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

As of 30 June 2021, the indirect shares of AG Anadolu Grubu Holding A.Ş. (“Anadolu Group”) is 50%.

Through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers and internet, the Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 30 June 2021, the Group operates in 2,405 stores in total (31 December 2020: 2,319) which comprise 1,591,704 m2 from 2,382 retail stores and comprise 13,412 m2 from 23 wholesale stores with a total net space of 1.605.116 m2 (31 December 2020: 1,580,317 m2). As of 30 June 2021, the Group employed 40,730 people (31 December 2020: 38,458) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2020: 97%).

The address of the registered office is as follows:

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

These condensed consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 13 August 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 regulatory bodies have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

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

				June 2021	December 2020
<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>	(%)	(%)
Ramstore Bulgaria E.A.D. (“Ramstore Bulgaria”)	Bulgaria	Bulgaria	Dormant Mall	-	100
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”)	Kazakhstan	Kazakhstan	management	100	100
Ramstore Macedonia DOO (“Ramstore Macedonia”)	Macedonia	Bulgaria	Retailing	-	99
Monypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (*)	Turkey	Turkey	Services limited by e- money legislation	80	80
Mimeda Medya Platform A.Ş. (*)	Turkey	Turkey	Media	100	-
Paket Lojistik ve Teknoloji A.Ş. (*)	Turkey	Turkey	Logistics services	25	25
(*) Not included in the scope of consolidation on the grounds of materiality.					

During the period, the Group sold 100% shares of our inactive subsidiary Ramstore Bulgaria EAD (“Ramstore Bulgaria”), which has 99% shares of its subsidiary Ramstore Macedonia DOO (“Ramstore Macedonia”), with a share transfer agreement dated 9 March 2021.

Mimeda Medya Platform A.Ş., which is a new media company, was established on 22 June 2021 in order to deliver its media assets to all advertisers more effectively and to reveal the true potential of data-based marketing activities. The Company is a 100% subsidiary of Migros Ticaret A.Ş. and its original capital is TRL 1,500.

**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

2.1 Basis of presentation

2.1.1 Basis of preparation and presentation of financial statements

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

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021**

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

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

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

2.1 Basis of presentation (Continued)

2.1.1 Basis of preparation and presentation of financial statements (Continued)

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

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

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

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

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

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

2.1.2 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

In case of changes and errors in accounting policies and accounting estimates, significant changes made and significant accounting errors identified are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period when the change is made and prospectively.

In order to comply with the presentation of the current period consolidated financial statements as of 30 June 2021, in-store production and e-commerce expenses amounting to TL 306,229, which were classified under marketing expenses, were classified under cost of sales in the consolidated income statement for the period ending on 30 June 2020. In addition, the Group has reclassified the profit and loss statement of Ramstore Bulgaria EAD to discontinued operations as of 30 June 2020.

2.1.3 Changes in the accounting policies, estimates and errors

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

On 31 December 2020, the Group reviewed the calculation applied in the prior period for the calculation of TFRS 16 lease liability, which became effective as of 1 January 2019. The Group has adjusted the effects of this change retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this adjustment made on 31 December 2020 on prior years' profits and net profit for the period as of 30 June 2020 are as follows:

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

2.1 Basis of presentation (Continued)

2.1.3 Changes in the accounting policies, estimates and errors (Continued)

	Previously reported	Restatement effect	Restated
	30 June 2020	30 June 2020	30 June 2020
ASSETS			
Current assets:			
Prepaid expenses	128,810	(93,864)	34,946
Total current assets	6,340,928	(93,864)	6,247,064
Non-current assets:			
Prepaid expenses	86,903	(9,462)	77,441
Right of use assets	2,960,756	(480,371)	2,480,385
Deferred tax assets	77,725	(12,857)	64,868
Total non-current assets	8,748,400	(502,690)	8,245,710
Total Assets	15,089,328	(596,554)	14,492,774
LIABILITIES			
Current Liabilities:			
Lease liabilities	223,432	318,780	542,212
Total current liabilities	8,975,960	318,780	9,294,740
Non-current liabilities			
Lease liabilities	3,009,451	(961,011)	2,048,440
Total non-current liabilities	6,060,836	(961,011)	5,099,825
Total Liabilities	15,036,796	(642,231)	14,394,565
EQUITY			
Attributable to equity holders of parent	50,480	45,677	96,157
Accumulated losses	(494,493)	31,300	(463,193)
Net loss for the period	(290,700)	14,377	(276,323)
Non-controlling interest	2,052	-	2,052
Total equity	52,532	45,677	98,209
TOTAL LIABILITIES AND EQUITY	15,089,328	(596,554)	14,492,774

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

2.1 Basis of presentation (Continued)

2.1.3 Changes in the accounting policies, estimates and errors (Continued)

	Previously reported	Restatement effect	Discontinued operations classification effect	Restated
	30 June 2020	30 June 2020	30 June 2020	30 June 2020
PROFIT OR LOSS				
Revenue	13,412,554	-	(158,944)	13,253,610
Cost of sales (-)	(9,868,401)	(321,434)	118,886	(10,070,949)
Gross profit	3,544,153	(321,434)	(40,058)	3,182,661
General administrative expenses (-)	(171,842)	-	5,657	(166,185)
Marketing expenses (-)	(2,776,669)	325,439	33,854	(2,417,376)
Other operating income	103,389	-	(216)	103,173
Other operating expense (-)	(247,724)	4,616	409	(242,699)
Operating profit	451,307	8,621	(354)	459,574
Income from investment activities	12,267	-	-	12,267
Expenses from investment activities (-)	(13,734)	-	-	(13,734)
Operating income before finance income / (expenses)	449,840	8,621	(354)	458,107
Financial income	13,379	-	(1,176)	12,203
Financial expense (-)	(729,270)	9,941	229	(719,100)
Net loss before tax from continuing operations	(266,051)	18,562	(1,301)	(248,790)
Tax expense from continuing operations	(24,630)	(4,185)	765	(28,050)
- Income tax expense	(77,429)	-	765	(76,664)
- Deferred tax income	52,799	(4,185)	-	48,614
				-
Net loss from continued operations for the period	(290,681)	14,377	(536)	(276,840)
Net (loss) / income from discontinued operations for the period	-	-	536	536
Net loss / income for the period	(290,681)	14,377	-	(276,304)
Pay başına (kayıp) (TL)	(1.61)			(1.53)

2.1.4 Functional and reporting currency

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

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

2.1 Basis of presentation (Continued)

2.1.5 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 30 June 2021, the Company’s equity is TRL 15,015. 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 subtracted from the assessment calculation. The sum of the Group’s accrued rent expenses, depreciations and personnel expenses for 2020 and 2021 is TRL 4,223,453 is excluded from the calculation, the equity coverage improves even more. Furthermore, the Company preserves its ability to generate strong operating cash flows.

Group companies

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

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

2.2 New and Revised Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2021

**Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform*
— *Phase 2***

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group’s consolidated financial statements.

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 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 2023 and earlier application is permitted.

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

2.2 New and Revised Turkish Accounting Standards (continued)

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

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

2.2 New and Revised Turkish Accounting Standards (continued)

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

Annual Improvements to TFRS Standards 2018-2020 Cycle (continued)

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.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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NOTE 3 - SEGMENT REPORTING

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

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

The segment information provided to the board of directors as of 30 June 2021 and 2020 is as follows:

Segment analysis for the period 1 January - 30 June 2021

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued operations	Discontinued operations	Total
External Revenues	16,090,057	14,055	16,104,112	-	16,104,112	60,704	16,164,816
Inter segment revenues	1,228	-	1,228	(1,228)	-	-	-
Sales revenue	16,091,285	14,055	16,105,340	(1,228)	16,104,112	60,704	16,164,816
Cost of sales	(12,176,595)	(4,428)	(12,181,023)	1,228	(12,179,795)	(44,332)	(12,224,127)
Gross profit	3,914,690	9,627	3,924,317	-	3,924,317	16,371	3,940,688
Selling and marketing expenses	(2,923,273)	-	(2,923,273)	-	(2,923,273)	(13,462)	(2,936,735)
General administrative expenses	(184,622)	(7,706)	(192,328)	-	(192,328)	(1,871)	(194,199)
Addition: Depreciation and amortisation expenses	429,229	2,985	432,214	-	432,214	2,607	434,821
Addition: Provision for termination benefits	58,223	-	58,223	-	58,223	-	58,223
Addition: Provision for Unused vacation	40,795	-	40,795	-	40,795	-	40,795
EBITDA (Including TFRS 16 Effect)	1,335,042	4,906	1,339,948	-	1,339,948	3,645	1,343,593
TFRS 16 Effect	(436,698)	-	(436,698)	-	(436,698)	-	(436,698)
EBITDA	898,344	4,906	903,250	-	903,250	3,645	906,895
Rent Expense	729,576	2	729,578	-	729,578	2,805	732,383
EBITDAR	1,627,920	4,908	1,632,828	-	1,632,828	6,450	1,639,278

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 April - 30 June 2021

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued operations	Discontinued operations	Total
External Revenues	8,407,492	7,529	8,415,021	-	8,415,021	-	8,415,021
Inter segment revenues	753	-	753	(753)	-	-	-
Sales revenue	8,408,245	7,529	8,415,774	(753)	8,415,021	-	8,415,021
Cost of sales	(6,388,146)	(2,472)	(6,390,618)	753	(6,389,865)	-	(6,389,865)
Gross profit	2,020,099	5,057	2,025,156	-	2,025,156	-	2,025,156
Selling and marketing expenses	(1,516,792)	-	(1,516,792)	-	(1,516,792)	-	(1,516,792)
General administrative expenses	(91,020)	(3,834)	(94,854)	-	(94,854)	-	(94,854)
Addition: Depreciation and amortisation expenses	220,724	1,519	222,243	-	222,243	-	222,243
Addition: Provision for termination benefits	20,758	-	20,758	-	20,758	-	20,758
Addition: Provision for Unused vacation	13,490	-	13,490	-	13,490	-	13,490
EBITDA (Including TFRS 16 Effect)	667,259	2,742	670,001	-	670,001	-	670,001
TFRS 16 Effect	(224,158)	-	(224,158)	-	(224,158)	-	(224,158)
EBITDA	443,101	2,742	445,843	-	445,843	-	445,843
Rent Expense	379,943	2	379,945	-	379,945	-	379,945
EBITDAR	823,044	2,744	825,788	-	825,788	-	825,788

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 June 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued operations	Discontinued operations	Total
External Revenues	13,148,985	104,625	13,253,610	-	13,253,610	158,944	13,412,554
Inter segment revenues	2,487	-	2,487	(2,487)	-	-	-
Sales revenue	13,151,472	104,625	13,256,097	(2,487)	13,253,610	158,944	13,412,554
Cost of sales	(9,998,218)	(75,218)	(10,073,436)	2,487	(10,070,949)	(118,886)	(10,189,835)
Gross profit	3,153,254	29,407	3,182,661	-	3,182,661	40,058	3,222,719
Selling and marketing expenses	(2,396,766)	(20,610)	(2,417,376)	-	(2,417,376)	(27,283)	(2,444,659)
General administrative expenses	(155,942)	(10,243)	(166,185)	-	(166,185)	(12,229)	(178,414)
Addition: Depreciation and amortisation expenses	408,003	3,990	411,993	-	411,993	6,572	418,565
Addition: Provision for termination benefits	42,197	-	42,197	-	42,197	79	42,276
Addition: Provision for Unused vacation	30,144	-	30,144	-	30,144	-	30,144
EBITDA (Including TFRS 16 Effect)	1,080,890	2,544	1,083,434	-	1,083,434	7,197	1,090,631
TFRS 16 Effect	(390,149)	-	(390,149)	-	(390,149)	-	(390,149)
EBITDA	690,741	2,544	693,285	-	693,285	7,197	700,482
Rent Expense	574,877	7,541	582,418	-	582,418	7,279	589,697
EBITDAR	1,265,618	10,085	1,275,703	-	1,275,703	14,476	1,290,179

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ORIGINALLY ISSUED IN TURKISH**

MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021**

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 April - 30 June 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued operations	Discontinued operations	Total
External Revenues	6,863,435	42,578	6,906,013	-	6,906,013	73,747	6,979,760
Inter segment revenues	762	-	762	(762)	-	-	-
Sales revenue	6,864,197	42,578	6,906,775	(762)	6,906,013	73,747	6,979,760
Cost of sales	(5,279,488)	(30,581)	(5,310,069)	762	(5,309,307)	(55,686)	(5,364,993)
Gross profit	1,584,709	11,997	1,596,706	-	1,596,706	18,061	1,614,767
Selling and marketing expenses	(1,206,785)	(8,640)	(1,215,425)	-	(1,215,425)	(13,330)	(1,228,755)
General administrative expenses	(77,161)	(5,465)	(82,626)	-	(82,626)	(6,148)	(88,774)
Addition: Depreciation and amortisation expenses	207,379	2,167	209,546	-	209,546	3,363	212,909
Addition: Provision for termination benefits	11,892	-	11,892	-	11,892	40	11,932
Addition: Provision for Unused vacation	10,524	-	10,524	-	10,524	-	10,524
EBITDA (Including TFRS 16 Effect)	530,558	59	530,617	-	530,617	1,986	532,603
TFRS 16 Effect	(193,535)	-	(193,535)	-	(193,535)	-	(193,535)
EBITDA	337,023	59	337,082	-	337,082	1,986	339,068
Rent Expense	284,357	2,606	286,963	-	286,963	3,430	290,393
EBITDAR	621,380	2,665	624,045	-	624,045	5,416	629,461

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
EBITDAR reported segments	1,632,828	825,788	1,275,703	624,045
Rent expenses	(729,578)	(379,945)	(582,418)	(286,963)
IFRS 16 Effect	436,698	224,158	390,149	193,535
EBITDA reported segments	1,339,948	670,001	1,083,434	530,617
Depreciation and amortisation	(432,214)	(222,243)	(411,993)	(209,546)
Provision for employment termination benefits	(58,223)	(20,758)	(42,197)	(11,892)
Provision for unused vacation liability	(40,795)	(13,490)	(30,144)	(10,524)
Other operating income	190,274	99,283	103,173	35,340
Other operating expense (-)	(496,518)	(267,822)	(242,699)	(108,923)
Operating profit	502,472	244,971	459,574	225,072
Income from investing activities	213,535	373	12,267	11,189
Expense from investing activities (-)	(1,613)	(130)	(13,734)	(11,187)
Operating profit before finance income	714,394	245,214	458,107	225,074
Financial income	88,384	29,113	12,203	6,400
Financial expense (-)	(551,557)	(264,420)	(719,100)	(335,999)
Income/(loss) before tax	251,221	9,907	(248,790)	(104,525)

NOTE 4 - INVESTMENT PROPERTY

None.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 30 June 2021 is as follows;

	1 January 2021	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2021
Cost							
Land	590,907	-	-	-	-	48	590,955
Buildings	566,295	1,132	-	-	-	10,802	578,229
Leasehold improvements	961,105	34,010	(497)	(5,325)	35,942	-	1,025,235
Machinery and equipments	1,450,494	75,772	(23,599)	-	77,931	3,210	1,583,808
Motor vehicles	9,745	3,125	(644)	-	-	-	12,226
Furniture and fixtures	887,016	29,523	(13,835)	-	10,203	1,453	914,360
Construction in progress	116,491	109,697	-	-	(124,076)	-	102,112
	4,582,053	253,259	(38,575)	(5,325)	-	15,513	4,806,925
Accumulated depreciation							
Buildings	(41,710)	(8,784)	-	-	-	(407)	(50,901)
Leasehold improvements	(511,194)	(40,632)	388	4,136	-	-	(547,302)
Machinery and equipments	(743,695)	(61,013)	21,689	-	150	(3,660)	(786,529)
Motor vehicles	(3,385)	(1,129)	582	-	-	-	(3,932)
Furniture and fixture	(509,325)	(27,270)	12,734	-	-	(6,428)	(530,289)
	(1,809,309)	(138,828)	35,393	4,136	150	(10,495)	(1,918,953)
Net book value	2,772,744						2,887,972

(*) Impairment loss amounting to TRL 1,189 consists of leasehold improvements of the stores closed in 2021 (Note:15).

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2020	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2020
Cost							
Land	1,288,070	-	(386,690)	-	-	5,624	907,004
Buildings	1,048,096	3,209	(226,192)	-	1,229	42,755	869,097
Leasehold improvements	899,000	16,477	-	(7,236)	6,444	2,774	917,459
Machinery and equipments	1,279,878	42,409	(8,909)	-	29,164	6,864	1,349,406
Motor vehicles	10,988	2,241	(392)	-	-	470	13,307
Furniture and fixtures	840,781	30,130	(2,484)	-	9,360	8,319	886,106
Construction in progress	54,913	58,850	-	-	(47,003)	1,127	67,887
	5,421,726	153,316	(624,667)	(7,236)	(806)	67,933	5,010,266
Accumulated depreciation							
Buildings	(29,461)	(16,561)	8,088	-	-	(13,448)	(51,382)
Leasehold improvements	(459,195)	(33,708)	-	4,050	-	(1,609)	(490,462)
Machinery and equipments	(684,063)	(54,420)	7,914	-	(15)	(5,028)	(735,612)
Motor vehicles	(3,378)	(974)	368	-	-	(256)	(4,240)
Furniture and fixture	(509,391)	(26,361)	1,742	-	(120)	(6,935)	(541,065)
	(1,685,488)	(132,024)	18,112	4,050	(135)	(27,276)	(1,822,761)
Net book value	3,736,238						3,187,505

(*) Impairment loss amounting to TRL 3,186 consists of leasehold improvements of the stores closed in 2020 (Note:15).
There are no mortgages on property, plant and equipment as of June 30, 2021 and 2020. Depreciation expenses of the property, plant and equipment have been accounted under marketing expenses.

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NOTE 6 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 30 June 2021 and 2020 is as follows;

	1 January				Cumulative	30 June
	2021	Additions	Disposals	Transfers	translation	2021
					differences	
Cost						
Trademark	2,787	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	39,131
Rights	470,376	49,426	(4,312)	-	46	515,536
Other intangible assets	170,167	-	-	-	-	170,167
	682,461	49,426	(4,312)	-	46	727,621
Accumulated amortisation						
Rent agreements	(36,176)	(478)	-	-	-	(36,654)
Rights	(340,426)	(30,213)	4,080	(150)	(444)	(367,153)
Other intangible assets	(119,180)	(575)	-	-	-	(119,755)
	(495,782)	(31,266)	4,080	(150)	(444)	(523,562)
Net book value	186,679					204,059
	1 January				Cumulative	30 June
	2020	Additions	Disposals	Transfers	translation	2020
					differences	
Cost						
Trademark	2,787	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	39,131
Rights	408,899	14,405	-	-	1,910	425,214
Other intangible assets	169,302	-	-	941	-	170,243
	620,119	14,405		941	1,910	637,375
Accumulated amortisation						
Rent agreements	(35,403)	(484)	-	-	-	(35,887)
Rights	(290,041)	(26,008)	-	-	(1,264)	(317,313)
Other intangible assets	(101,842)	(9,601)	-	-	-	(111,443)
	(427,286)	(36,093)		-	(1,264)	(464,643)
Net book value	192,833					172,732

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

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NOTE 7 RIGHT OF USE ASSET

	1 January 2021	Additions	Disposals	30 June 2021
Cost				
Buildings	3,756,145	192,966	-	3,949,111
	3,756,145	192,966	-	3,949,111
Accumulated depreciation				
Buildings	(966,401)	(262,120)	-	(1,228,521)
	(966,401)	(262,120)	-	(1,228,521)
Net book value	2,789,744			2,720,590

	1 January 2020	Additions	Disposals	30 June 2020
Cost				
Buildings	2,769,878	412,289	-	3,182,167
	2,769,878	412,289	-	3,182,167
Accumulated depreciation				
Buildings	(451,334)	(250,448)	-	(701,782)
	(451,334)	(250,448)	-	(701,782)
Net book value	2,318,544			2,480,385

NOTE 8 - INVENTORIES

	30 June 2021	31 December 2020
Raw materials	25,574	18,381
Work in progress	57,062	50,882
Merchandise stocks	3,977,556	3,325,656
Other	15,246	19,304
Less: Provision for net realizable value	(106,667)	(74,643)
	3,968,771	3,339,580

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NOTE 9 - FINANCIAL LIABILITIES

	30 June 2021		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	19.88	435,852	435,852
With floating interest rate - TRL	18.54	544,260	544,260
Total short term borrowings			980,112
Current portion of long term borrowings			
With fixed interest rate - TRL	17.55	372,936	372,936
With floating interest rate - TRL	22.72	55,565	55,565
With fixed interest rate - EUR	4.50	22	230
With fixed interest rate - Tenge	10.69	667,564	13,584
Total current portion of long term borrowings			442,315
Total current borrowings			1,422,427
Non-current borrowings			
With fixed interest rate - TRL	17.55	1,066,005	1,066,005
With floating interest rate - TRL	22.72	245,277	245,277
With fixed interest rate - EUR	4.50	4,600	47,495
With fixed interest rate - Tenge	10.69	3,043,317	61,928
Total non-current borrowings			1,420,705
Total financial liabilities			2,843,132

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of borrowings with effective interest rate at 30 June 2021 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2021 - 30 June 2022	13,584	230	1,408,613	1,422,427
1 July 2022 - 30 June 2023	24,817	-	639,426	664,243
1 July 2023 - 30 June 2024	21,652	47,495	348,773	417,920
1 July 2024 - 30 June 2025	13,717	-	244,094	257,811
1 July 2025 - 12 September 2025	1,742	-	78,989	80,731
	75,512	47,725	2,719,895	2,843,132

The fair value of bank borrowings at 30 June 2021 is TRL 2,827,990.

The redemption schedule of principal amounts of borrowings at 30 June 2021 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2021 - 30 June 2022	13,032	-	1,123,649	1,136,681
1 July 2022 - 30 June 2023	24,818	-	611,765	636,583
1 July 2023 - 30 June 2024	21,652	47,495	389,651	458,798
1 July 2024 - 30 June 2025	13,717	-	347,773	361,490
1 July 2025 - 12 September 2025	1,742	-	152,696	154,438
	74,961	47,495	2,625,533	2,747,989

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 30 June 2021 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2021 - 30 June 2022	20,892	2,137	1,490,840	1,513,869
1 July 2022 - 30 June 2023	30,566	2,137	914,090	946,794
1 July 2023 - 30 June 2024	24,688	48,919	507,439	581,047
1 July 2024 - 30 June 2025	14,625	-	410,587	425,213
1 July 2025 - 12 September 2025	1,788	-	179,170	180,958
	92,559	53,194	3,502,126	3,647,880

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 30 June 2021 the Group has met defined financial covenants requirements.

The movement schedule of borrowings as of 30 June 2021 is as follows;

	1 January- 30 June 2021	1 January- 30 June 2020	
Beginning balance	3,837,750	4,403,039	
Proceeds of borrowings	300,000	1,139,040	
Payments	(1,379,891)	(1,793,652)	
Foreign exchange losses	37,838	323,961	
Interest accrual	5,807	10,073	
Change due to subsidiary sale	41,628	-	
Closing	2,843,132	4,082,461	
	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 borroings			
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
With fixed interest rate - Tenge	11.53	249,569	4,354
Total current portion of long term borrowings			413,522
Total current borrowings			1,557,865
Non-current 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
With fixed interest rate - Tenge	11.53	3,471,945	60,578
Total non-current borrowings			2,279,885
Total financial liabilities			3,837,750

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

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 bank borrowings at 31 December 2020 is TRL 3,856,169.

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 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	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 July 2025	4,716	-	420,078	424,794
	82,842	955,034	3,752,397	4,790,272

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NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	30 June 2021	31 December 2020
Provision for litigation	107,984	94,561
Provisions for customer loyalty programs	4,884	2,344
Other	-	1,982
	112,868	98,887

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

Movement of provision for lawsuits is as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Beginning balance	94,561	83,916
Increase during period	21,172	14,780
Payments during period	(7,749)	2,000
Ending balance	107,984	100,696

Collaterals, Pledges, Mortgages

30 June 2021:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	219,259	213,610	651	-
B. CPM given on behalf of fully consolidated subsidiaries	109,247	-	7,093	4,600
Total collaterals, pledges and mortgages	328,506	213,610	7,744	4,600

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

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 (%)	-			

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

Contingent assets and liabilities

Guarantees given at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Letter of guarantees given	328,506	303,215
	328,506	303,215

Guarantees received at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Guarantees obtained from customers	249,729	224,732
Mortgages obtained from customers	17,207	16,129
	266,936	240,861

NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2021	31 December 2020
Provision for employee termination benefits	315,913	257,690
Provision for unused vacation	198,921	158,126
	514,834	415,816

Movement of unused vacation provision at 30 June 2021 and 30 June 2020 is as follows:

	2021	2020
Beginning balance	158,126	139,366
Increase during period	45,084	34,218
Recovered during period	(4,289)	(4,074)
Ending balance	198,921	169,510

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

	2021	2020
Beginning balance	257,690	204,503
Increase during period	79,413	61,414
Payments during period	(21,190)	(19,138)
Ending balance	315,913	246,779

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

Provision for employee termination benefits

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

In the condensed consolidated financial statements as of 30 June 2021 and consolidated financial statements as of 31 December 2020, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 8,284.51 effective from 1 July 2021 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 12 - REVENUE

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Domestic sales	16,378,603	8,572,249	13,335,360	6,936,410
Foreign sales	13,337	7,483	103,150	42,008
Other sales	22,019	11,174	16,550	7,964
Gross sales	16,413,959	8,590,906	13,455,060	6,986,382
Discounts and returns (-)	(309,847)	(175,885)	(201,450)	(80,369)
Sales revenue, net	16,104,112	8,415,021	13,253,610	6,906,013
Cost of sales	(12,179,795)	(6,389,865)	(10,070,949)	(5,309,307)
Gross profit	3,924,317	2,025,156	3,182,661	1,596,706

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

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Retail sales revenue	15,898,191	8,355,104	13,007,971	6,778,887
Wholesale revenue	417,170	185,705	368,468	186,260
Rent income	76,579	38,923	62,071	13,271
	16,391,940	8,579,732	13,438,510	6,978,418

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NOTE 13 - EXPENSE BY NATURE

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Total				
Staff costs	1,569,478	802,612	1,341,077	677,086
Depreciation and amortisation	432,214	222,243	411,993	209,547
Rent and common area	369,020	194,604	255,801	126,071
Energy	182,925	96,832	160,883	74,602
Porterage and cleaning	114,401	60,379	91,926	47,416
Advertising	89,932	45,726	58,214	28,245
Mechanisation	93,177	52,123	59,813	30,352
Repair and maintenance	44,959	24,122	41,333	23,581
Security	36,407	18,556	31,274	15,621
Taxes and other fees	16,277	9,106	16,460	9,829
Communication	10,277	4,527	8,598	4,519
Other	156,534	80,816	106,189	51,182
	3,115,601	1,611,646	2,583,561	1,298,051

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Marketing expenses				
Staff costs	1,426,778	732,529	1,214,199	615,640
Depreciation and amortisation	432,214	222,243	411,993	209,547
Rent and common area	362,443	191,224	253,521	123,878
Energy	181,622	96,210	159,709	74,084
Porterage and cleaning	111,430	58,968	89,275	46,112
Advertising	89,928	45,722	58,201	28,232
Mechanisation	87,755	48,899	54,007	27,593
Repair and maintenance	43,995	23,645	40,069	22,718
Security	35,241	17,969	30,229	15,091
Taxes and other fees	15,092	8,456	14,065	7,832
Communication	9,058	3,816	7,420	3,937
Other	127,717	67,111	84,688	40,761
	2,923,273	1,516,792	2,417,376	1,215,425

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NOTE 13 - EXPENSE BY NATURE (cont'd)

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
General administrative expenses				
Staff costs	142,700	70,083	126,878	61,446
Other	49,628	24,771	39,307	21,180
	192,328	94,854	166,185	82,626

Expenses by nature in cost of sales for the periods 1 January - 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Cost of goods sold	(12,162,540)	(6,380,777)	(10,051,188)	(5,303,726)
Cost of service rendered	(17,255)	(9,088)	(19,761)	(5,581)
	(12,179,795)	(6,389,865)	(10,070,949)	(5,309,307)

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

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Other operating income				
Interest income on term sales	123,426	66,214	41,181	14,841
Interest income from operating activities	48,032	20,834	26,779	18,915
Other	18,816	12,235	35,213	1,584
	190,274	99,283	103,173	35,340
Other operating expenses				
Interest expense on term purchases	(458,548)	(258,995)	(224,194)	(102,048)
Litigation provision	(21,172)	(7,268)	(8,584)	(2,216)
Bad debt provision expense	(1,640)	(1,377)	(2,204)	(856)
Other	(15,158)	(182)	(7,717)	(3,803)
	(496,518)	(267,822)	(242,699)	(108,923)

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NOTE 15 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Income from investing activities				
Gain on sale of property, plant and equipment	373	373	12,267	11,189
Subsidiary sale profit	213,162	-	-	-
	213,535	373	12,267	11,189

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Expense from investing activities				
Gain on sale of property, plant and equipment	(424)	-	(10,548)	(10,548)
Losses from leasehold improvements of closed stores (Note 5)	(1,189)	(130)	(3,186)	(639)
	(1,613)	(130)	(13,734)	(11,187)

NOTE 16 - FINANCIAL INCOME

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange gains	70,655	29,246	11,158	5,851
Interest income on bank deposits	3,033	139	1,045	549
Financial income on derivatives	14,696	-	-	-
	88,384	29,385	12,203	6,400

NOTE 17 - FINANCIAL EXPENSES

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange losses	(36,479)	(12,120)	(240,262)	(86,911)
Interest expense on bank borrowings	(245,715)	(109,364)	(219,316)	(116,480)
Financial expense on derivatives	(4,081)	(663)	(11,060)	(9,062)
Interest expense on leasings	(228,560)	(112,990)	(206,174)	(104,248)
Other	(36,722)	(29,555)	(42,288)	(19,298)
	(551,557)	(264,692)	(719,100)	(335,999)

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NOTE 18 - TAX ASSETS AND LIABILITIES

	30 June 2021	December 2020
Corporate and income taxes payable	94,237	190,924
Less: Prepaid current income taxes	(31,260)	(182,716)
Current tax liabilities/(assets)	62,977	8,208
	30 June 2021	December 2020
Deferred tax assets	271,815	196,662
Deferred tax liabilities	(230,781)	(209,667)
Deferred tax assets/(liabilities), net	41,034	(13,005)

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 25% (December 31, 2020 - 22%). Within the scope of the Communiqué Amending the Corporate Tax General Communiqué (serial no: 1) published in the Official Gazette dated May 25, 2021, the tax rates for 2021 and 2022 have been determined as 25% and 23%, respectively. Within the scope of the aforementioned communiqué, deferred tax assets and liabilities in the consolidated financial statements dated June 30, 2021 are calculated with a 25% tax rate for the part of the temporary differences that will have a tax effect in 2021, and a 20% tax rate for the part of the temporary differences that will have a tax effect in 2023 and the following periods.

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with TFRS. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of June 30, 2021 for Turkey and Kazakhstan 25% - 20% and 20% (2020: 22% , 20%).

The details of taxation on income for the periods ended 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Current period tax expense	(93,845)	(37,226)	(76,664)	(44,380)
Deferred tax income	53,215	29,078	48,614	5,723
Current period tax amount	(40,630)	(8,148)	(28,050)	(38,657)

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NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 June 2021 and 31 December 2020 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Deferred tax assets:				
Short term provisions	306,905	252,687	76,603	50,537
Inventories	258,257	193,538	64,564	38,708
Provision for employee termination benefits	315,913	257,690	63,183	51,538
Unincurred interest income	1,589	1,343	397	269
The effect of new and revised standards	286,350	266,774	62,997	53,355
Other	16,389	11,276	4,071	2,255
Deferred tax assets	1,185,403	983,308	271,815	196,662

Deferred tax liabilities:

Fair value changes of derivative instruments	(14,426)	(8,663)	(3,607)	(1,733)
Property, plant and equipment, intangible assets and investment properties	(1,109,569)	(1,093,910)	(177,081)	(178,611)
Unincurred interest expense	(185,747)	(128,326)	(46,437)	(25,665)
Other	(18,774)	(18,281)	(3,656)	(3,658)
Deferred tax liabilities	(1,328,516)	(1,249,180)	(230,781)	(209,667)
Total deferred tax liability, net	(143,113)	(265,872)	41,034	(13,005)

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

	1 January- 30 June 2021	1 January- 30 June 2020
Beginning balance	(13,005)	(18,613)
Deferred tax expense from continuing operations	53,215	48,614
Recognized under equity	(153)	14,948
Cumulative translation difference	977	(11,974)
Ending balance	41,034	32,975

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NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The shareholders of the Company and their shareholdings stated at historical amounts at 30 June 2021 and 31 December 2020 are stated below:

	30 June 2021		31 December 2020	
	TL	Share (%)	TL	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Kenan Investments S.A.	-	0.00	21,308	11.77
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	89,046	49.18	67,738	37.41
Total	181,055	100.00	181,054	100.00
Treasury shares (-)	(125,435)		(125,435)	

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

On January 26, 2021, Kenan Investments S.A. acquired Migros Ticaret A.Ş. with a nominal value of TRL 21,308,336 sold its shares at a selling price of TRL 44.15 per share, the price of which is to be paid in cash. After the said transaction, the shares of Kenan Investments SA in Migros Ticaret A.Ş., funds managed by BC Partners subsidiaries, in Migros Ticaret A.Ş. became 0%. Free float ratio increased to 49.18% as of January 26, 2021.

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	30 June 2021	31 December 2020
Anadolu Restoran İşl. Ltd. Şti.	95	-
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	129	2
Anadolu Motor Üretim ve Pazarlama A.Ş.	23	80
Other	200	72
	448	154

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

Due to related parties	30 June 2021	31 December 2020
Coca Cola Satış ve Dağıtım A.Ş.	129,949	78,381
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	186,574	162,315
Adel Kalemcilik Ticaret ve San. A.Ş.	6,939	10,498
AEH Sigorta Acenteliği A.Ş.	954	17,731
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	7,738	8,889
Other	693	2,199
	332,847	280,013

b) Transactions with related parties

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Inventory purchases				
Coca Cola Satış ve Dağıtım A.Ş.	178,827	104,473	147,614	75,881
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	245,089	131,297	204,752	116,309
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	21,806	8,522	13,300	5,430
Adel Kalemcilik Ticaret ve San. A.Ş.	256	(153)	2,855	1,119
	445,978	244,139	368,521	198,739
Other transactions				
Rent revenue	310	188	224	(122)
Rent expenses	(3,268)	(1,772)	(4,151)	(2,790)
Other income	279	164	225	70
Other transactions, net	(2,679)	(1,420)	(3,702)	(2,842)

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

c) Key management compensation

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

Total compensation provided to key management personnel by Group for the period ended 30 June 2021 and 2020 is as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Short term benefits	28,315	14,732	28,595	16,035
	28,315	14,732	28,595	16,035

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

NOTE 21 - EARNINGS/(LOSSES) PER SHARE

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

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Net profit/(loss) attributable to shareholders	211,269	1,759	(276,323)	(144,432)
Weighted average number of shares				
Kr1 face value each ('000)	18,105,233	18,105,233	18,105,233	18,105,233
Earnings per share	1.16	0.01	(1.53)	(0.80)

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk arising from the borrowings and assets denominated in foreign currencies. At 30 June 2021, if Euro had appreciated against TRL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been high in the amount of TRL 24,978.

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

	FOREIGN CURRENCY POSITION							
	30 June 2021				31 December 2020			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	184,999	1,353	16,718	643	738,895	930	81,211	528
Trade receivables	-	-	-	-	-	-	-	-
Other	78	9	-	-	66	9	-	-
Current assets	185,077	1,362	16,718	643	738,961	939	81,211	528
Total assets	185,077	1,362	16,718	643	738,961	939	81,211	528
Financial liabilities	230	-	22	-	41,563	-	4,614	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	230	-	22	-	41,563	-	4,614	-
Financial liabilities	47,495	-	4,600	-	811,629	-	90,102	-
Non-monetary other liabilities	6,969	-	675	-	6,080	-	675	-
Non-current liabilities	54,464	-	5,275	-	817,709	-	90,777	-
Total liabilities	54,694	-	5,297	-	859,272	-	95,391	-
Net balance foreign currency asset/(liability) position	130,383	1,362	11,421	643	(120,311)	939	(14,180)	528

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

	FOREIGN CURRENCY POSITION							
	30 June 2021				31 December 2020			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Net asset/(liability) position of								
off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	130,383	1,362	11,421	643	(120,309)	939	(14,180)	528
Net foreign currency asset/(liability) position of monetary items	137,274	1,353	12,096	643	(114,295)	930	(13,505)	528
Fair value hedge funds of								
foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	104,936	12,089	-	-	165,547	22,553	-	-

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

Foreign currency sensitivity analysis as of 30 June 2021 and 31 December 2020 is as follows:

30 June 2021

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	24,978	(24,978)
Euro net effect	24,978	(24,978)

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

NOTE 23 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021**

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

NOTE 24 - DISPOSAL OF SUBSIDIARY

During the period, the Group sold its subsidiary, Ramstore Macedonia DOO ("Ramstore Macedonia"), with a share transfer agreement dated 9 March 2021.

Current Assets	150,105
Cash and Cash Equivalents	58,948
Trade Receivables	6,383
Inventories	41,524
Other Current Assets	43,250
Non-Current Assets	285,019
Property, Plant and Equipment	282,791
Other Non-Current Assets	2,227
Current Liabilities	57,967
Trade Payables	50,982
Other Current Liabilities	6,984
Current Liabilities	10,126
Deferred Tax Liabilities	10,126
Gain on disposal of subsidiary	
	2020
Consideration received	374,451
Net assets disposed of	367,032
Currency translation differences fund	205,743
Gain on disposal	213,162

Sales profit amounting to TRL 213,162 was classified in income from investment activities.

NOTE 25 - SUBSEQUENT EVENTS

International credit rating agency Fitch Ratings upgraded Migros Ticaret A.Ş.'s national long-term credit rating from 'AA(tur)' to 'AAA(tur)', the highest rating in July 2021. The grade outlook is set to "stable".

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

TFRS 16 "Lease Transactions"

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

	30 June 2021	TFRS 16 EFFECT	BEFORE TFRS 16
ASSETS			
Current Assets:			
Prepaid expenses	112,587	(22,009)	134,596
Total current assets	6,808,719	(22,009)	6,830,728
Non-current assets:			
Prepaid expenses	26,443	(54,343)	80,786
Right of use assets	2,720,590	2,720,590	-
Deferred tax assets	42,095	42,095	-
Total non-current assets	8,152,596	2,708,342	5,444,254
Total Assets	14,961,315	2,686,333	12,274,982
	30 June 2021	TFRS 16 EFFECT	BEFORE TFRS 16
LIABILITIES			
Current Liabilities:			
Lease liabilities	652,139	652,139	-
Total current liabilities	10,876,030	652,139	10,223,891
Non-current liabilities			
Lease liabilities	2,295,883	2,295,883	-
Deferred tax liabilities	-	(20,902)	20,902
Total non-current liabilities	4,070,270	2,274,981	1,795,289
Total Liabilities	14,946,300	2,927,120	12,019,180
EQUITY			
Attributable to equity holders of parent	15,015	(240,787)	255,802
Accumulated losses	(926,139)	(196,448)	(729,691)
Net loss for the period	211,269	(44,339)	255,608
Total equity	15,015	(240,787)	255,802
TOTAL LIABILITIES AND EQUITY	14,961,315	2,686,333	12,274,982

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

PROFIT OR LOSS	30 June 2021	TFRS 16 EFFECT	BEFORE TFRS 16
Revenue	16,104,112	-	16,104,112
Cost of sales (-)	(12,179,795)	70,369	(12,250,164)
Gross profit	3,924,317	70,369	3,853,948
General administrative expenses (-)	(192,328)	-	(192,328)
Marketing expenses (-)	(2,923,273)	104,209	(3,027,482)
Other operating income	190,274	-	190,274
Other operating expense (-)	(496,518)	-	(496,518)
Operating profit	502,472	174,578	327,894
Income from investment activities	213,535	-	213,535
Expenses from investment activities (-)	(1,613)	-	(1,613)
Operating income before finance income / (expenses)	714,394	174,578	539,816
Financial income	88,384	-	88,384
Financial expense (-)	(551,557)	(228,560)	(322,997)
Net loss before tax from continuing operations	251,221	(53,982)	305,203
Tax expense from continuing operations	(40,630)	9,642	(50,272)
- Income tax expense	(93,845)	-	(93,845)
- Deferred tax income	53,215	9,642	43,573
Net loss for the period	210,591	(44,340)	254,931