

**CARREFOURSA CARREFOUR
SABANCI TİCARET MERKEZİ A.Ş. AND ITS SUBSIDIARY**

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

(ORIGINALLY ISSUED IN TURKISH)

15 May 2020

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2020**

CONTENTS	PAGE(S)
CONDENSED CONSOLIDATED BALANCE SHEETS	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5-6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-40
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	7
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8-11
NOTE 3 CASH AND CASH EQUIVALENTS	12
NOTE 4 FINANCIAL LIABILITIES	13-15
NOTE 5 TRADE RECEIVABLES AND PAYABLES	16-17
NOTE 6 INVENTORIES	17
NOTE 7 PROPERTY, PLANT AND EQUIPMENT.....	18-19
NOTE 8 RIGHT OF USE ASSETS	20
NOTE 9 INTANGIBLE ASSETS	21
NOTE 10 GOODWILL	22
NOTE 11 SHORT AND LONG TERM PROVISIONS	22-23
NOTE 12 LETTER OF GUARANTEES, PLEDGES AND MORTGAGES.....	24
NOTE 13 EMPLOYMENT BENEFITS	25
NOTE 14 OTHER LIABILITIES	25
NOTE 15 SHAREHOLDER'S EQUITY	25-27
NOTE 16 REVENUE AND COST OF SALES	27
NOTE 17 MARKETING AND GENERAL ADMINISTRATIVE EXPENSES	28
NOTE 18 EXPENSES BY NATURE	28
NOTE 19 OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS.....	29
NOTE 20 FINANCE INCOME	29
NOTE 21 FINANCE COSTS.....	30
NOTE 22 TAX ASSETS AND LIABILITIES.....	30-32
NOTE 23 EARNINGS / (LOSS) PER SHARE.....	33
NOTE 24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	34-36
NOTE 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	37-40
NOTE 26 EVENTS AFTER THE BALANCE SHEET DATE.....	40

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2020	31 December 2019
ASSETS			
Current Assets		1,690,858,361	1,400,458,416
Cash and Cash Equivalents	3	558,999,491	506,901,093
Trade Receivables			
Due From Related Parties	5, 24	27,654,812	17,936,009
Other Trade Receivables	5	51,658,642	46,265,435
Other Receivables			
Other Receivables		10,419,417	2,418,943
Inventories	6	972,381,537	787,922,256
Prepaid Expenses		69,744,462	39,014,680
Non-Current Assets		2,335,010,979	2,292,794,050
Other Receivables			
Other Receivables		52,291,533	48,993,673
Property, Plant and Equipment	7	631,199,440	637,778,625
Right of Use Assets	8	821,471,051	794,680,993
Intangible Assets			
Goodwill	10	482,479,139	482,479,139
Other Intangible Assets	9	45,861,378	47,052,947
Prepaid Expenses		10,378,384	11,057,884
Deferred Tax Assets	22	291,330,054	270,750,789
TOTAL ASSETS		4,025,869,340	3,693,252,466

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2020 AND 31 DECEMBER 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2020	31 December 2019
LIABILITIES			
Current Liabilities		3,379,211,749	2,997,927,139
Short Term Bank Loans			
Short Term Bank Loans from Related Parties	4, 24	518,295,879	529,976,383
Other Short Term Bank Loans	4	684,537,506	467,517,287
Short Term Lease Liabilities			
Short Term Lease Liabilities from Related Parties	4, 24	20,090,616	24,140,310
Short Term Portion of Long Term Finance Lease Liabilities			
Other Short Term Portion of Long Term Lease Liabilities	4	147,510,481	143,003,917
Trade Payables			
Due to Related Parties	5, 24	50,958,713	50,256,501
Other Trade Payables	5	1,743,709,047	1,637,874,070
Employee Benefit Liabilities			
	13	80,423,271	22,581,565
Other Payables			
Due to Related Parties	24	11,548,371	11,383,989
Other Short Term Payables		28,136,081	18,589,397
Short Term Provisions			
Provisions for Employment Benefits	11	12,661,890	10,902,379
Other Short Term Provisions		59,695,508	60,438,625
Other Current Liabilities			
	14	21,644,386	21,262,716
Non-Current Liabilities		1,043,690,199	997,263,609
Long Term Financial Liabilities			
Long Term Financial Liabilities from Related Parties	4, 24	200,000,000	200,000,000
Long Term Finance Lease Liabilities			
Other Long Term Finance Lease Liabilities	4	758,063,172	721,374,883
Long Term Provisions			
Provisions for Employment Termination Benefits	11	85,627,027	75,888,726
EQUITY		(397,032,608)	(301,938,282)
Shareholders' Equity		(397,032,608)	(301,938,282)
Share Capital			
Share Capital	15	700,000,000	700,000,000
Inflation Adjustment to Share Capital			
Inflation Adjustment to Share Capital	15	91,845,783	91,845,783
Share Issue Premium			
Share Issue Premium		34,691,309	34,691,309
Other Comprehensive Income/ Expense Not to be Reclassified to Profit or Loss			
Actuarial Loss	15	(16,553,327)	(16,553,327)
Restricted Reserves	15	12,318,358	12,318,358
Retained Earnings	15	(1,124,240,405)	(781,159,617)
Net Loss for the Period		(95,094,326)	(343,080,788)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,025,869,340	3,693,252,466

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM THREE MONTH PERIODS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 31 March 2020	1 January - 31 March 2019
CONTINUING OPERATIONS			
Revenue	16	1,770,808,757	1,376,494,377
Cost of Sales (-)	16	(1,301,608,052)	(997,743,797)
GROSS PROFIT		469,200,705	378,750,580
Marketing Expenses (-)	17	(394,459,465)	(325,212,906)
General Administrative Expenses (-)	17	(46,337,241)	(42,039,787)
Other Income From Main Operations	19	11,055,831	9,209,633
Other Expenses From Main Operations (-)	19	(58,470,701)	(64,846,802)
OPERATING LOSS FROM MAIN OPERATIONS		(19,010,871)	(44,139,282)
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	5	(512,988)	(1,138,410)
OPERATING (LOSS) / PROFIT		(19,523,859)	(45,277,692)
Finance Income	20	5,891,493	25,602,578
Finance Costs (-)	21	(102,041,225)	(106,910,783)
LOSS BEFORE TAX		(115,673,591)	(126,585,897)
Tax Income		20,579,265	26,925,277
- Taxes on Income	22	-	-
- Deferred Tax Income (Expense)	22	20,579,265	26,925,277
NET LOSS FOR THE YEAR		(95,094,326)	(99,660,620)
OTHER COMPREHENSIVE LOSS			
Items not to be Reclassified Under Profit or Loss, After Tax		--	--
- Remeasurements of defined benefit asset / (liability)		--	--
- Remeasurements of defined benefit asset / (liability), tax effect		--	--
TOTAL COMPREHENSIVE LOSS		(95,094,326)	(99,660,620)
Loss Per Share	23	(0.1358)	(0.1424)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM THREE MONTH PERIODS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

(Note 15)	Share Capital	Inflation Adjustment to Share Capital	Share Issue Premium	Actuarial Gain / (Loss)	Restricted Reserves	Retained Earnings	Net Loss for the Period	Total
Balance at 1 January 2019	700,000,000	91,845,783	34,691,309	(4,446,458)	12,318,358	(769,663,206)	(11,496,411)	53,249,375
Transfers	-	-	-	-	-	(11,496,411)	11,496,411	-
Total Comprehensive Loss	-	-	-	--	-	-	(99,660,620)	(99,660,620)
Balances at 31 March 2019	700,000,000	91,845,783	34,691,309	(4,446,458)	12,318,358	(781,159,617)	(99,660,620)	(46,411,245)
Balance at 1 January 2020	700,000,000	91,845,783	34,691,309	(16,553,327)	12,318,358	(781,159,617)	(343,080,788)	(301,938,282)
Transfers	-	-	-	-	-	(343,080,788)	343,080,788	-
Total Comprehensive Income	-	-	-	--	-	-	(95,094,326)	(95,094,326)
Balances at 31 March 2020	700,000,000	91,845,783	34,691,309	(16,553,327)	12,318,358	(1,124,240,405)	(95,094,326)	(397,032,608)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January- 31 March 2020	1 January- 31 March 2019
Net loss for the period		(95,094,326)	(99,660,620)
Adjustments to reconcile net loss for the period		178,314,593	149,975,390
- Depreciation of property, plant and equipment	7	30,818,710	27,031,807
- Amortization of right of use asset	8	52,601,021	46,885,455
- Amortization of intangible assets	9	6,679,121	8,109,544
- Risk, lawsuit, personnel, SSI and other provisions	11	(743,117)	(2,541,940)
- Interest income accruals	20	(1,450,353)	(1,669,741)
- Interest expense accruals	21	96,791,711	106,910,783
- Impairment provision		(656,252)	1,830
- Change in unused vacation provision	11	1,759,511	1,826,467
- Provision for employment termination benefit	11	10,659,516	11,751,795
- Allowance for doubtful receivables	5	512,988	1,138,410
- Change in inventory impairment	6	1,112,628	399,259
- Unrealized foreign exchange loss		808,374	(22,943,002)
- Tax (income)/expense	22	(20,579,265)	(26,925,277)
Changes in working capital:		(68,073,893)	(47,240,857)
- Increase in trade receivables, including collection from doubtful receivables		(5,906,195)	94,662
- Decrease/(increase) in inventories		(185,571,909)	(54,327,539)
- Decrease due from related parties		(9,718,803)	2,408,628
- Increase / (decrease) in other receivables and current assets		(11,298,334)	(428,353)
- (Increase)/ decrease in prepaid expenses		(30,050,282)	(23,888,683)
- (Increase)/decrease in other short term payables		9,546,684	(3,402,008)
- Increase in other trade payables		105,834,977	(3,790,483)
- Increase in due to related parties		866,594	22,088,280
- Decrease / (increase) in employee benefit liabilities		57,841,706	17,519,092
- Increase/(decrease) in other short-term liabilities		381,669	(3,514,453)
Cash used in operating activities		15,146,374	3,073,913
- Employee termination benefits paid	11	(921,215)	(4,100,465)
Net cash used in operating activities		14,225,159	(1,026,552)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH
2020 AND 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 March 2020	1 January- 31 March 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment	7	(24,523,834)	(17,805,088)
- Acquisition of intangible assets	9	(5,470,476)	(1,975,621)
- Proceeds from sale of investment properties, tangible assets and intangible assets		923,484	--
Net cash used in investing activities		(29,070,826)	(19,780,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	365,000,000	250,000,000
- Repayment of borrowings		(170,727,995)	(65,330,363)
- Repayment of finance lease payables	4	(94,389,146)	(83,245,336)
- Paid financial costs		(38,813,336)	(9,003,652)
- Finance income	20	1,450,353	1,669,741
Net cash generated from financing activities		62,519,876	94,090,390
Increase in cash and cash equivalents		47,674,209	73,283,129
Cash and cash equivalents at the beginning of the year		506,901,093	487,581,005
- The impact of change in foreign currency exchange rate over cash and cash equivalents		4,424,189	4,191,416
Cash and cash equivalents at the end of the year	3	558,999,491	565,055,550

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

1. ORGANISATION AND NATURE OF OPERATIONS

CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi ("The Company") was established in 1991 to operate in the hypermarket and supermarket sectors in Turkey. The registered address of the Company is Cevizli Mahallesi, Tugay Yolu Caddesi No:67 A, B Blok Maltepe / İstanbul. The number of personnel is 10,468 as of 31 March 2020 (31 December 2019: 10,456).

As of 31 March 2020, the Company has 30 hypermarkets and 607 supermarkets (31 December 2019: 30 hypermarkets, 604 supermarkets).

Subsidiary

Adana Gayrimenkul Geliştirme ve İşletme A.Ş. ("Adana Gayrimenkul"), which is 100% owned by the Company, was established on 15 October 2014 and has been started to consolidate by using full consolidation method as of 31 December 2014. The main business of the Subsidiary is construction of nonresidential buildings. There is no operation of Adana Gayrimenkul except real estate ownership so far.

The other subsidiary, Adanabir Gayrimenkul Geliştirme ve İşletme A.Ş. ("Adanabir Gayrimenkul"), which is 100% owned by the Company, was established on 27 March 2015 and merged with Adana Gayrimenkul, which is the other subsidiary of the Company, with its existing assets and liabilities by acquisition and this transaction has been registered by Registry of Commerce of İstanbul on 19 October 2015.

On 15 May 2015, the Company has signed Share Purchase Agreement with Kiler Holding Anonim Şirketi, Nahit Kiler, Ümit Kiler, Vahit Kiler, Hikmet Kiler, Sevgül Kiler and Denge Reklam San. ve Tic. Ltd. Şti. ("Vendors"), in order to acquire 85% of the shares of Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret Anonim Şirketi ("Kiler Alışveriş"), of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TRY 429,574,000 (Note 11). The share purchase demand has been approved by Turkish Competition Authority on 30 September 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 and has paid the agreement amount of TRY 429,574,000 by cash to the vendors on same day.

As a result of mandatory tender offer between 17 September - 5 October 2015, ownership rate of the Company has increased to 97.27% by paying additional TRY 62,290,926 and has been started to consolidate by using full consolidation method as of 30 September 2015. The Company has decided legal merge with Kiler Alışveriş by acquisition method, with the Board decision on 20 October 2015. The legal merge has been approved by Capital Market Board ("CMB") on 27 November 2015, with decision numbered 32/1493. The legal merge has been realized by the decision of Extraordinary General Assembly held on 29 December 2015 and registered on 31 December 2015. The Company has intended to grow inorganically in the market with that business combination.

The Company and the Subsidiary referred to as the "Group".

As of 31 March 2020, 3.37% of the company's shares are traded on the Borsa Istanbul (BIST). (31 December 2019: 3.37%)

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

(a) Statement of compliance with Turkish Financial Reporting Standards (“TFRS”)

According to the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 September 2013, the accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by POA.

The Group prepared its condensed consolidated financial statements for the period ended 31 March 2020, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The condensed consolidated interim financial statements of the Group are presented in compliance with “Announcement on Financial Statements and Disclosure Formats” announced by CMB and TAS taxonomy announced by POA.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group’s condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed consolidated interim financial statements should be considered together with the consolidated financial statements as of 31 December 2019.

Approval of condensed consolidated financial statements:

The accompanying condensed consolidated financial statements of the Group has been approved by the Company’s Board of Directors on 15 May 2020. General Assembly and related legal institutions have the right to correct these condensed consolidated financial statements and statutory financial statements.

(b) Basis of measurement

The Company and its subsidiary maintain their accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements have been prepared in Turkish Liras on historical cost basis except for financial assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Presentation and functional currency

The Group’s functional and presentation currency is Turkish Lira (“TRY”). Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

2.2 Financial Reporting in Hyperinflationary Economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards accepted by the CMB (“CMB Financial Reporting Standards”). Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the POA, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Comparative Information and Restatement of Prior Periods' Consolidated Financial Statements

To allow for the determination of the financial situation and performance trends, the Group's condensed consolidated interim financial statements have been presented comparatively with the previous period. The Group presented condensed consolidated balance sheet as of 31 March 2020 comparatively with the balance sheet as of 31 December 2019; condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of cash flow and condensed consolidated statements of change in shareholders' equity as of 31 March 2020 comparatively with the 31 March 2019 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

2.4. Offsetting

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

2.5 Summary of Significant Accounting Policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019.

2.6 Significant Accounting Estimates and Assumptions

The Covid-19 epidemic and precautions taken in the world and in our country cause disruptions in operations in all countries exposed to the epidemic and affect the economic conditions negatively both globally and in our country. The Group temporarily closed 12 stores in March 2020 due to the Covid-19 outbreak.

The preparation of condensed consolidated financial statements requires the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and necessary adjustments are recognized in profit or loss in which they are realized.

Significant estimates used in the preparation of these condensed consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

2.6.1 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In that scope, as of 31 March 2020 and 31 December 2019 the Group evaluated the current risks and booked related provisions.

2.6.2 Deferred tax asset

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and the corresponding tax bases which is used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year's losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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

2.6 Significant Accounting Estimates and Assumptions (continued)

2.6.2 Deferred tax asset (continued)

Based on the data obtained, if the Group's taxable profit, which will be obtained in the future, is not enough to fulfill the deferred tax assets, a provision is provided either for the whole or for a certain part of the deferred tax asset. As of 31 March 2020 and 31 December 2019, after the necessary evaluations, the deferred tax assets are fully accounted because of expectation of taxable profit in the future.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Group estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years.

2.6.3 Evaluation of financial position

The Group has recognized TRY 95,094,326 loss as of and for the three-month interim period ended 31 March 2020 and current year loss together with accumulated losses has reached to TRY 1,219,334,731. As of 31 March 2020, the Group's total equity is TRY (397,032,608).

Accordingly, in accordance with the third paragraph of Article 376 made of the TCC, it has been determined that the total of the Group's capital and legal reserves are unrequited. Therefore, a special purpose financial statement ("TCC 376 balance sheet") which based on probable selling prices of land and buildings and investment properties, has been prepared in accordance with the CMB's principle decision dated 10 April 2014 and numbered 11/352 (principle decision no 2014/11).

Aforementioned special purpose financial statement has been prepared based on the Company's 31 March 2020 balance sheet which is in compliance with Turkish Tax Legislation.

The market value of the Company's lands and buildings has been determined as TRY 424,845,000 according to the valuation report issued by real estate Valuation Company accredited by CMB. As a result, the equity amount of the Company recognized in the Special Purpose Financial Statement (TTK 376 balance sheet) is TRY (26,166,200). As a result, Due to the positive difference between the Company's assets and liabilities, it is not necessary to take the measures stipulated in Article 376 of the TTK in accordance with the relevant communiqué of the CMB.

Additionally, the Group made material event disclosure in accordance with CMB's principle decision numbered 11/352 as explained in Note 26.

The Group has set its strategic goals to grow and increase its market share. Firstly, it is aimed to increase sales with high performance formats, especially in regions that are profitable. Effective category and format management, use of CRM, promotion and marketing tools and improvements in HR processes are the main tools to be used to achieve the goal. In addition to growing in existing locations, growth in alternative channels is targeted with minimum investment. Franchise, e-commerce, corporate – wholesale and export channels and growth are the methods to be used to increase the scale of the company with low consistent investments.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Amendments in Turkish Financial Reporting Standards that are issued but not effective as of 31 March 2020

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

On 23 January 2020, IASB issued Classification of Liabilities as Current or Non-Current which amends TAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which is issued by POA on 12 March 2020.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, with the announcement published by the IASB in April 2020, it stated that this change included the postponement of the effective date for one year to 1 January 2023.

The Group is assessing the potential impact on its [consolidated] financial statements resulting from the application of the amendments to IAS 1

Amendments are effective on 1 January 2020

The changes that become effective as of January 1, 2020 are as follows:

- 1-) The revised Conceptual Framework (Version 2018)
- 2-) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the consolidated financial statements of the Group.

- 3-) Amendments to TAS 1 and TAS 8 - Definition of Material

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the consolidated financial statements of the Group.

- 4-) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

3. CASH AND CASH EQUIVALENTS

	<u>31 March 2020</u>	<u>31 December 2019</u>
Cash on hand	14,155,904	25,465,297
Cash in transit (*)	19,693,028	22,922,559
Credit card receivables	392,351,476	373,640,601
Banks		
Time deposit	120,718,086	53,562,865
Demand deposit	12,080,997	31,309,771
	<u>558,999,491</u>	<u>506,901,093</u>

(*) Cash in transit consists of bank balances that has not been reflected into deposit accounts due to value-date difference.

Related party balances in cash and cash equivalents are stated in Note 24.

As at 31 March 2020 and 31 December 2019 time deposits are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 March 2020</u>
USD	1.40%	1 June 2020	41,050,800
TRY	10.00%	1 April 2020	79,600,000
		Interest Accrual	67,286
			<u>120,718,086</u>

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 December 2019</u>
USD	2,30%	2 March 2020	53,461,800
		Interest Accrual	101,065
			<u>53,562,865</u>

The Group does not have any blocked deposits as at 31 March 2020 and 31 December 2019.

The Group's exposure to currency and interest rate risks and relevant sensitivities for cash and cash equivalents are disclosed in Note 25.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

4. FINANCIAL LIABILITIES

<u>Short Term Financial Liabilities</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Bank loans (*)	1,202,833,385	997,493,670
Lease liabilities	20,090,616	24,140,310
	<u>1,222,924,001</u>	<u>1,021,633,980</u>
 <u>Short Term Portion of Long Term Financial Liabilities</u>	 <u>31 March 2020</u>	 <u>31 December 2019</u>
Lease liabilities	147,510,481	143,003,917
	<u>147,510,481</u>	<u>143,003,917</u>
 <u>Long Term Financial Liabilities</u>	 <u>31 March 2020</u>	 <u>31 December 2019</u>
Bank loans (**)	200,000,000	200,000,000
Lease liabilities	758,063,172	721,374,883
	<u>958,063,172</u>	<u>921,374,883</u>

(*) As at 31 March 2020 and 31 December 2019 the details of short term bank loans are as follows:

<u>Currency</u>	<u>Interest Rate (i)</u>	<u>31 March 2020</u>
TRY	11.07%	1,145,000,000
USD	4.50%	31,134,760
	Interest accrual	26,698,625
		<u>1,202,833,385</u>
 <u>Currency</u>	 <u>Interest Rate</u>	 <u>31 December 2019</u>
TRY	12.50%	941,090,827
USD	4.50%	37,588,308
	Interest accrual	18,814,535
		<u>997,493,670</u>

(*) The interest rate was calculated by the weighted average method.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

4. FINANCIAL LIABILITIES (continued)

(**) As at 31 March 2020 and 31 December 2019 the details of long term bank loans are as follows:

Currency	Interest Rate	31 March 2020
TRY	12.50%	200,000,000
		<u>200,000,000</u>
Currency	Interest Rate	31 December 2019
TRY	12.50%	200,000,000
		<u>200,000,000</u>

Group's financial liabilities due to related parties are stated in Note 24.

Finance lease payables consist of the followings:

Finance lease payables	Present value of minimum lease payments	
	31 March 2020	31 December 2019
Within one year	352,378,274	329,143,650
Less : Future finance charges	(184,777,177)	(161,999,423)
Present value of finance lease obligations	<u>167,601,097</u>	<u>167,144,227</u>
Two years and after	1,396,403,142	1,367,219,775
Less : Future finance charges	(638,339,970)	(645,844,892)
Present value of finance lease obligations	<u>758,063,172</u>	<u>721,374,883</u>

The Group's finance lease payables represent the present value of the future payables of the store, vehicles, buildings and machinery and equipment that are rented by the third parties through their useful lives.

The details of property, plant and equipment acquired by financial lease as of 31 March 2020 and 2019 are disclosed at Note 8.

The repayment schedule of long-term borrowings as of 31 March 2020 and 31 December 2019 in TRY equivalent as at balance sheet date is as stated below:

	31 March 2020	31 December 2019
2021	293,889,037	319,801,582
2022	116,963,464	115,775,458
2023	114,053,579	112,681,493
2024	94,792,694	93,312,182
2025 and after	338,364,398	279,804,168
	<u>958,063,172</u>	<u>921,374,883</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

4. FINANCIAL LIABILITIES (continued)

As of 31 March and 2019, the reconciliation of the Group's obligations arising from its borrowings is as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
1 January borrowings	1,197,493,670	867,002,106
current period additions	365,000,000	250,000,000
interest and capital repayments	(206,633,375)	(66,114,702)
current period interest expenses (including accruals)	43,789,470	48,425,888
effects of change in interest change	3,183,620	4,210,157
31 March borrowings	1,402,833,385	1,103,523,449

As of 31 March 2020 and 2019, the reconciliation of the Group's obligations arising from its operating lease liability is as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
1 January lease liabilities	888,519,110	923,124,075
current period additions	79,118,632	7,728,901
term lease payment	(94,389,146)	(83,245,336)
current period interest accruals	50,366,732	48,595,840
effects of change in interest change	2,048,941	2,687,453
31 March lease liabilities	925,664,269	898,890,933

As of 31 March 2020 and 31 December 2019, there are no guarantees given related to the financial borrowings.

The Group's exposure to foreign exchange risk related to borrowings is disclosed in Note 25.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. TRADE RECEIVABLES AND PAYABLES

<u>Trade Receivables</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Other trade receivables	67,625,183	62,020,077
Shopping mall receivables	14,532,256	14,231,167
Provision for doubtful trade receivables	(30,498,797)	(29,985,809)
	<u>51,658,642</u>	<u>46,265,435</u>
Due from related parties (Note 24)	27,654,812	17,936,009
	<u>79,313,454</u>	<u>64,201,444</u>

The movement of the allowance for doubtful receivables for the three month periods ended 31 March 2020 and 2019 are as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Opening balance	29,985,809	29,077,606
Collections	(612,947)	(1,571,005)
Charge for the period	1,125,935	2,709,415
Closing balance	<u>30,498,797</u>	<u>30,216,016</u>

Trade receivables due dates vary depending on the sector and entity and the average due dates are lower than three months.

The Group evaluates the credibility of the receivable and the movement between the creation time of the receivable and reporting date when considering the collectability of its receivables. Due to the Group is working with a large number of clients, credit risk of the Group has been scattered and there is no concentrated credit risk.

The guarantees received for the Group's trade receivables are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Letters of guarantee received for shopping mall receivables	2,087,757	2,506,169
	<u>2,087,757</u>	<u>2,506,169</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD

1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. TRADE RECEIVABLES AND PAYABLES (continued)

<u>Short Term Trade Payables</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Trade payables	1,743,709,047	1,637,874,070
Due to related parties (Note 24)	50,958,713	50,256,501
	<u>1,794,667,760</u>	<u>1,688,130,571</u>

The average payment rate for the purchase of commercial goods varies by sector and firm. The average payment in the fresh food sector is less than a month. In other sectors the average payment is less than three months.

The exchange rate risk for the Group's trade receivables and payables is disclosed in Note 25.

6. INVENTORIES

	<u>31 March 2020</u>	<u>31 December 2019</u>
Trade goods	981,641,760	796,407,625
Impairment of inventories	(9,260,223)	(8,485,369)
	<u>972,381,537</u>	<u>787,922,256</u>

The movement of allowance for impairment on inventory for the periods ended 31 March 2020 and 2019 are as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Opening balance	8,485,369	8,359,182
Charge of the period	1,112,628	399,259
Current year reversal	(337,774)	(513,394)
Closing balance	<u>9,260,223</u>	<u>8,245,047</u>

Allowance for impairment on inventory for the three month period ended 31 March 2020 and 2019 is recognized in cost of sales (Note 16).

For the three month period ended 31 March 2020, cost of inventory recognized in income statement is TRY 1,300,851,445 (31 March 2019: TRY 996,547,430) (Note 16).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost							
Opening balance at 1 January 2020	123,181,828	216,569,545	-	967,566,541	14,754,506	807,984	1,322,880,404
Additions	-	1,111,323	-	22,318,311	9,015	1,085,185	24,523,834
Transfers (Note 9)	-	-	-	438,574	-	(456,402)	(17,828)
Impairments (i)	-	-	-	1,202,392	44,316	-	1,246,708
Disposals (*)	-	(1,800)	-	(2,538,112)	(75,018)	(68,563)	(2,683,493)
Closing balance, 31 March 2020	123,181,828	217,679,068	-	988,987,706	14,732,819	1,368,204	1,345,949,625
Accumulated depreciation							
Opening balance at 1 January 2020	-	(80,776,663)	-	(594,109,602)	(10,215,514)	-	(685,101,779)
Depreciation charge of the period	-	(2,198,737)	-	(28,160,903)	(459,070)	-	(30,818,710)
Impairments (i)	-	-	-	(562,777)	(27,295)	-	(590,072)
Disposals (*)	-	1,286	-	1,702,856	56,234	-	1,760,376
Closing balance, 31 March 2020	-	(82,974,114)	-	(621,130,426)	(10,645,645)	-	(714,750,185)
Net book value, 1 January 2020	123,181,828	135,792,882	-	373,456,939	4,538,992	807,984	637,778,625
Net book value, 31 March 2020	123,181,828	134,704,954	-	367,857,280	4,087,174	1,368,204	631,199,440

As at 31 March 2020, from depreciation and amortization expenses, TRY 81,830,787 (31 March 2019: TRY 72,655,609) is included in marketing expenses and TRY 8,268,065 (31 March 2019: TRY 9,371,196) is included in general administrative expenses.

(*)It also includes the disposals belonging to the stores that were closed during the period.

As at 31 March 2020, total insurance amount over property, plant and equipment is TRY 1,071,161,155 (31 December 2019: TRY 824,249,274). As at 31 March 2020 and 31 December 2019 there is no mortgage on property, plant and equipment.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost							
Opening balance, 1 January 2019	123,076,828	211,934,774	20,512,454	865,314,316	16,016,457	3,136,591	1,239,991,420
Additions	105,000	772,400	-	11,829,096	19,845	5,078,747	17,805,088
Transfers (Note 8)	-	-	(20,512,454)	2,218,316	3,378	(2,647,211)	(20,937,971)
Impairment	-	-	-	2,362	660	-	3,022
Disposals (*)	-	(239,300)	-	(2,210,217)	(58,103)	-	(2,507,620)
Closing balance, 31 March 2019	123,181,828	212,467,874	-	877,153,873	15,982,237	5,568,127	1,234,353,939
Accumulated depreciation							
Opening balance, 1 January 2019	-	(72,743,728)	(7,731,722)	(517,045,018)	(9,057,877)	-	(606,578,345)
Depreciation charge of the period	-	(2,226,946)	-	(24,262,082)	(542,779)	-	(27,031,807)
Transfers (Note 8)	-	-	7,731,722	-	-	-	7,731,722
Impairment	-	-	-	(1,393)	(437)	-	(1,830)
Disposals (*)	-	115,814	-	1,833,693	52,118	-	2,001,625
Closing balance, 31 March 2019	-	(74,854,860)	-	(539,474,800)	(9,548,975)	-	(623,878,635)
Net book value, 1 January 2019	123,076,828	139,191,046	12,780,732	348,269,298	6,958,580	3,136,591	633,413,075
Net book value, 31 March 2019	123,181,828	137,613,014	-	337,679,073	6,433,262	5,568,127	610,475,304

(*) It also includes the disposals belonging to the stores that were closed during the period.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

8. RIGHT OF USE ASSETS

<u>Cost</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
1 Ocak 2020 açılış bakiyesi	978,522,591	12,445,125	990,967,716
Additions	95,619,251	-	95,619,251
Disposals	(18,506,649)	-	(18,506,649)
Closing balance, 31 March 2020	1,055,635,193	12,445,125	1,068,080,318
<u>Accumulated depreciation</u>			
Opening balance at 1 January 2020	(192,138,348)	(4,148,375)	(196,286,723)
Depreciation charge of the period	(51,563,927)	(1,037,094)	(52,601,021)
Disposals	2,278,477	-	2,278,477
Closing balance, 31 March 2020	(241,423,798)	(5,185,469)	(246,609,267)
Net book value, 1 January 2020	786,384,243	8,296,750	794,680,993
Net book value, 31 March 2020	814,211,395	7,259,656	821,471,051

<u>Cost</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Opening balance at 1 January 2019	855,578,984	12,445,125	868,024,109
Additions	7,056,157	-	7,056,157
Transfers (Note 7)	20,512,454	-	20,512,454
Closing balance, 31 March 2019	883,147,595	12,445,125	895,592,720
<u>Accumulated depreciation</u>			
Opening balance, 1 January 2019	-	-	-
Depreciation charge of the period	(45,848,361)	(1,037,094)	(46,885,455)
Transfers (Note 7)	(7,731,722)	-	(7,731,722)
Closing balance, 31 March 2019	(53,580,083)	(1,037,094)	(54,617,177)
Net book value, 1 January 2019	855,578,984	12,445,125	868,024,109
Net book value, 31 March 2019	829,567,512	11,408,031	840,975,543

The Group, as a lessee, has the right to use the property representing the right to use the underlying asset and to pay rent. Including the lease obligations representing the lease payments to which it is liable, in the condensed consolidated financial statements.

As of March 31, 2020, the amount of the unpaid prepaid rent expenses that are recognized in the Group's right to use assets is TRY 12,236,424 (31 March 2019: TRY 7,869,562).

(*)As of 1 January 2019, the Group has reclassified net book value of the assets that considered as financial leasing in accordance with TAS 17 before 1 January 2019, into right of use assets below tangible asset in accordance with TFRS 16.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

9. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2020	184,041,519
Additions	5,470,476
Transfers (Note 7)	17,828
Impairment	554
Disposals	(53,805)
Closing balance, 31 March 2020	189,476,572
<u>Accumulated amortization</u>	
Opening balance, 1 January 2020	(136,988,572)
Charge for the period	(6,679,121)
Impairment	(384)
Disposals	52,883
Closing balance, 31 March 2020	(143,615,194)
Net book value, 1 January 2020	47,052,947
Net book value, 31 March 2020	45,861,378

<u>Cost</u>	<u>Total</u>
Opening balance, 1 January 2019	171,801,942
Additions	1,975,621
Transfers (Note 7)	425,517
Disposals	(852,615)
Closing balance, 31 March 2019	173,350,465
<u>Accumulated amortization</u>	
Opening balance, 1 January 2019	(109,224,980)
Charge for the period	(8,109,544)
Disposals	345,100
Closing balance, 31 March 2019	(116,989,424)
Net book value, 1 January 2019	62,576,962
Net book value, 31 March 2019	56,361,041

The intangible assets are mainly consisting of excess cash paid for asset acquisitions and software programs.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

10. GOODWILL

Goodwill amount is consisted of following investments:

<u>Investments:</u>	31 March 2020	31 December 2019
Kiler Alışveriş	254,018,530	254,018,530
Gima	180,159,453	180,159,453
Alpark	48,301,156	48,301,156
	<u>482,479,139</u>	<u>482,479,139</u>

11. SHORT AND LONG TERM PROVISIONS

Provisions for short term liabilities as of 31 March 2020 and 31 December 2019 are as follows:

<u>Short Term Provisions</u>	31 March 2020	31 December 2019
Provision for other, risk, litigations and onerous contracts	58,925,508	59,668,625
Provision for personnel and social security	770,000	770,000
	<u>59,695,508</u>	<u>60,438,625</u>

Movements of provision for short term liabilities for the three month period ended 31 March 2020 and 2019 are as follows:

	Provision for other risks, litigations and onerous contracts	Provision for personnel and social security	Other	Total
Opening balance, 1 January 2020	59,668,625	770,000	-	60,438,625
Charge of the period	2,121,376	-	-	2,121,376
Current year reversal / charge	(2,864,493)	-	-	(2,864,493)
Closing balance, 31 March 2020	<u>58,925,508</u>	<u>770,000</u>	<u>-</u>	<u>59,695,508</u>

	Provision for other risks, litigations and onerous contracts	Provision for personnel and social security	Other	Total
Opening balance, 1 January 2019	67,751,688	770,000	3,580,507	72,102,195
Charge of the period	2,688,669	-	631,166	3,319,835
Current year reversal / charge	(1,650,102)	-	(4,211,673)	(5,861,775)
Closing balance, 31 March 2019	<u>68,790,255</u>	<u>770,000</u>	<u>-</u>	<u>69,560,255</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

11. SHORT AND LONG TERM PROVISIONS (Continued)

Contingent Assets and Liabilities

There are lawsuits which are filed against the Group and continuing as at balance sheet date. Primary lawsuits consist of the cases with Social Security Institution about the premiums of foreign employees working in Turkey, debt, rent and labor cases. At each balance sheet date, the management of the Group evaluates the probable results of those cases and accordingly provisions are provided.

Provisions for employment benefits as of 31 March 2020 and 31 December 2019 are as follows:

<u>Short Term Employment Benefits</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Unused vacation provision	12,661,890	10,902,379
	<u>12,661,890</u>	<u>10,902,379</u>
<u>Long Term Employment Benefits</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Employment termination benefit provision	85,627,027	75,888,726
	<u>85,627,027</u>	<u>75,888,726</u>

Movement for employment termination benefit provision for the three month period ended 31 March 2020 and 2019 are as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Opening balance, 1 January	75,888,726	54,239,655
Service cost	9,723,901	11,083,087
Interest cost	935,615	668,708
Actuarial (gain) / loss	(921,215)	(4,100,465)
Closing balance, 31 March	<u>85,627,027</u>	<u>61,890,985</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

12. LETTER OF GUARANTEES, PLEDGES AND MORTGAGES

GPM given by the Group

	31 March 2020	31 December 2019
A. GPM given on behalf of its own legal entity	119,638,485	116,849,916
B. GPM given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
	<u>119,638,485</u>	<u>116,849,916</u>

31 March 2020

	Total TRY	TRY	USD (TRY Equivalents)	EUR (TRY Equivalents)
Letter of guarantees	119,638,485	113,544,851	2,234,864	3,858,769
	<u>119,638,485</u>	<u>113,544,851</u>	<u>2,234,864</u>	<u>3,858,769</u>

31 December 2019

	Total TRY	TRY	USD (TRY Equivalents)	EUR (TRY Equivalents)
Letter of guarantees	116,849,916	111,255,626	2,037,377	3,556,913
	<u>116,849,916</u>	<u>111,255,626</u>	<u>2,037,377</u>	<u>3,556,913</u>

The ratio of the CPM given on behalf of third parties except for the CPM given on behalf of the Company's own legal personality to total equity is 0% as at 31 March 2020 (31 December 2019: 0%).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

13. EMPLOYMENT BENEFITS

Other short term liabilities as of 31 March 2020 and 31 December 2019 are as follows:

<u>Employee Benefit Liabilities</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Payables to personnel and Social Security Premiums payable	25,780,888	16,615,186
Personnel salary and premium payables	54,642,383	5,966,379
	<u>80,423,271</u>	<u>22,581,565</u>

14. OTHER CURRENT LIABILITIES

Other short term liabilities as of 31 March 2020 and 31 December 2019 are as follows:

<u>Other Current Liabilities</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Unearned income	17,251,121	14,564,581
Liabilities for shopping cheques	3,764,135	6,204,796
Accrued expenses	629,130	493,339
	<u>21,644,386</u>	<u>21,262,716</u>

15. SHAREHOLDERS' EQUITY

a) Capital

Shareholder structure as of 31 March 2020 and 31 December 2019 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2020</u>	<u>(%)</u>	<u>31 December 2019</u>
Hacı Ömer Sabancı Holding A.Ş.	50.61	354,239,053	50.61	354,239,053
Carrefour Nederland BV	46.02	322,129,074	46.02	322,129,074
Shares publicly held and other	3.37	23,631,873	3.37	23,631,873
Nominal share capital	<u>100.00</u>	<u>700,000,000</u>	<u>100.00</u>	<u>700,000,000</u>

As of 31 March 2020, the Group has a capital of 700,000,000 TL (31 December 2019: 700,000,000 TL), divided into 70,000,000,000 (31 December 2019: 70,000,000,000) shares, each with a value of 1 Kurus. The registered capital limit of the Group is 1,500,000,000 TL, and the registered capital limit permit is valid between 2016/2020 (5 years).

In accordance with the provisions of Article 5/1-e of Corporate Tax Law, the Company's sales between 2015 and 2018 in a financial account under equity for 5 years in their financial statements, which are the basis of corporate tax. There is an amount of TRY 37,034,036 transferred to the records as a result of the merger of TRY 232,724,639 which is required to be kept.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

15. SHAREHOLDERS' EQUITY (Continued)

The inflation adjustment on share capital as of 31 March 2020 and 31 December 2019 are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Inflation adjustment to share capital	91,845,783	91,845,783
	<u>91,845,783</u>	<u>91,845,783</u>

As of 31 March 2020, capital adjustment differences amounting to TRY 91,845,783 consist of capital adjustment differences resulting from the restatement of the Group's paid-in capital amount and that are not offset to the previous year's losses or added to share capital (31 December 2019: TRY 91,845,783).

b) Retained Losses

	<u>31 March 2020</u>	<u>31 December 2019</u>
Retained losses	(1,124,240,405)	(781,159,617)
	<u>(1,124,240,405)</u>	<u>(781,159,617)</u>

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the CMB's decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations in 2013, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the CMB's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

The inflation adjustment differences from the valuation studies for TFRS purposes for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

With respect to the Corporate Tax Law ("CTL") 5/1-e article, the Group has to keep restricted reserves amounting to TRY 232,724,639 and TRY 37,034,037 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

c) Restricted Reserves

	<u>31 March 2020</u>	<u>31 December 2019</u>
Legal reserves	12,318,358	12,318,358
	<u>12,318,358</u>	<u>12,318,358</u>

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

15. SHAREHOLDERS' EQUITY (Continued)

CMB's Communiqué II-1411 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Capital restatement differences can only be included in capital.

d) Other Comprehensive Income / Expense not to be Reclassified to Profit and Loss

	<u>31 March 2020</u>	<u>31 December 2019</u>
Actuarial (losses) / gains	<u>(16,553,327)</u>	<u>(16,553,327)</u>
	<u>(16,553,327)</u>	<u>(16,553,327)</u>

16. REVENUE AND COST OF SALES

<u>NET SALES</u>	<u>1 January - 31 March 2020</u>	<u>1 January - 31 March 2019</u>
Revenue from retail operations	1,782,531,092	1,390,550,364
Loyalty program discounts	(4,807,047)	(12,050,667)
Sales returns	(9,088,766)	(4,937,956)
Sales discount	(2,668,236)	(1,613,159)
Rent income	4,841,714	4,545,795
	<u>1,770,808,757</u>	<u>1,376,494,377</u>
<u>COST OF SALES</u>	<u>1 January - 31 March 2020</u>	<u>1 January - 31 March 2019</u>
Opening balance of inventories	(787,922,256)	(639,173,766)
Purchases	(1,485,310,726)	(1,050,475,710)
Closing balance of inventories	972,381,537	693,102,046
Shopping mall general expenses	(756,607)	(1,196,367)
	<u>(1,301,608,052)</u>	<u>(997,743,797)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

17. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the periods ended 31 March 2020 and 2019 are as follows:

<u>OPERATING EXPENSES</u>	<u>1 January- 31 March 2020</u>	<u>1 January- 31 March 2019</u>
Marketing expenses	(394,459,465)	(325,212,906)
General administrative expenses	(46,337,241)	(42,039,787)
	<u>(440,796,706)</u>	<u>(367,252,693)</u>

18. EXPENSES BY NATURE

	<u>1 January- 31 March 2020</u>	<u>1 January- 31 March 2019</u>
Personnel expenses	(222,958,990)	(176,909,352)
Depreciation and amortization expenses	(90,098,852)	(82,026,806)
Energy expenses	(34,688,500)	(28,594,029)
Rent expenses	(20,020,397)	(17,921,237)
Repair and maintenance expenses	(17,791,742)	(14,820,937)
Outsourced expenses	(14,048,679)	(12,264,301)
Advertising expenses	(10,138,677)	(9,853,179)
Consultancy expenses	(4,169,094)	(6,332,590)
Travel expenses	(2,023,398)	(2,024,078)
Taxation and other expenses	(2,356,500)	(2,318,876)
Stationery consumption expenses	(2,025,016)	(1,625,827)
Insurance expenses	(2,048,262)	(1,755,029)
Decoration material expenses	(1,831,397)	(1,596,564)
Communication expenses	(196,653)	(318,235)
Other	(16,400,549)	(8,891,653)
	<u>(440,796,706)</u>	<u>(367,252,693)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

19. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

Other operating income/expenses from main operations for the periods ended 31 March 2020 and 2019 are as follows:

<u>Other Operating Income</u>	1 January - 31 March 2020	1 January - 31 March 2019
Provisions no longer required (i)	219,954	1,394,958
Foreign exchange gain from operational activities	7,864,986	4,417,828
Cancellation of impairment	656,636	-
Other income	2,314,255	3,396,847
	<u>11,055,831</u>	<u>9,209,633</u>

(i) Provision no longer required consists of releases of provisions provided for matters in dispute and risks in previous periods.

<u>Other Operating Expenses (-)</u>	1 January - 31 March 2020	1 January - 31 March 2019
Interest expenses from purchases via credit	(40,375,305)	(51,546,264)
Provision expenses (i)	(193,768)	(755,361)
Foreign exchange losses from operational activities	(5,514,294)	(2,255,376)
Interest expenses from operational activities	-	(220,784)
Other expenses and losses	(12,387,334)	(10,069,017)
	<u>(58,470,701)</u>	<u>(64,846,802)</u>

(i) The provision expenses are mainly consisting of risk and legal provisions.

20. FINANCE INCOME

Finance incomes for the periods ended 31 March 2020 and 2019 are as follows:

<u>Finance income</u>	1 January- 31 March 2020	1 January- 31 March 2019
Interest income	1,450,353	1,669,741
Foreing exchange income	4,441,140	23,932,837
	<u>5,891,493</u>	<u>25,602,578</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

21. FINANCE COST

Finance costs for the periods ended 31 March 2020 and 2019 are as follows:

<u>Finance costs</u>	<u>1 January- 31 March 2020</u>	<u>1 January- 31 March 2019</u>
Interest expenses on lease liabilities	(50,094,285)	(48,595,840)
Interest expenses	(44,061,918)	(55,779,425)
Credit card commission costs	(2,635,508)	(2,535,518)
Foreing exchange expenses	(5,249,514)	-
	<u>(102,041,225)</u>	<u>(106,910,783)</u>

22. TAX ASSETS AND LIABILITIES

<u>Tax Expense of the Period</u>	<u>1 January- 31 March 2020</u>	<u>1 January- 31 March 2019</u>
Corporate tax expense of the current period	-	-
Deferred tax income	20,579,265	26,925,277
Tax income/(expense) from continuing operations	<u>20,579,265</u>	<u>26,925,277</u>

Corporate tax:

The Group is subject to taxation in accordance with the tax regulation and the tax legislation effective in Turkey. Required provisions are made in the accompanying consolidated financial statements for the estimated tax charge based on the Group's results for the current period. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a corporate tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax is applied to the total income, after adjusting for certain disallowable expenses and exempt income.

The tax legislation provides for a temporary tax of 22% (2019: 22%) to be calculated and paid based on earnings generated for each quarter for the three month period ended 31 March 2020. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

According to the Article 91 of the Law numbered 5520 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

In Turkey, temporary corporate tax is calculated and filed quarterly. Losses can be carried forward for a maximum period of five years to offset against future taxable income. However, losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, inspect tax returns and the related accounting records and may revise assessments within five years.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

22. TAX ASSETS AND LIABILITIES (Continued)

Exemption from corporate tax:

75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 March 2020. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% and tax declarations starting from 2018 will be calculated using 50%.

In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding tax surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003.

This rate was changed to 15% with the resolution of Council of Ministers on 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to April 24, 2003. Subsequent to this date, companies can deduct 40% of their investment expenditures from the taxable income, within the scope of the investment incentive certificate and that are directly related to production facilities. The investments without investment incentive certificates do not qualify for tax allowance.

As of 31 March 2020 and 31 December 2019, the Group has no income tax liabilities.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TFRS and tax legislation.

Deferred tax calculation for the periods ended 31 March 2020 and 31 December 2019 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Reserve for onerous contract and other contingencies	88,976,567	73,547,429
Provision for impairment in fixed assets	100,198	2,987,921
Inventory valuation differences	124,041,507	124,725,323
Other current assets	(36,780,745)	(22,643,101)
Provision for employment termination benefit	85,627,027	75,888,726
Tangible and intangible fixed assets	(66,648,700)	(73,853,770)
Right of use assets	(833,707,474)	(799,910,607)
Other short term liabilities	60,479,203	67,667,969
Finance lease payables	905,590,456	862,934,894
Prior year losses	1,090,541,860	1,003,923,389
	<u>1,418,219,899</u>	<u>1,315,268,173</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

22. TAX ASSETS AND LIABILITIES (Continued)

<u>Deferred tax assets / (liabilities) :</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Reserve for onerous contract and other contingencies	19,574,845	16,180,434
Provision for impairment in fixed assets	20,040	597,584
Inventory valuation differences	27,289,132	27,439,571
Other current assets	(8,091,764)	(4,981,480)
Provision for employment termination benefit	17,125,405	15,177,745
Tangible and intangible fixed assets	(13,328,543)	(14,770,754)
Right of use assets	(166,741,495)	(159,982,121)
Other short term liabilities	13,305,425	14,886,953
Finance lease payables	184,068,637	175,418,179
Prior year losses	218,108,372	200,784,678
	<u>291,330,054</u>	<u>270,750,789</u>

Carry forward tax losses

In accordance with the Turkish taxation legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Group estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years. The expiration dates of such carry forward tax losses are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
2021	312,597,059	312,597,059
2022	344,549,152	344,549,152
2023	2,246,132	1,880,547
2024	344,896,630	344,896,631
2025	86,252,887	-
	<u>1,090,541,860</u>	<u>1,003,923,389</u>

The movements of deferred tax asset and liability as of 31 March 2020 and 2019 are as follows:

<u>Deferred tax asset / (liability) movements:</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
Opening balance at 1 January	270,750,789	179,757,216
Current year income	20,579,265	26,925,277
Closing balance at 31 March	<u>291,330,054</u>	<u>206,682,493</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

23. EARNINGS PER SHARE

Weighted average number of shares and basic earnings per share for the periods ended 31 March 2020 and 31 March 2019 are as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Opening, number of shares (Note 15)	70,000,000,000	70,000,000,000
Increase with business combination	-	-
Share addition	-	-
Closing, number of shares (total)	<u>70,000,000,000</u>	<u>70,000,000,000</u>
Weighted average number of shares (Note 15)	70,000,000,000	70,000,000,000
Net loss for the period	<u>(95,094,326)</u>	<u>(99,660,620)</u>
Loss per share (Kr)	<u>(0.1358)</u>	<u>(0.1424)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Akbank T.A.Ş.	213,200,689	156,820,099
	<u>213,200,689</u>	<u>156,820,099</u>
<u>Trade receivables from related parties (Note 5)</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Carrefour World Trade	25,588,855	16,460,398
Akbank T.A.Ş.	924,115	105,989
Socomo S.A.	163,069	163,069
Carrefour Romania	125,467	-
Carrefour Global Sourcing Asia	66,964	249
Ak Finansal Kiralama A.Ş.	36,918	36,918
Carrefour Nederland BV	165,829	165,829
Teknosa İç ve Dış Ticaret A.Ş.	2,400	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	1,210	329,886
Hacı Ömer Sabancı Holding A.Ş.	1,259	30,400
Other	578,726	643,271
	<u>27,654,812</u>	<u>17,936,009</u>
<u>Trade payables to related parties (Note 5)</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	17,417,272	19,009,208
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	11,810,933	10,965,704
Teknosa İç ve Dış Ticaret A.Ş.	162,485	207,278
Aksigorta A.Ş.	8,038,839	292,697
Sabancı Dijital Teknoloji Hizmetler A.Ş.	13,177,513	19,356,747
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	106,350	106,350
Avivasa Emeklilik ve Hayat A.Ş.	-	93,028
Other	245,321	225,489
	<u>50,958,713</u>	<u>50,256,501</u>
<u>Other short term payables to related parties (Note 6)</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Hacı Ömer Sabancı Holding A.Ş.	7,118,758	7,031,377
Carrefour Partenariat International	4,429,613	4,352,612
	<u>11,548,371</u>	<u>11,383,989</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2020	1 January - 31 March 2019
<u>Purchases from related parties (goods)</u>		
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	67,412,583	53,468,028
Teknosa İç ve Dış Ticaret A.Ş.	769,229	-
	<u>68,181,812</u>	<u>53,468,028</u>
<u>Purchases from related parties (services)</u>		
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	26,695,847	15,389,754
Sabancı Dijital Teknoloji Hizmetler A.Ş.	3,909,506	2,214,843
Aksigorta A.Ş.	2,033,803	1,852,322
Teknosa İç ve Dış Ticaret A.Ş.	38,049	34,954
Other	22,170	-
	<u>32,699,375</u>	<u>19,491,873</u>
<u>Rent income from related parties</u>		
Teknosa İç ve Dış Ticaret A.Ş.	876,271	955,046
Akbank T.A.Ş.	444,329	141,165
	<u>1,320,600</u>	<u>1,096,211</u>
<u>Rebates and other income from related parties</u>		
Carrefour World Trade	9,128,458	5,613,459
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Ticaret A.Ş.	1,599,712	1,230,785
Teknosa İç ve Dış Ticaret A.Ş.	571,930	378,327
Akbank T.A.Ş.	488,299	13,340
Carrefour Romania	125,467	-
Avivasa Emeklilik ve Hayat A.Ş.	81,137	334,750
Akçansa Çimento Sanayi ve Ticaret A.Ş.	61,737	33,198
Hacı Ömer Sabancı Holding A.Ş.	16,882	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	960	1,008
Ak Yatırım Menkul Değerler A.Ş.	627	-
Carrefour Global Sourcing Asia	-	184,550
Carrefour Nederland BV	-	35,604
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş.	-	5,760
Other	4,139	21,761
	<u>12,079,348</u>	<u>7,852,542</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2020	1 January - 31 March 2019
<u>Other expenses to related parties</u>		
Hacı Ömer Sabancı Holding A.Ş.	6,042,635	4,711,507
Carrefour Partenariat International	4,429,613	3,460,908
Aksigorta A.Ş.	14,426	-
	<u>10,486,674</u>	<u>8,172,415</u>
<u>Interest income from related parties</u>	1 January - 31 March 2020	1 January - 31 March 2019
Akbank T.A.Ş.	1,346,127	1,058,083
<u>Interest expense and credit card commission to related parties</u>		
Akbank T.A.Ş.	25,171,316	24,059,613
Burgan Bank A.Ş.	2,228,450	-
Ak Finansal Kiralama A.Ş.	272,448	477,978
	<u>27,672,214</u>	<u>24,537,591</u>

The Group key management consists of executive board and board of directors. The total amount of benefits for the key management personnel in the current period is as follows:

	1 January - 31 March 2020	1 January - 31 March 2019
Salaries and other short term benefits	2,714,134	3,608,179
Other long term benefits	132,036	141,919
	<u>2,846,170</u>	<u>3,750,098</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign Currency Risk

Foreign currency denominated transactions create foreign exchange risks. The Group uses derivative financial instruments to avoid financial risks occurs from operations, financial agreements and cash flows.

The foreign currency denominated assets and liabilities of monetary items are as follows:

	31 March 2020		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	31,732,797	181,515	4,234,241
2. Liquid assets	46,884,948	6,373,381	742,342
3. CURRENT ASSETS (1+2)	<u>78,617,745</u>	<u>6,554,896</u>	<u>4,976,583</u>
4. Other	35,657,398	4,531,100	850,000
5. NON-CURRENT ASSETS	<u>35,657,398</u>	<u>4,531,100</u>	<u>850,000</u>
6. TOTAL ASSETS (3+5)	114,275,143	11,085,996	5,826,583
7. Trade payables	15,910,022	2,441,685	-
8. Other payables	4,429,613	-	613,945
9. Financial liabilities	51,225,376	7,861,476	-
10. Non-monetary other liabilities	402,813	61,819	-
11. CURRENT LIABILITIES (7+8+9+10)	<u>71,967,824</u>	<u>10,364,980</u>	<u>613,945</u>
12. Financial liabilities	24,946,627	-	3,457,606
13. NON-CURRENT LIABILITIES	<u>24,946,627</u>	<u>-</u>	<u>3,457,606</u>
14. TOTAL LIABILITIES (11+13)	96,914,451	10,364,980	4,071,551
15. Net foreign currency liability position (6-14)	17,360,692	721,016	1,755,032
16. Net monetary foreign currency asset / liability position (6-14-10)	16,957,879	659,197	1,755,032
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	174,870	26,837	-

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

31 December 2019

	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	18,252,873	182,041	2,581,950
2. Liquid assets	75,945,777	9,731,518	2,727,365
3. CURRENT ASSETS (1+2)	94,198,650	9,913,559	5,309,315
4. Other	32,568,650	4,531,100	850,000
5. NON-CURRENT ASSETS	32,568,650	4,531,100	850,000
6. TOTAL ASSETS (3+5)	126,767,300	14,444,659	6,159,315
7. Trade payables	16,720,196	2,814,753	-
8. Other payables	4,352,612	-	654,469
9. Financial liabilities	66,667,742	10,391,671	742,661
10. Non-monetary other liabilities	1,138,808	191,712	-
11. CURRENT LIABILITIES (7+8+9+10)	88,879,358	13,398,136	1,397,130
12. Financial liabilities	20,451,583	-	3,075,149
13. NON-CURRENT LIABILITIES	20,451,583	-	3,075,149
14. TOTAL LIABILITIES (11+13)	109,330,941	13,398,136	4,472,279
15. Net foreign currency liability position (6-14)	17,436,359	1,046,523	1,687,036
16. Net monetary foreign currency asset / liability position (6-14-10)	16,297,551	854,811	1,687,036
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	-	-	-

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR. The following table demonstrates the sensitivity of the Group to a possible change of 10% in US dollar and EUR rates. 10% is a reasonable rate as it is limited with 10% share capital commitment. Sensitivity analysis based on the foreign exchange risk at the reporting date, is identified with the changes at the beginning of the fiscal year and kept constant during the fiscal period. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TRY on the decrease in the net profit.

31 March 2020

	Income / Expense		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	469,814	(469,814)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	469,814	(469,814)	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	1,266,256	(1,266,256)	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	1,266,256	(1,266,256)	-	-
TOTAL (3 + 6)	1,736,070	(1,736,070)	-	-

31 December 2019

	Income / Expense		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	621,656	(621,656)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	621,656	621,656	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	1,121,980	(1,121,980)	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	1,121,980	(1,121,980)	-	-
TOTAL (3 + 6)	1,743,636	(1,743,636)	-	-

Fair value

The principles used in determining the fair values of financial assets and liabilities are as follows:

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2020**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial assets reflect their fair values as they include fair value hedge transactions. The classification of the data used in determining fair value of derivative financial assets are level 2.

Financial liabilities

Short term TRY denominated and fixed interest rate bank borrowings are assumed to converge to its fair value, as their drawdown date close to the balance sheet date.

Long term foreign currency denominated bank borrowings and finance lease payables are assumed to converge to its fair value fair value.

The carrying amount of long term TRY denominated bank borrowing are not significantly different from its fair value when considering current market borrowing costs.

Since trade payables are short-term, they are assumed to reflect their fair values.

Classification regarding fair value measurement

"IFRS 7 – Financial Instruments: Disclosure" requires the companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial instruments. The basis for the hierarchy is dependent on whether the data used in fair value calculation is observable or not. Observable inputs mean that the Group using market inputs derived from independent sources and unobservable inputs mean that the Group using market expectation and assumptions. This distinction leads to classifications presented as below:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market. (unobservable inputs).

26. EVENTS AFTER THE BALANCE SHEET DATE

On 15 May 2020, the Group made the following material event disclosure at Public Disclosure Platform in accordance with CMB's principle decision dated 10 April 2014 and numbered 11/352.

"Our Company has issued consolidated financial statements in accordance with CMB regulations dated 31 March 2020. According to the third paragraph of Article 376 of the Turkish Commercial Code, the total of the Group's capital and legal reserves were unrequited in these condensed consolidated interim financial statements. The Special Purpose Financial Statement (TTK 376 balance sheet) has been prepared and presented in accordance with the CMB decision dated 10 April 2014 and numbered 11/352 by taking probable selling prices of the land and buildings into consideration. In this Special Purpose Financial Statement of the Company (TTK 376 balance sheet), the shareholders' equity is determined as TRY (26,166,200). In the ordinary General Assembly held on May 14, 2020, the Board of Directors has determined the matter in accordance with TCC 376, It has been decided to provide appropriate solutions and to give instructions to the general assembly to fulfill the necessary formalities and to determine the necessary studies and to present them to the general assembly, including the approvals to be obtained from the relevant public institutions.

The Covid-19 epidemic and precautions taken in the world and in our country cause disruptions in operations in all countries exposed to the epidemic and affect the economic conditions negatively both globally and in our country. Since the economic effects of this outbreak are uncertain as of the reporting date, the Group's operations cannot affect the financial statements reasonably.