

**YATAŞ YATAK VE YORGAN
SANAYİ TİCARET ANONİM ŞİRKETİ
AND IT'S SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
AT 31 DECEMBER 2020**

**(CONVENIENCE TRANSLATION INTO ENGLISH OF
THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi (the "Parent Company") and its subsidiaries (referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2) Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA").

Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements.

We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

TFRS 15, 'Revenue from contracts with customers'	How to perform of matter in audit
<p>Revenue of the Group mainly consists of Beds, furniture, blanket, seat, home textile products mainly by retail.</p> <p>Revenue is the main indicator of the performance of the Group.</p> <p>The implementation of accounting standards of revenue recognition can be complicated and also comprise key judgements and estimations.</p> <p>Revenue, reflected to the consolidated financial statements, is determined as key audit matter due to the control risk to be ensured on processing adequacy heavy data.</p> <p>The Company only recognizes the revenue when it fulfills the obligation of performance through transferring the committed goods or services to its customers.</p>	<ul style="list-style-type: none"> - Evaluating the adequacy of Group's accounting policy on revenue recognition, - Evaluating the controls of the projections, implementations and process of management, - The internal controls which have been established by the management have been tested whether the revenue in the financial statements have been reflected in the correct period or not. - The process of revenue recognition was discussed with the process owners in the eye of the management, and the design, implementation and operation of the important controls regarding the process were evaluated. - Testing of important records between invoicing systems and trial balance, - Evaluation of compliance of the company's accounting policies with TFRS 15 "Revenue from Contracts with Customers" through selection of sales contracts by sampling model, - To examine through the sales documents received for the sales transactions selected by the sample when transfer of the control takes place. Thus, evaluate the appropriateness of the revenue to the accounting policies and the fact that it is recognized in the reporting period, - Analytical studies to determine the presence of unusual transactions,



Stocks and Stock Impairment	How to perform of matter in audit
<p>Inventories constitute a significant part of the total consolidated financial statements. However, the ever-changing fashion etc. reasons there is a risk that stocks may be impaired.</p> <p>Explanations regarding the accounting principles and amounts regarding the stocks in the financial statements are included in Footnotes 2 and 8.</p> <p>Therefore, the existence and cost of inventories, determination of inactive and / or slow moving stock items, and calculation of the provision for stock impairment were determined as a key audit matter.</p>	<p>Our audit procedures in this area include the followings:</p> <ul style="list-style-type: none"> - The availability of stocks, the suitability of the cost items and their net realizable values have been tested. - As of the balance sheet date, it has been observed whether the stocks are exist at the stock counts, whether there are stocks that have not moved or damaged for a long time. - The controls which established by the Group management regarding the suitability of the items constituting the cost of the inventories and the follow-up of the mentioned stocks were tested and also discussions were made regarding the risk of impairment of the stocks. - In the net realizable value calculation, profitability analyses were made on the basis of product categories and whether there was any impairment was evaluated. - The accounting policy regarding the calculation of the stock impairment provision has been understood and evaluated for its appropriateness. - The adequacy of the calculated impairment provision in the current period was evaluated by comparing with the impairment realized in the previous period.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Group's Board of Directors on March 9, 2021.
3. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The engagement partner who supervised and concluded on this independent auditor's report is ABDULKADİR SAYICI.

Istanbul, March 9, 2021

Aday Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
(A Member Firm of PKF International)



Abdulkadir SAYICI
Partner

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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2020
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Note	Audited	Audited	
		31 December 2020	31 December 2019	
CURRENT ASSETS				
Cash And Cash Equivalents	4	296.601.025	93.242.109	
Financial Investments	10	--	956	
Trade Receivables		143.805.713	164.532.189	
<i>Due From Related Parties</i>	3-5	6.972.476	5.157.935	
<i>Trade Receivables, Third Parties</i>	5	136.833.237	159.374.254	
Other Receivables		3.836.000	3.178.227	
<i>Due From Related Parties</i>	3-6	3.365.522	2.857.296	
<i>Other Receivables, Third Parties</i>	6	470.478	320.931	
Inventories	8	356.378.721	213.360.188	
Prepaid Expenses	9	43.577.979	22.211.343	
Other Current Assets	7	51.664.341	603.719	
TOTAL CURRENT ASSETS		895.863.779	497.128.731	
NON-CURRENT ASSETS				
Financial Investments	10	1.000	1.000	
Other Receivables		1.326.350	877.365	
<i>Due From Related Parties</i>	3-6	--	--	
<i>Other Receivables, Third Parties</i>	6	1.326.350	877.365	
Investment Properties	11	10.832.380	11.884.526	
Tangible Fixed Assets	12	340.106.407	314.864.823	
Right of Use Assets	12	97.998.950	61.855.196	
Intangible Fixed Assets	13	25.914.087	20.051.232	
Prepaid Expenses	9	16.902.373	11.260.995	
Deferred Tax Assets	30	27.373.141	16.389.931	
TOTAL NON-CURRENT ASSETS		520.454.688	437.185.068	
TOTAL ASSETS		1.416.318.467	934.313.799	

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2020
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

LIABILITIES	Note	Audited	Audited	
		31 December 2020	31 December 2019	
CURRENT LIABILITIES				
Financial Liabilities	14	23.813.945	86.056.393	
Short Term Portion Of Long Term Financial Liabilities	14	59.353.615	47.249.399	
Lease Payables	14	31.384.215	23.598.201	
Trade Payables		352.177.204	151.410.249	
<i>Due To Related Parties</i>	3-5	--	--	
<i>Trade Payables, Third Parties</i>	5	352.177.204	151.410.249	
Employee Benefit Obligations	15	20.006.979	15.845.640	
Other Payables		479.503	382.649	
<i>Due To Related Parties</i>	3-6	--	80.000	
<i>Other Payables, Third Parties</i>	6	479.503	302.649	
Deferred Income	16	72.351.734	44.275.974	
Current Income Tax Liabilities	30	19.575.446	--	
Provisions	17	1.045.672	1.856.484	
Other Current Liabilities	7	5.214.592	15.481.356	
TOTAL CURRENT LIABILITIES		585.402.905	386.156.345	
NON-CURRENT LIABILITIES				
Financial Liabilities	14	174.665.285	75.118.432	
Lease Payables	14	75.291.062	44.646.205	
Provisions		17.706.556	15.936.301	
<i>Provision For Employee Benefits</i>	18	17.706.556	15.936.301	
Deferred Tax Liabilities	30	33.593.594	22.832.632	
TOTAL NON-CURRENT LIABILITIES		301.256.497	158.533.570	
EQUITY				
Paid-In Capital	20	149.798.932	149.798.932	
Buy-Back Shares (-)	20	(25.429.007)	(15.962.307)	
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		76.285.320	74.859.446	
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	78.924.196	78.924.196	
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(2.638.876)	(4.064.750)	
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(1.647.046)	(1.199.625)	
<i>Currency Translation Differences</i>	20	(1.647.046)	(1.199.625)	
Restricted Reserves	20	39.064.441	24.996.383	
Retained Earnings	20	121.511.381	70.924.495	
Net Income For The Period		170.075.044	86.206.560	
EQUITY HOLDERS OF THE PARENT		529.659.065	389.623.884	
TOTAL LIABILITIES		1.416.318.467	934.313.799	

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 1 JANUARY-31 DECEMBER 2020 AND 2019**
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Audited 1 January- 31 December 2020	Audited 1 January- 31 December 2019
Revenue	21	1.748.056.658	1.166.946.159
Cost Of Sales (-)	22	(1.065.609.160)	(684.386.219)
Gross profit		682.447.498	482.559.940
General Administrative Expenses (-)	23	(60.738.176)	(56.641.775)
Marketing, Selling And Distribution Expenses (-)	23	(357.404.500)	(280.141.010)
Research And Development Expenses (-)	23	(6.666.819)	(6.367.149)
Other Income From Operating Activities	24	90.312.842	67.010.595
Other Expenses From Operating Activities	25	(93.545.059)	(53.454.985)
Operating Profit / Loss		254.405.786	152.965.616
Income From Investment Activities	26	1.921.599	1.869.254
Expenses From Investment Activities (-)	27	--	--
OPERATING INCOME BEFORE FINANCIAL INCOME		256.327.385	154.834.870
Financial Expenses (-)	29	(68.877.773)	(49.664.264)
Financial Income	28	30.656.270	6.926.742
PROFIT BEFORE TAX		218.105.882	112.097.348
Tax income/(expense)		(48.030.838)	(25.890.788)
Taxes On Income	30	(48.655.256)	(27.412.343)
Deferred Tax Income/(Expense)	30	624.418	1.521.555
		--	--
PERIOD PROFIT / LOSS		170.075.044	86.206.560
Earnings Per Share			
Earnings Per Share (Kr)	31	1,135356	0,575482
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense Not To Be Reclassified			
To Profit Or Loss		1.425.874	(1.359.335)
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	1.828.044	(1.699.169)
Tax Income/(Expense)		(402.170)	339.834
Deferred Tax (Expense) Income	30	(402.170)	339.834
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(447.421)	(371.088)
Currency Translation Differences		(447.421)	(371.088)
OTHER COMPREHENSIVE INCOME (LOSS)		978.453	(1.730.423)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		171.053.497	84.476.137

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY – 31 DECEMBER 2020 AND 2019
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss					
	Paid In Capital	Buy-Back Shares	Gains/ Losses On Revaluation And Remeasurement	Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income For The Period	Total Equity
	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)
Balance at 1 January 2019	149.798.932	(14.486.269)	78.924.196	(2.705.415)	(828.537)	19.459.242	1.502.178	75.639.181	307.303.508
Previous Period Tax Adjustments	--	--	--	--	--	--	(679.723)	--	(679.723)
Buy-Back Shares	--	(1.476.038)	--	--	--	1.476.038	(1.476.038)	--	(1.476.038)
Transfer From Retained Profit	--	--	--	--	--	4.061.103	71.578.078	(75.639.181)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	86.206.560	86.206.560
Other Comprehensive Income	--	--	--	(1.359.335)	(371.088)	--	--	--	(1.730.423)
Balance at 31 December 2019	149.798.932	(15.962.307)	78.924.196	(4.064.750)	(1.199.625)	24.996.383	70.924.495	86.206.560	389.623.884
Balance at 1 January 2020	149.798.932	(15.962.307)	78.924.196	(4.064.750)	(1.199.625)	24.996.383	70.924.495	86.206.560	389.623.884
Buy-Back Shares	--	(9.466.700)	--	--	--	9.466.700	(9.466.700)	--	(9.466.700)
Transfer From Retained Profit	--	--	--	--	--	4.601.358	81.605.202	(86.206.560)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	170.075.044	170.075.044
Other Comprehensive Income	--	--	--	1.425.874	(447.421)	--	--	--	978.453
Dividend Distribution	--	--	--	--	--	--	(21.551.616)	--	(21.551.616)
Balance at 31 December 2020	149.798.932	(25.429.007)	78.924.196	(2.638.876)	(1.647.046)	39.064.441	121.511.381	170.075.044	529.659.065

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED AT 1 JANUARY – 31 DECEMBER 2020 AND 2019
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

A. Cash Flow From Operating Activities :	Note	Audited	Audited
		1 January – 31 December 2020	1 January – 31 December 2019
Profit / (Loss) Of The Period		170.075.044	86.206.560
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	73.082.607	65.429.439
Adjustment To Interest Income (Expenses)		5.512.516	14.912.550
- Adjustment To Unearned Interest On Receivables	5-24	5.346.836	6.559.812
- Adjustment To Unearned Interest On Payables	5-25	(12.159.981)	(5.281.890)
- Adjustment To Interest Expenses	29	2.836.448	1.650.824
- Adjustments for Interest Expenses from Leases	29	12.217.543	11.983.804
- Adjustments for Interest Income	28	(2.728.330)	--
Adjustment To Provision		6.277.340	4.831.301
- Adjustments Related To Provision (Reversal) For Employee Benefits	18	3.598.299	3.153.174
- Adjustment To Provision For Lawsuits	17	2.679.041	1.678.127
Adjustment To Impairment		3.189.962	2.173.216
- Adjustment To Provision For Doubtful Receivables	5	804.526	1.562.764
- Adjustment for Inventory Impairment Cancellation	8	2.385.436	610.452
Other adjustments	20-26	(7.380.415)	--
Adjustment To Tax Income (Expenses)	30	48.030.838	25.890.788
		298.787.892	199.443.854
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	3-5	14.575.114	(57.876.423)
Changes In Other Receivables	3-6	(598.532)	(210.685)
Changes In Other Assets	7	(51.060.624)	248.534
Changes In Inventories	8	(145.403.969)	(62.426.382)
Changes In Prepaid Expenses	9	(27.008.014)	25.516.263
Changes In Trade Payables	5	212.926.938	31.368.255
Changes In Other Payables	6	96.854	236.954
Changes In Employee Benefit Liabilities	15	4.161.339	4.310.599
Changes In Other Liabilities	7	(13.756.617)	(3.988.707)
Changes In Deferred Income	16	28.075.760	30.560.858
Taxes Returns (Payments)	30	(29.079.810)	(28.092.066)
Interest Paid	29	15.863.401	17.817.803
Interest Received	28	(7.851.364)	(963.641)
Total		299.728.368	155.945.216
B. Cash Flow From Investing Activities			
Changes In Financial Investment	10	956	--
Cash Inflows From Sales Of Tangible And Intangible Assets		5.688.217	18.703.900
- Cash Inflows From Sales Of Tangible Assets	12	5.688.217	18.703.900
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets		(75.040.056)	(84.671.369)
- Cash Outflows From Purchases Of Intangible Assets	12	(63.327.847)	(78.544.927)
- Cash Outflows From Purchases Of Intangible Assets	13	(11.712.209)	(6.126.442)
Collections From Advances Given		(138.465)	(2.857.296)
- Collections From Related Parties	6	(138.465)	(2.857.296)
Dividend Distribution	20	(21.551.616)	--
Total		(91.040.964)	(68.824.765)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	268.050.049	220.529.695
Cash Outflows From Payables		(257.742.473)	(259.469.921)
- Cash Outflows Regarding Financial Borrowings Repayments	14	(221.409.401)	(220.299.432)
- Cash Outflows Related to From Leases	14	(36.333.072)	(39.170.489)
Cash Inflows / (Outflows) From Leasing Payments	14	(68.475)	(316.302)
Interest Paid	29	(15.863.401)	(17.817.803)
Interest Received	28	7.851.364	963.641
Cash Outflows Related To Buy-Back Shares	20	(9.466.700)	(1.476.038)
Total		(7.239.636)	(57.586.728)
Foreign Currency Translation Differences of Cash and Cash Equivalents Before Effect of			
Net Increase / Decrease (A + B + C)		201.447.768	29.533.723
D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	20	(447.421)	(371.088)
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		201.000.347	29.162.635
E. Beginning Of The Period Cash And Cash Equivalents	4	93.242.109	64.079.474
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	294.242.456	93.242.109

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

(Currency - Turkish Lira unless expressed otherwise.)

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

NOTE 1 – ORGANIZATION OF THE GROUP

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi (“Parent Company”) and its subsidiaries are referred as “Group” on the notes to the consolidated financial statements.

The summarized information of entities which are consolidated with “complete consolidation method” is comprised of the following;

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi

Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş. (“Company”) was established in 1987. The Company’s engaged in the production of bed, furniture, quilt, armchair, sofa, home textile and home furniture. The Company acquired and merged with İstanbul Pazarlama Yatak ve Yorgan Sanayi Ticaret A.Ş (“Yataş İstanbul Pazarlama A.Ş.”) on 28 February 2011. The Company established ‘Yatas Europe GMBH’ On 10.07.2015 as owner of 100% shares. Therefore the Company began to prepare its consolidated financial statements in complete consolidation method.

For the period ended at 31 December 2020, 2.876 personnel are employed at the Company (31 December 2019: 2.232).

Company registered on the Kayseri Chamber of Industry with the number of 14222 and its legal address Organize Sanayi Bölgesi 18. Cadde No:6 Melikgazi / Kayseri. The Company’s operating activities located on the Turkey. The Company has 79 stores located on Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1996.

Company’s shareholding structure is mentioned in Note 20.

Yatas Europe GMBH

Yatas Europe Gmbh (“Yatas Europe”) was established in 10.07.2015 in Germany. The Company’s engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture.

For the period ended at 31 December 2020, 8 personnel are employed by the Company (31 December 2019: 5 Personnel). Yatas Europe’s shareholding structure as of 31 December 2020 in EUR are as following;

Shareholders	31 December 2020		31 December 2019	
	Share Percentage	Share Amount (EUR)	Share Percentage	Share Amount (EUR)
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	100.000	%100.00	100.000
Total	%100.00	100.000	%100.00	100.000

Yatas Rus Ltd.

Yatas Rus Limidet Şirketi (“Yatas Rus”), was established in 03.07.2019 in Russia. The Company’s engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 31 December 2020, 7 personnel are employed by the Yatas Rus. Yatas Rus’s shareholding structure as of (31 December 2019: 4 Personnel).

31 December 2020 in RUBLE is as following;

Shareholders	31 December 2020		31 December 2019	
	Share Percentage	Share Amount (RUB)	Share Percentage	Share Amount (RUB)
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	3.500.000	%100.00	3.500.000
Total	%100.00	3.500.000	%100.00	3.500.000

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EnzaHome International Inc.

EnzaHome International Inc. ("EnzaHome"), was established in 21.02.2020 in ABD. The Company's engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 31 December 2020, 2 personnel are employed by the EnzaHome. EnzaHome's shareholding structure as of.

31 December 2020 in USD is as following;

Shareholders	31 December 2020	
	Share Percentage	Share Amount (USD)
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	50.000
Total	%100.00	50.000

NOTE 2 – BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compatibility Statement

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TFRS contains Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations. The consolidated financial statements of the Group are prepared as per the CMB announcement of 15 April 2019 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

The Company maintains its 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. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset/liabilities and land, buildings presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Approval of Consolidated Financial Statements

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on November 9, 2020. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

Financial Statements Correction in High Inflation Period

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

Currency

The financial statements and the prior period financial statements for comparison purpose, in the accompanying statements are prepared in terms of Turkish Lira (TRY).

Subsidiaries Operating in Countries Other Than Turkey's Financial Statements

Financial statements of subsidiaries, operating in countries other than Turkey, are prepared properly according to their laws and to regulations and are adjusted Turkish Accounting Standards and Turkish Financial Reporting Standards for the purpose of fair presentation by the Public Oversight Accounting and Audited Standards Authority. The related Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Foreign exchange differences arising from the use of the average and balance sheet date rates are included in the "currency translation difference" under the shareholders' equity.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Basis of Consolidation

The companies are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company. Parent Company has controlling rights if it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The companies which have continuous relationship on management and power to govern Parent Company's policies and/or which have direct or indirect capital and management relationship or which have voting share of Parent Company between the rates 20-50% are accounted by using equity pick-up method.

Complete Consolidation Method

The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.

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- The minority part of shareholders' equity including paid capital of the companies subject to consolidation is classified as "Minority Interest" in accompanying financial statement.

The portion of the third parties other than consolidated companies in the net profit or losses of the subsidiaries are classified as "Minority Interest" in the income statements. The 100% shares of the subsidiary is owned by the Parent Company therefore minority interest is not occurred.

As of 31 December 2020 and 31 December 2019 the Company that are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company are as below;

	Ownership of the Parent Company	Minority Interest
Subsidiaries	(Direct)	(Direct+ Indirect)
Yatas Europe GmbH	100.00%	100.00%
Yatas Rus Limidet	100.00%	100.00%
EnzaHome International Inc.	100.00%	100.00%

2.b. New and Revised Turkish Financial Reporting Standards

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

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

Amendments to TFRS 3 Definition of a Business

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

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 Definition of Material

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

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

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

Amendments to TFRS 16 COVID-19 Related Rent Concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2020 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2020 and increased lease payments that extend beyond 30 June 2020); and
- there are no substantive changes to other terms and conditions of the lease.

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

Amendments to References to the Conceptual Framework in TFRS

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

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

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

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

2.c. Changes in Accounting Policies

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.

2.d. Changes in Accounting Estimates and Errors

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements. Changes in accounting estimates and errors explained in title of "Comparative Information and Previous Periods Financial Statements Adjustments".

Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Group's current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

2.e. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

Financial Instruments

Classification and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase.

"Financial assets measured at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents" and "trade receivables". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

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“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

Financial assets	Classification under TAS 39	Classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Financial investments	Fair value through profit or loss	Fair value through profit or loss

Financial liabilities	Classification under TAS 39	Classification under TFRS 9
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Impairment

“Expected credit loss model” defined in TFRS 9 “Financial Instruments” superseded the “incurred credit loss model” in TAS 39 “Financial Instruments: Recognition and Measurement” which was effective prior to 1 January 2019. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

Trade Receivables

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Buy-Back Shares

The buy back shares are reflected in the “Buy-Back Shares disclosure” account under shareholders’ equity in the Consolidated Financial Statements in accordance with the II-22.1 of the CMB’s Communiqué on “Acquisition of Buy Back Shares”. In addition, the shares are classified in “Restricted reserves” in accordance with the related communiqué.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. For the periods ended there is no capitalized borrowing cost.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the "weighted average" method. Cost elements included in inventories are materials, labor and factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

Tangible Fixed Assets and Amortisations

Tangible fixed assets except lands, buildings are carried at cost, restated by deduction of the yearly accumulated depreciation. Land and buildings are valued with their fair values. Borrowing costs are recognized in accordance with TAS-23 as an element of the book value of assets that are manufactured by the entity. Entities may subject their tangible assets to revaluation. Depreciation is calculated on a straight-line basis over the adjusted amounts and at the rates that reflect the economic useful lives of the following assets Land is considered as limitless useful life, so it is not subject to depreciation. Expected useful life, residual value and amortization method are reviewed for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates.

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

	<u>Useful Life</u>
Buildigs	25-50 years
Land improvements	8-25 years
Property, plant and equipment	5-14 years
Motor vehicles	4-10 years
Furniture, fixtures and office equipment	5-25 years
Leasehold improvements	Rental Period - 5-10 years

Property, plant and equipment are reviewed for possible impairment and the carrying value of the tangible asset is reduced to its recoverable amount if the recoverable amount is greater than its recoverable amount. The recoverable amount is recognized as the higher of net cash flows from the current use of the property, plant and equipment and net selling price.

Appraisal reports containing fair value of property, plant and equipment held for sale is not obtained, Therefore method of deducting selling prices from fair value has not been applied. Property, plant and equipment held for sale are stated at cost in the financial statements.

Intangible Fixed Assets

Intangible fixed assets comprise of rights and they are recorded at acquisition cost. Intangible fixed assets are amortized on a straight-line method with prorate basis over period of between 3-10 years from the date of acquisition.

Investment Property

Investment properties, which are properties, held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal

TFRS 16 Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The Group applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option..

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of TFRS 16 and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss.

Impairment of Assets

The Group evaluates whether there is an indicator for the decrease in value related to the asset for the rest of every assets of financial assets which are shown with the deferred tax and fair value, or not, at the every financial statement date. If there is an indicator, the regain amount of this asset is estimated. Impairment occurred if the topic assets or the net book value of unit which is belong to assets that produce cash is higher than the regain amount which was gained with the help of using or sale. In the related period, impairment lost is accounted in the income statement. Impairment loss of assets is reversed in the manner of not passing the amount of impairment which was saved before, in the situation of association an amount which was occur at the period which is following registration of impairment with the following increase in regain amount of this assets.

Severance Pay Provision / Employee Benefits

- **Severance Pay**

Under Turkish Labor Law, Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies.

The Group has reflected the severance pay liability calculated on the balance sheet date on the financial statements using the expected inflation rate and the real discount rate based on the principles stated above for the financial statements as of 31 December 2020.

The Group has calculated severance pay liability on the financial statements in the accompanying consolidated financial statements using the "Projection Method" based on the experience gained over the past years by the Group in completing the personnel service period and entitlement to termination indemnity and discounting it with the government treasury rate at the balance sheet date. All calculated gains and losses are reflected in the income table.

- **Social Insurance Premium**

Group pays social security contribution to social security organization compulsorily. So long as Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Fair value estimation:

The Group's various accounting policies and footnote disclosures require fair value for both financial and non-financial assets and liabilities. The fair values are determined by the following methods for valuation and / or disclosure purposes. Where feasible, the assumptions used in the determination of fair value are presented in the footnotes related to the asset or liability as additional information. Level-by-level valuation methods are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Tax

In the accompanying Consolidated Financial Statements, the tax consists of corporate tax provision and deferred tax. The corporation tax that will arise from the results of the period's operations have set aside a provision for the income tax liabilities at the statutory tax rates that are valid at the balance sheet date.

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

Revenue recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers Standard" effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the goods or perform services, are determined as separate performance obligations

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group's collection right of the consideration for the goods or services,
- b) customer's ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer's ownership of significant risks and rewards related to the goods or services,
- e) customer's acceptance of goods or services.

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If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest income

Interest income is accrued in proportion as effective interest rate which reduces estimated cash addition to recorded value of the asset in corresponding period.

Dividend and other incomes

Dividend income which obtained from share investments, is recorded when shareholders' have the right to get dividend.

Other incomes are recorded with the possibility of having the worth giving service or accrual of the facts related with income, making the transfer of risk and benefit, determination of income amount and enrollment of economic benefits related with the procedure.

Accounting Estimates

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Public Oversight Accounting and Auditing Standards Authority. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements. Comments those would have significant effect on balances reflected in the financial statements and important expectations and valuations considering present or future expectation as of report date, are as following.

Provision for inventories

Inventories are valued at the lower of cost or net realizable value. The Group management has determined that some of its inventories cost value are higher than the their net realizable value as of the balance sheet date. Management of the company has estimated the future cash flow amounts, replacement costs and the sales prices may be generated in the ordinary business activity from the sale of inventories in the calculation of the impairment.

Provision for doubtful receivables

Provision for doubtful receivables reflects the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is presented in Note 5.

Useful lifetime of tangible and intangible assets

Group reserves provision for depreciation regarding to footnote 2.d that refers to useful lifetime on fixed assets. Information about useful lifetime is described in footnote 2.d.

Provision for lawsuits

While setting provision for lawsuits, it has considered probability to lose lawsuit, then the consequences of loosing case by the legal advisor of the Group. Details of the lawsuits provisions are in Note 19 based on the estimation by utilizing information given by Group Management.

Severance pay provision

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Severance pay provision is calculated with actuarial expectation based on assumptions like discount rates, salary increase in the future and probability to quit the job. This planning covers long term concerns. Hence assumptions involve vital uncertainty. Provisions for employee benefits are given in detail in Note 18.

Deferred Tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with IFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and IFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances.

The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the revaluation, as of 31 December 2020, temporary differences due to tax incentives can be foreseen and the fraction falls in continuity of tax incentives within the context of tax legislations, can be benefited from and is to be tax assets and accounted. As of balance sheet date, the details regarding deferred tax calculations are stated in Note 30.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognized when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities and Assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of the Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Foreign Currency Assets and Liabilities

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements.

USD, EUR, GBP and RUB are used at the end of the period as follows:

	31 December 2020	31 December 2019
USD	7,3405	5,9402
EUR	9,0079	6,6506
RUB	0,0984	0,0955
GBP	9,9438	7,7765

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of Group and taking position according to approved limits

Earnings Per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making distribution of "bonus shares" to existing shareholders from inflation adjustment difference in shareholder's equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "bonus shares" issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Other Balance Sheet Items

Other balance sheet items are mainly reflected at book value.

Cash Flow Statement

The Group prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of Group's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the company. Cash flows related to financing activities comprise of funds used in financing activities of the Group and their repayments. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value.

Post Balance Sheet Events

In the case that events requiring a correction to be made occur subsequent, the Group makes the necessary corrections to the consolidated financial statements. In the case that events not requiring a correction to be made occur subsequent, those events are disclosed in the notes of consolidated financial statements (Note 35).

Reporting of Financial Information by Segments

The Group does not have an activity area to report activity according to the departments.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Group's Board of Directors and their families. In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms:

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Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi (in liquidation)

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi (in liquidation) was established in 1976 in Kayseri. The Company engaged in trade of polyurethane foam and quilt bed quilts and so on. The company have gone to into liquidation since march 2019.

NOTE 3- RELATED PARTY TRANSACTIONS

	31 December 2020		31 December 2019	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	6.972.476	--	5.157.935	--
Other Receivables (Note 6)				
Receivables from Shareholders	--	3.365.522	--	2.857.296
Total	6.972.476	3.365.522	5.157.935	2.857.296
	31 December 2020		31 December 2019	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Other Payables (Note 6)				
Payables to Shareholders	--	--	--	80.000
Total	--	--	--	80.000

Sales to and / or income from related parties:

	1 January – 31 December 2020	
	Goods and Services	Sales Interest income
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	2.824.194	--
Shareholders		369.761
Total	2.824.194	369.761

	1 January – 31 December 2019	
	Goods and Services	Sales Interest income
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	9.429.743	--
Shareholders		405.356
Total	9.429.743	405.356

Purchases and / or expenses from related parties:

	1 January – 31 December 2020	
	Goods and Services	Purchases Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)		36.068 1.006.780
Yavuz Altop		-- 817.978
Yılmaz Öztaşkın		-- 817.978
Other Shareholders		-- 1.635.957
Total		36.068 4.278.693

	1 January – 31 December 2019	
	Goods and Services	Purchases Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)		801.415 874.576
Yavuz Altop		-- 893.222
Yılmaz Öztaşkın		-- 893.222
Other Shareholders		-- 1.786.443
Total		801.415 4.447.463

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The total amount of benefits provided to the senior management such as the chairman and members of the board of directors, general manager, general coordinator and general manager of the Group for the period ended 31 December 2020 is TRY 23.093.515 (31 December 2019: TRY 22.848.450).

4 - CASH AND CASH EQUIVALENTS

As of 31 December 2020 and 31 December 2019, the details of cash and cash equivalents are as follows:

	31 December 2020	31 December 2019
Cash	103.752	121.825
Banks	284.419.854	39.041.481
<i>Demand deposits</i>	189.179.481	39.041.481
<i>Time deposits</i>	95.240.373	--
Liquid funds ⁽¹⁾	9.718.850	54.078.803
Cash and cash equivalents in the cash flow statement	294.242.456	93.242.109
Interest income accrual	2.358.569	--
Total	296.601.025	93.242.109

⁽¹⁾ Liquid funds consist of receivables arising from credit card sales.

5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	31 December 2020	31 December 2019
Trade Receivables	117.240.688	138.991.783
- <i>Trade Receivables from related parties (note 3)</i>	6.972.476	4.947.935
- <i>Other trade Receivables</i>	110.268.212	134.043.848
Notes Receivables	29.533.946	28.237.850
- <i>Notes receivables from related parties (note 3)</i>	--	210.000
- <i>Other notes Receivables</i>	29.533.946	28.027.850
Unearned Interest (-)	(2.968.921)	(2.697.444)
Doubtful trade receivables	17.319.595	16.515.069
Provision for doubtful trade receivables (-)	(17.319.595)	(16.515.069)
Total	143.805.713	164.532.189

The maturity schedule of receivables are as follows:

	31 December 2020	31 December 2019
Overdue	--	130.000
Up to 3 months	115.245.690	139.731.264
3 to 12 months	31.528.944	27.368.369
Total	146.774.634	167.229.633

The maturity schedule of overdue receivables are as follows:

	31 December 2020	31 December 2019
0 to 3 months	--	130.000
Total	--	130.000

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The movement schedule of provision for doubtful trade receivables is as follows:

	31 December 2020	31 December 2019
Opening balance	16.515.069	14.952.305
Additional provisions in the period	900.739	1.930.097
Cancellation of provision in period (-)	(96.213)	(367.333)
Total (End of the period)	17.319.595	16.515.069

Trade Payables

Short Term Trade Payables

	31 December 2020	31 December 2019
Trade payables	184.994.077	110.683.132
Notes payables	176.645.664	43.105.032
Unearned interest (-)	(9.462.537)	(2.377.915)
Total	352.177.204	151.410.249

Long Term Trade Payables

None.

As of 31 December 2020 and 31 December 2019 maturity schedule of payables are as follows:

	31 December 2020	31 December 2019
Overdue	91.000	91.000
Up to 3 months	327.220.610	144.343.616
3 to 12 months	34.328.131	9.353.548
Total	361.639.741	153.788.164

The maturity schedule of overdue payables are as follows:

	31 December 2020	31 December 2019
0 to 3 months	--	91.000
1 to 5 years	91.000	--
Total	91.000	91.000

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	31 December 2020	31 December 2019
Receivables from related parties (note 3)	3.365.522	2.857.296
Receivables from personnel	382.954	233.107
Doubtful other receivables	4.357.168	1.678.127
Provision for doubtful other receivables (-)	(4.357.168)	(1.678.127)
Other	87.524	87.824
Total	3.836.000	3.178.227

Long Term Other Receivables

	31 December 2020	31 December 2019
Deposits and guarantees given	1.326.350	877.365
Total	1.326.350	877.365

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The movement schedule of provision for doubtful other receivables is as follows:

	31 December 2020	31 December 2019
Opening balance	1.678.127	--
Additional provisions in the period	2.679.041	1.678.127
Cancellation of provision in period (-)	--	--
Total (End of the period)	4.357.168	1.678.127

Short Term Other Payables

	31 December 2020	31 December 2019
Other payables to related parties (note 3)	--	80.000
Deposits and guarantees received	212.208	171.726
Other sundry payables	267.295	130.923
Total	479.503	382.649

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2020	31 December 2019
VAT carried forward	48.452.090	49.607
Receivables from tax office	423.446	554.112
Other	2.788.805	--
Total	51.664.341	603.719

Other Current Liabilities

	31 December 2020	31 December 2019
Taxes and dues payable	4.288.269	12.867.267
Overdue or deferred taxes and dues payable	168.183	2.229.274
Other liabilities	758.140	384.815
Total	5.214.592	15.481.356

8 – INVENTORIES

	31 December 2020	31 December 2019
Raw materials	72.859.416	20.067.146
Work in process	9.876.106	8.271.824
Finished goods	255.826.162	164.113.728
Merchandises	14.170.055	19.046.589
Other inventories ⁽¹⁾	3.646.982	1.860.901
Total	356.378.721	213.360.188

⁽¹⁾ Other inventories consist of goods on transit.

The related inventory items are reported net by deducting the their provisions for impairment. As of 31 December 2020, there is insurance coverage amounting to 277.301.000 TRY on inventories (31 December 2019: 170.835.000)

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9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	31 December 2020	31 December 2019
Order advances given	41.468.818	17.566.679
Prepaid expenses	1.660.503	3.691.421
Advances given for business purposes	64.668	188.630
Advances given to personnel	383.990	764.613
Total	43.577.979	22.211.343

Long-Term Prepaid Expenses

	31 December 2020	31 December 2019
Prepaid expenses	16.902.373	11.260.995
Total	16.902.373	11.260.995

10 – FINANCIAL INVESTMENTS

The fair values of financial investments are classified as follows due to the data used to determine the levels. As of 31 December 2020 and 31 December 2019 financial investments is as following;

Short term financial investments

	31 December 2020	31 December 2019
Alternatif Menkul Kıymetler (ALFN2)	--	956
Total	--	956

As at 31 December 2020, short-term financial assets are reflected to the financial statements at their fair value.

Long term financial investments (Available-for-sale financial assets)

	31 December 2020	31 December 2019		
	(%)	TRY	(%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
Total	1.000	1.000		

The fair values of financial investments are classified as follows due to the data used to determine the levels.

31 December 2020	Level 1	Level 2	Level 3
Funds	--	--	--
Kay-Ser A.Ş.	--	--	1.000

31 December 2019	Level 1	Level 2	Level 3
Funds	956	--	--
Kay-Ser A.Ş.	--	--	1.000

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11 –INVESTMENT PROPERTIES

Cost	Lands	Buildings	Total
1 January 2019	6.715.872	5.317.317	12.033.189
Addition	--	290.000	290.000
Disposals	--	--	--
31 December 2019	6.715.872	5.607.317	12.323.189
Addition	--	--	--
Disposals	--	(1.000.000)	(1.000.000)
31 December 2020	6.715.872	4.607.317	11.323.189
Accumulated depreciation			
1 January 2019	--	328.933	328.933
Charge for the period		109.730	109.730
31 December 2019	--	438.663	438.663
Charge for the period	--	105.480	105.480
Disposals	--	(53.334)	(53.334)
31 December 2020	--	490.809	490.809
Net book value, 31 December 2019	6.715.872	5.168.654	11.884.526
Net book value, 31 December 2020	6.715.872	4.116.508	10.832.380

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12-1 TANGIBLE FIXED ASSETS

Cost	Land		Plants, machinery and equipment			Fixtures and fittings	Leasehold improvements	Construction in progress	Total
	Lands	improvements	Buildings	Vehicles					
1 January 2019	54.437.517	104.080	106.531.480	108.508.165	6.280.236	62.659.089	54.016.394	10.746.638	403.283.599
Addition	--	--	14.176.261	24.060.861	248.149	15.465.719	16.752.442	7.841.495	78.544.927
Disposals	--	--	--	(1.117.628)	(540.922)	(475.533)	(163.518)	(18.246.202)	(20.543.803)
31 December 2019	54.437.517	104.080	120.707.741	131.451.398	5.987.463	77.649.275	70.605.318	341.931	461.284.723
Addition	133.525	454.537	6.566.547	18.382.744	1.524.666	17.691.261	14.597.624	3.976.942	63.327.846
Disposals	--	--	--	(350.281)	(317.836)	(809.037)	(881.397)	(3.850.746)	(6.209.297)
31 December 2020	54.571.042	558.617	127.274.288	149.483.861	7.194.293	94.531.499	84.321.545	468.127	518.403.272
Accumulated depreciation									
1 January 2019	--	72.621	12.569.986	39.407.058	3.048.323	29.734.301	35.348.676	--	120.180.965
Charge for the period	--	3.213	2.305.298	9.092.155	758.027	7.236.837	8.393.307	--	27.788.837
Disposals	--	--	--	(930.547)	(340.087)	(257.968)	(21.300)	--	(1.549.902)
31 December 2019	--	75.834	14.875.284	47.568.666	3.466.263	36.713.170	43.720.683	--	146.419.900
Charge for the period	--	20.190	2.512.974	10.242.296	850.130	10.060.844	9.658.278	--	33.344.712
Disposals	--	--	--	(188.742)	(148.977)	(433.626)	(696.402)	--	(1.467.747)
31 December 2020	--	96.024	17.388.258	57.622.220	4.167.416	46.340.388	52.682.559	--	178.296.865
Net book value, 31 December 2019	54.437.517	28.246	105.832.457	83.882.732	2.521.200	40.936.105	26.884.635	341.931	314.864.823
Net book value, 31 December 2020	54.571.042	462.593	109.886.030	91.861.641	3.026.877	48.191.111	31.638.986	468.127	340.106.407

As of 31 December 2020 there is insurance amounting to TRY 678.005.835 on property, plant and equipment. The liability amounts for fixed assets are mentioned in Note 19.

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12-2 RIGHT OF USE ASSETS

The Group has adopted the TFRS 16 "Leases" as at 1 January 2019 for the first time. Right of use assets and receivables from subleases are measured at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments for lease liabilities which had previously been classified as "operating leases" under the principles of TAS 17 in the condensed consolidated financial statements.

The movement table of the right of use assets as of 31 December 2020 is as follows:

	Vehicles	Buildings	Total
1 January 2019 balance	66.981	66.548.891	66.615.872
Additions	8.568.373	20.246.846	28.815.219
Disposals	--	--	--
31 December 2019 balance	8.635.354	86.795.737	95.431.091
Additions	--	69.926.815	69.926.815
Disposals	--	--	--
31 December 2020	8.635.354	156.722.552	165.357.906

Accumulated depreciation

1 January 2019 balance	--	--	--
Charge for the period	2.556.162	31.019.733	33.575.895
Disposals	--	--	--
31 December 2019 balance	2.556.162	31.019.733	33.575.895
Charge for the period	2.339.658	31.443.403	33.783.061
Disposals	--	--	--
31 December 2020	4.895.820	62.463.136	67.358.956
Net book value of 31 December 2019	6.079.192	55.776.004	61.855.196
Net book value of 31 December 2020	3.739.534	94.259.416	97.998.950

13 - INTANGIBLE FIXED ASSETS

Cost	Active						Total
	Patents	Trademarks	Licences	Computer Software	Development Costs	Other Rights	
1 January 2019	5.437.566	10.314.517	4.710.061	3.273.452	--	1.863.072	25.598.668
Addition	5.346.418	333.254	144.095	290.573	--	12.100	6.126.440
Disposals	--	--	--	--	--	--	--
31 December 2019	10.783.984	10.647.771	4.854.156	3.564.025	--	1.875.172	31.725.108
Addition	6.186.794	436.028	2.033.253	1.440.627	1.591.123	25.610	11.713.435
Disposals	--	--	--	(1.522)	--	--	(1.522)
31 December 2020	16.970.778	11.083.799	6.887.409	5.003.130	1.591.123	1.900.782	43.437.021

Accumulated depreciation

1 January 2019	1.701.749	114.153	2.633.593	1.461.293	--	1.808.111	7.718.899
Charge for the period	2.841.015	69.440	562.585	456.763	--	25.174	3.954.977
Disposals	--	--	--	--	--	--	--
31 December 2019	4.542.764	183.593	3.196.178	1.918.056	--	1.833.285	11.673.876
Charge for the period	4.597.321	86.650	454.301	693.898	1.620	15.564	5.849.354
Disposals	--	--	--	(296)	--	--	(296)
31 December 2020	9.140.085	270.243	3.650.479	2.611.658	1.620	1.848.849	17.522.934
Net book value, 31 December 2019	6.241.220	10.464.178	1.657.978	1.645.969	--	41.887	20.051.232
Net book value, 31 December 2020	7.830.693	10.813.556	3.236.930	2.391.472	1.589.503	51.933	25.914.087

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The distribution of depreciation expenses is as follows:

	31 December 2020	31 December 2019
Tangible fixed assets	33.344.712	27.788.837
Investment properties	105.480	109.730
Intangible fixed assets	5.849.354	3.954.977
Right of use assets	33.783.061	33.575.895
Total	73.082.607	65.429.439

14 - FINANCIAL BORROWINGS

As of 31 December 2020 and 31 December 2019 the details of short term financial borrowings are as follows:

Short Term Financial Borrowings

	31 December 2020	31 December 2019
Turkish Lira financial borrowings	4.548.204	33.481.451
Foreign currency financial borrowings	19.265.741	52.574.942
Lease payables	31.384.215	23.598.201
Total	55.198.160	109.654.594

Current Installments of Long-Term Financial Liabilities

	31 December 2020	31 December 2019
Current installment of long term Turkish Lira financial borrowings	30.816.807	21.607.623
Current installment of long term foreign currency financial borrowings	28.536.808	25.641.776
Total	59.353.615	47.249.399

Long Term Financial Borrowings

	31 December 2020	31 December 2019
Turkish lira financial borrowings	99.035.871	17.165.942
Foreign currency financial borrowings lease payables	75.629.414	57.952.490
Lease payables	75.291.062	44.646.205
Total	249.956.347	119.764.637

As of December 31, 2020, the interest rates average of financial liabilities are 3,42 % in EUR and 14,56 % in TRY (31 December 2019: EUR – 2,29 %, TRY – 21,75 %).

Liabilities given for bank borrowings are mentioned in note 19.

Maturity schedule of banks borrowings are as follows:

	31 December 2020	31 December 2019
Up to 3 months	49.535.170	69.256.312
3 to 12 months	65.016.605	87.647.681
1 to 5 years	235.922.561	110.323.338
Over 5 years	14.033.786	9.441.299
Total	364.508.122	276.668.630

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15 – EMPLOYEE BENEFIT LIABILITIES

	31 December 2020	31 December 2019
Due to personnel	12.254.526	9.180.228
Social security and Taxes and dues payable	7.752.453	6.665.412
Total	20.006.979	15.845.640

16 – DEFERRED INCOME

	31 December 2020	31 December 2019
Advances received	72.351.734	44.275.974
Total	72.351.734	44.275.974

17 – PROVISIONS

	31 December 2020	31 December 2019
Expense accruals	358.786	166.492
Provisions for litigation	686.886	1.689.992
Total	1.045.672	1.856.484

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2020	31 December 2019
Provision for severance pay	17.706.556	15.936.301
Total	17.706.556	15.936.301

The movement of the provision for employee benefits is as follows;

	31 December 2020	31 December 2019
Balance at the beginning	15.936.301	11.083.958
Cost of services	2.174.787	1.960.633
Interest cost	1.928.868	2.295.606
Actuarial profit / (loss)	(1.828.044)	1.699.169
Severance pay paid in the period	(505.356)	(1.103.065)
Total	17.706.556	15.936.301

19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

	31 December 2020	31 December 2019
Opening balance	1.689.992	2.765.120
Provisions reversed during the period	(1.003.106)	(1.075.128)
Provisions within period	--	--
Closing balance	686.886	1.689.992

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Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	31 December 2020	31 December 2019
A. Total Amount of GSM Given on Behalf of Legal Entity	332.859.319	343.378.570
B. Total Amount of GSM Given for Partnerships which are Included in Full Consolidation	--	--
C. Total Amount of GSM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	--	--
D. Total Amount of Other GSM Given	--	--
i. Total Amount of GSM Given for the Parent Company	--	--
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	--	--
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	--	--
Total	332.859.319	343.378.570

Letters of guarantee - As of December 31, 2020, the Group has given letters of guarantee amounting to TRY 75.766.264 to the suppliers and other corporations. The details of the letters of guarantee are as below:

	Foreign currency	Amount	FX Rate	TRY equivalent
Electricity Distribution Companies	TRY	833.160	1,0000	833.160
Executive Directorate	TRY	6.794.322	1,0000	6.794.322
Customs Directorate	TRY	94.796	1,0000	94.796
Gas Distribution Companies	TRY	133.000	1,0000	133.000
Private Sector	TRY	2.916.437	1,0000	2.916.437
Private Sector	EUR	412.799	9,0079	3.718.450
Private Sector	USD	193.018	7,3405	1.416.848
Export Credit Bank of Turkey	EUR	6.534.350	9,0079	58.860.771
Government Supplies Office	TRY	200.000	1,0000	200.000
Disaster and Emergency Situation of Ministry of Interior	TRY	798.480	1,0000	798.480
Total				75.766.264

	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Foreign currency		TRY equivalent	
Bills given (EUR)	2.850.000	4.690.000	25.672.515	31.191.314
Total	2.850.000	4.690.000	25.672.515	31.191.314

As at 31 December 2020, mortgages on various tangible assets of the Group amounting to 231.420.540 TRY (31 December 2019: TRY 255.963.700).

Contingent Asset

	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Foreign currency		TRY equivalent	
Letters of Guarantee (TRY)	144.370.302	85.462.000	144.370.302	85.462.000
Letters of Guarantee (USD)	4.170.000	4.075.000	30.609.884	24.206.315
Letters of Guarantee (EUR)	1.305.000	805.000	11.755.310	5.353.733
Mortgages	111.382.500	96.692.500	111.382.500	96.692.500
Mortgages (Abroad)	2.545.000	2.715.000	17.286.663	14.200.965
Total			315.404.659	225.915.513

20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 150.000.000 (31 December 2019: TRY 150.000.000).

In accordance with the decision of the Board of Directors dated 27.03.2019 the Company increased TRY 95.988.292 to TRY 149.798.933 in order to be covered by the paid capital ceiling.

Paid-in capital of the parent company each 1 TRY. of the total shares of the Company with a nominall amount of TRY 149.798.932 (31 December 2019: TRY 149.798.932).

The shareholding structure of the parent company as of 31 December 2020 and 31 December 2019 is as follows;

	31 December 2020		31 December 2019	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkin	12.427.403	8,30%	12.427.403	8,30%
Yılmaz Öztaşkin	10.940.192	7,30%	10.940.192	7,30%
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	8.467.847	5,65%	8.467.847	5,65%
Other ⁽¹⁾	117.963.490	78,75%	117.963.490	78,75%
Total	149.798.932		149.798.932	

⁽¹⁾ Includes nominal repurchase shares amounting to TRY 5.343.356 at the rate of 3,57 % stated.

20.2 Previous Years Profits, Restricted Reserves, Fair Value Reserves and Other Capital Reserves

BIST Companies (Public Quoted Companies on Turkish Capital Market Board) distribute dividends according to the Communiqué No: II-19.1 on the dividend distribution effective from 01 February 2014 of the CMB. The arrangements and explanations in the Dividend Communiqué are summarized below.

The profit distribution will be distributed again with the decision of the General Assembly within the framework of the Dividend Distribution Policy to be determined by the General Assembly. While partnerships determine profit distribution policies, they will also decide whether to distribute dividends. In this framework, profit distribution is in principle an elderly person. The SPK will be able to set different principles for profit distribution policies according to the qualifications of the companies.

In the profit distribution policies of the partnership:

- Whether the profit is not to be distributed and distributed,
- Profit share ratios and the account to be applied to these ratios,
- Payment methods and time,
- Whether the dividend will be distributed as cash or bonus shares (for companies traded on the stock exchange)
- There are issues to be distributed and not to distribute profit share advance.

The upper limit of the profit share to be distributed is the distributable amount of the relevant profit distribution resources included in the statutory records. The dividend is distributed equally to all of the existing shares as a rule at the date of distribution. The acquisition and export dates of the shares are not taken into account. It can not be decided to allocate another reserves and to transfer the profit to the next year unless reserve is made in accordance with the Turkish Commercial Law and the dividend foreseen for the shareholders in the articles of association and profit distribution policy.

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On condition that whether it is in the Articles of incorporation, dividends distributable to privileged shareholders or non-beneficial owner of the shares, members of the board of directors, employees. However, dividends can not be distributed to usufruct shareholders, members of the board of directors, employees and other people without paying cash dividends determined for shareholders. In principle, the Communiqué presumes that the amount to be distributed may be up to 1/4 of the profit share distributed to the shareholders, unless a determination is made in the main agreement regarding the amount of the dividends to be paid to the listed persons, except for the preferential shares. If the dividend is to be distributed to people outside the shareholder and payment by installments is in question, the installment amounts shall be paid according to the installments to be paid to the shareholders and according to the same principles.

The new Capital Markets Law and the new Communiqué provide the opportunity for donations from partnerships. However, it is sought to make provision in the substantive contracts. The CMB will be able to set an upper limit, as the amount of donations can be determined by the general assemblies.

Companies whose shares are quoted in the stock exchange:

- Proposal of board of directors for dividend distribution
- Or the decision of the board of directors on the distribution of dividends
- Dividend distribution table or profit share advance distribution table

announced to the public. It is obligatory for the dividend distribution chart to be disclosed to the public at the latest when the ordinary general assembly schedule is announced.

Restricted reserves

	31 December 2020	31 December 2019
Legal reserves	13.635.434	9.034.076
Reserves for buy back shares	25.429.007	15.962.307
Total	39.064.441	24.996.383

Actuarial gain on severance pay/ loss

	31 December 2020	31 December 2019
Actuarial gain on severance pay/ loss of fund	3.252.893	5.080.937
Deferred tax	(614.017)	(1.016.187)
Total	2.638.876	4.064.750

Revaluation Fund

Group's "buildings and lands" are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 31 December 2020 with deducted accumulated depreciation.

	31 December 2020	31 December 2019
1 January 2019	78.924.196	78.924.196
Disposals	--	--
Deferred tax	--	--
Total	78.924.196	78.924.196

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Foreign currency conversion differences

Currency conversion differences as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
1 January 2019	1.199.625	828.537
Addition	447.421	371.088
Total	1.647.046	1.199.625

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of foreign currency financial statements from the current currency to the reporting currency.

Buy back shares

As 31 December 2020 and 31 December 2019 buy back shares as following:

	31 December 2020	31 December 2019
Beginning of the period	15.962.307	14.486.269
Buy back shares	9.466.700	1.476.038
Total	25.429.007	15.962.307

In accordance with II-22.1 "Communiqué on Buy Back Shares" issued by the CMB, the Group has purchased the shares quoted in the Exchange Market.

As of 31 December 2020, the Group has Purchased 5.343.356 shares amounting to TRY 25.429.007 that is 3,57% of its total capital and reflected it in the accompanying financial statements under "Buy back shares in Equity".

In addition, in accordance with the related communiqué, the amount of buy back shares is reclassified in "restricted reserves".

Retained Earnings

	31 December 2020	31 December 2019
1 January	70.924.495	1.502.178
Adjustment on errors	--	(679.723)
Increase/ Decrease Due To Buy-Back Shares	(9.466.700)	(1.476.038)
Transfer From Retained Profit	81.605.202	71.578.078
Dividend Distribution	(21.551.616)	--
Total	121.511.381	70.924.495

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21 – REVENUE

For the periods ended at 31 December 2020 and 2019, the details of sales are as following;

	1 January – 31 December 2020	1 January – 31 December 2019
Domestic sales	2.798.377.491	1.789.906.542
Export sales	198.010.727	137.983.930
Other sales	10.527.891	10.532.016
Gross Sales	3.006.916.109	1.938.422.488
Sales returns (-)	(72.208.809)	(60.393.046)
Sales discounts (-)	(1.185.866.495)	(710.342.419)
Other discounts (-)	(784.147)	(740.864)
Sales returns and Discounts (-)	(1.258.859.451)	(771.476.329)
 Net Sales	 1.748.056.658	 1.166.946.159

22 – COST OF SALES (-)

For the periods ended at 31 December 2020 and 2019, the details of cost of sales are as following;

	1 January – 31 December 2020	1 January – 31 December 2019
Cost of finished goods sold	(797.563.788)	(508.630.272)
Cost of merchandise	(237.848.262)	(154.512.186)
Cost of services sold	(30.197.110)	(21.243.761)
Total	(1.065.609.160)	(684.386.219)

**23 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES,
GENERAL ADMINISTRATIVE EXPENSES (-)**

	1 January – 31 December 2020	1 January – 31 December 2019
General administrative expenses	60.738.176	56.641.775
Marketing, sales and distribution expenses	357.404.500	280.141.010
Research and development expenses	6.666.819	6.367.149
Total	424.809.495	343.149.934

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EXPENSES BY NATURE (-)

	1 January – 31 December 2020	1 January – 31 December 2019
Personnel expenses	124.417.784	96.093.761
Transportation expenses	79.736.852	53.039.272
Amortization expenses	58.692.170	54.055.262
Advertising expenses	71.950.572	63.838.893
Retailer opening supports	21.711.667	17.104.655
Rent expenses	13.040.519	7.776.253
Consultancy expenses	9.916.343	5.108.239
Electricity, water, climate expenses	4.181.711	3.981.820
Retailers common area rent expenses	3.865.302	3.772.098
Travel and accommodation expenses	2.611.533	4.776.697
Retirement pay provision expenses	3.598.299	3.153.174
Material expenses	2.553.512	2.495.179
Maintenance and repair expenses	2.345.846	1.693.981
Tax, duties and fee expenses	1.679.859	11.889.292
Insurance expenses	1.293.220	1.440.687
Communication expenses	776.150	641.890
Provision for doubtful receivables expenses	900.739	1.930.097
Other expenses	21.537.417	10.358.684
Total	424.809.495	343.149.934

24 – OTHER INCOME

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange income	30.979.420	22.914.363
Maturity difference income	16.757.438	17.066.692
Rediscount income	12.159.981	5.281.890
Rent income (*)	7.412.956	57.698
Incentive income	5.488.384	6.615.319
Union incentive income	1.616.558	1.847.304
Bank comision income	761.448	3.444.632
Reversal of unnecessary provision	96.213	367.333
Discounts, and premiums	5.779.445	3.289.432
Other	9.261.000	6.125.932
Total	90.312.842	67.010.595

(*) It consists of lease debts forgone by those who leased out due to COVID-19.

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25 – OTHER EXPENSES (-)

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange losses	54.451.767	29.404.178
Maturity difference expenses	23.512.937	7.895.933
Rediscount expenses	5.346.836	6.559.812
Provision expenses	2.679.041	1.678.127
Previous periods losses and expenses	1.467.734	2.546.755
Donation expenses	1.819.808	658.281
Other expenses	4.266.936	4.711.899
Total	93.545.059	53.454.985

26 – INCOME FROM INVESTMENT ACTIVITIES

	1 January – 31 December 2020	1 January – 31 December 2019
Profit on sale of tangible fixed assets	1.192.170	1.829.954
Fund dividend income	729.429	39.300
Total	1.921.599	1.869.254

27 – INVESTMENT ACTIVITIES EXPENSES (-)

None (31 December 2019: None).

28 – FINANCIAL INCOME

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange income	20.076.576	5.963.101
Interest income	10.579.694	963.641
Total	30.656.270	6.926.742

29 – FINANCIAL EXPENSES (-)

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange losses	22.589.969	9.936.229
Interest expenses	18.699.849	17.817.803
Bank commission expenses	13.982.930	8.587.683
Lease payables interest accruals	12.217.543	11.983.804
Guarantee letter commission expenses	619.319	827.265
Other financial expenses	768.163	511.480
Total	68.877.773	49.664.264

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30 – TAX ASSETS AND LIABILITIES

In Turkey, the corporate tax rate is 22% as of 31 December 2020 (31 December 2019: 22%). According to the law "Law on the Amendment of Some Tax Acts and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2019, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of December 31, 2019 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2019, 2019 and 2020.

As of 31 December 2020, provisional tax is payable at the rate of 22% (2019: 22%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this way are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2019, 2019 and 2020.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised by tax office. Companies in Turkey obligated to pay 15% income tax for dividend payments whether shareholders located in Turkey or not whether legal entity or not unless if company or person have exempt or non-obliged to pay corporate tax or income tax. The companies located in Turkey exempted if dividend pays to an other company. Also if profit not distributed or profit add to capital there is none corporate tax occur.

Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 31 December 2020. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2019. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made. There are many exceptions to the Corporate Tax Law. The following are the exceptions to the Company regarding these exceptions:

If the property that reflected balance sheet for two years and sold, their income's 75% as of 31 December 2020 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corporate tax's 75% used exempt. As of 31 December 2020 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

As of 31 December 2020 and 31 December 2019 assets relevant current period tax is as following;

None (31 December 2019: None).

Taxes in balance sheet

	31 December 2020	31 December 2019
Corporation tax	68.047.442	27.412.343
Prepaid taxes and funds (-)	(48.471.996)	(27.412.343)
Total	19.575.446	--

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Dereffred Taxes in balance sheet

	31 December 2020	31 December 2019
Assets	27.373.141	16.389.931
Liabilities	(33.593.594)	(22.832.632)
Total	(6.220.453)	(6.442.701)

For the periods ended at 31 December 2020 and 2019, the details of tax income / expense are as following;

	1 January – 31 December 2020	1 January – 31 December 2019
Corporation tax	(48.655.256)	(27.412.343)
Deferred taxes in income statement	624.418	1.521.555
Total	(48.030.838)	(25.890.788)

	1 January – 31 December 2020	1 January – 31 December 2019
Recognized in other comprehensive income	(402.170)	339.834
End of term	(402.170)	339.834

Accordind to the law "Law on the Amendment of Some Tax Acts and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of 31 December 2020 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
Deffered taxes:				
Right of use assets	67.358.956	33.575.895	14.818.970	7.386.697
Retirement pay provision	18.820.114	17.049.859	3.727.462	3.409.972
Provisions for doubtful receivables	12.986.124	9.335.397	2.856.947	2.053.788
Maturity differenre and adjustements on inventories	14.656.931	7.086.939	3.224.526	1.559.127
Interest accruals	2.836.448	1.650.824	624.019	363.181
Capitalized brand cancellations	3.424.305	3.424.305	684.861	684.861
Adjustment of FX gain/loss	1.194.619	--	262.816	--
Rediscount on receivables	2.968.921	2.697.444	653.163	593.438
Adjustment of Time Deposit Interest Accruals	966.507	--	212.632	--
Fixed asset valuation decrease	500.000	500.000	50.000	50.000
Provision for costs	405.529	405.529	89.216	89.216
Adjustment of investment properties	268.222	216.076	59.009	47.537
Other	497.820	691.429	109.520	152.114
Deffered tax assets	126.884.496	76.633.697	27.373.141	16.389.931
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Lease payables	(58.682.629)	(27.186.685)	(12.910.178)	(5.981.071)
Adjustment of tangible and intangible assets	(49.765.755)	(43.737.269)	(8.856.802)	(7.650.543)
Rediscount on payables	(9.462.537)	(2.377.915)	(2.081.758)	(523.141)
Interest accruals	(4.141.384)	(2.077.462)	(911.104)	(457.042)
Adjustment of Time Deposit Interest Accruals	(2.358.569)	--	(518.885)	--
Retirement pay provision	(1.113.558)	(1.113.558)	(222.712)	(222.712)
Adjustment on prepaid expenses	(393.109)	(266.337)	(86.484)	(58.597)
Other	(775.117)	(474.470)	(170.528)	(104.383)
Deffered tax liabilities	(205.044.086)	(155.585.124)	(33.593.594)	(22.832.632)
Deferred tax assets / (liabilities), net	(78.159.590)	(78.951.427)	(6.220.453)	(6.442.701)

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Confirmation of Tax Reserve:

	1 January – 31 December 2020	1 January – 31 December 2019
Profit before taxation from operating activities	218.105.882	112.097.348
Tax calculated on 22% tax rate	(47.983.294)	(24.661.417)
<i>Tax effects:</i>		
- Effect of unacceptable expenses	(947.015)	(1.246.222)
- Incentives and discounts	350.047	--
- Other	549.424	16.851
Income/Expense Tax Reserves in Income Table	(48.030.838)	(25.890.788)

31 – EARNING PER SHARE

Earnings / loss per share is determined by dividing the weighted average number of shares in the current year by the weighted average.

	1 January – 31 December 2020	1 January – 31 December 2019
Net period profit	170.075.044	86.206.560
Weighted average number of shares	149.798.932	149.798.932
Earnings per Share (TRY)	1,135	0,575

32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit risk

Credit risk is defined as the risk that a financial instrument will cause a financial loss to the Group because one party can not fulfill its contractual obligation. The Group is exposed to credit risk as a result of trade receivables arising from forward sales and deposits held in banks. The Group management reduces the credit risk related to customers' receivables by setting credit limits separately for each customer and taking collateral if necessary and selling only through cash collection to customers who are considered risky. The collective risk of the Group mainly arises from its commercial receivables. Trade receivables are assessed by considering their past experience and current economic condition and are shown net in the statement of financial position after the provision for doubtful receivables is appropriated.

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The Group's exposure to credit risk as of 31 December 2020 is as follows:

	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	6.972.476	139.802.158	3.365.522	1.796.828	284.419.854	--
- <i>The part of maximum risk under guarantee with collateral</i>	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	6.972.476	139.802.158	3.365.522	1.796.828	284.419.854	--
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
- <i>The part under guarantee with collateral etc</i>	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value amount)	--	17.319.595	--	4.357.168	--	--
- Impairment (-)	--	(17.319.595)	--	(4.357.168)	--	--
- <i>The part of net value under guarantee with collateral etc</i>	--	--	--	--	--	--
Non overdue (gross book value amount)	--	--	--	--	--	--
Impairment (-)	--	--	--	--	--	--
- <i>The part of net value under guarantee with collateral</i>	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

The Group's exposure to credit risk as of 31 December 2019 is as follows:

	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	5.157.935	162.071.698	2.857.296	1.198.296	39.041.481	956
- <i>The part of maximum risk under guarantee with collateral</i>	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	5.157.935	161.941.698	2.857.296	1.198.296	39.041.481	956
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	130.000	--	--	--	--
- <i>The part under guarantee with collateral etc</i>	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value amount)	--	16.515.069	--	1.678.127	--	--
- Impairment (-)	--	(16.515.069)	--	(1.678.127)	--	--
- <i>The part of net value under guarantee with collateral etc</i>	--	--	--	--	--	--
Non overdue (gross book value amount)	--	--	--	--	--	--
Impairment (-)	--	--	--	--	--	--
- <i>The part of net value under guarantee with collateral</i>	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

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Liquidity risk

Fair liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

As of 31 December 2020 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	364.508.122	426.751.859		--	54.155.449	83.634.385	273.375.925
Financial liabilities	364.508.122	426.751.859		--	54.155.449	83.634.385	273.375.925

Expected Maturities

Non-Derivative Financial Liabilities	352.656.707	362.119.244	91.000	327.700.113	34.328.131		--	--
Trade payables	352.177.204	361.639.741	91.000	327.220.610	34.328.131		--	--
Other payables	479.503	479.503	--	479.503	--	--	--	--
Total	717.164.829	788.871.103	91.000	381.855.562	117.962.516	273.375.925	15.586.101	

The table below shows the liquidity risk of the Group as of 31 December 2019;

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	276.668.630	315.261.822		--	72.629.866	100.084.992	131.004.902
Financial liabilities	276.668.630	315.261.822		--	72.629.866	100.084.992	131.004.902
Expected Maturities	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	151.792.898	154.170.813	91.000	144.726.265	9.353.548		--
Trade payables	151.410.249	153.788.164	91.000	144.343.616	9.353.548		--
Other payables	382.649	382.649	--	382.649	--	--	--
Total	428.461.528	469.432.635	91.000	217.356.131	109.438.540	131.004.902	11.542.062

Interest rate risk

Fluctuations may occur in the value of financial instruments by changing prices in the market. Such fluctuations may be due to price changes in securities or factors specific to the issuer of such securities or affecting the entire market. The Group's interest rate risk is mainly due to bank loans.

Although the interest rates of interest bearing financial liabilities vary, interest bearing financial assets have a fixed interest rate, and future cash flows do not change with the size of these assets. First of all, the Group's risk exposure to changing market interest rates depends on the Group's floating interest rate debt obligations. The Group's policy in this regard is to manage interest cost by using fixed and floating rate debts.

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Interest Rate Risk Sensitivity Analysis

The Group's interest position is as follows;

		31 December 2020	31 December 2019
Fixed-rate financial instrument			
Financial assets			
-Assets of at fair value through profit or loss		--	956
-Time Deposits	95.240.373	--	
- Amortised cost	143.805.713	164.532.189	
- Other	206.524.002	97.298.701	
Financial liabilities			
Financial liabilities	338.835.607	257.561.306	
- Amortised cost	352.177.204	151.410.249	
- Other	479.503	382.649	
Floating interest financial instrument			
Financial assets	--	--	
Financial liabilities	25.672.515	27.533.484	

If the interest rates of the loans with variable interest rates were TRY and all other variables were 100 basis points (1%) higher / lower, the profit before tax for the period would be TRY 1.116.754 at 31 December 2020 due to higher / lower interest expenses it would be lower / higher. (31 December 2019 TRY 1.503.746)

Capital risk management

In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 31 December 2020 and 31 December 2019 net debt / total equity ratio is as follows:

	31 December 2020	31 December 2019
Total debts	886.659.402	544.689.915
Less: Liquid assets	(296.601.025)	(93.242.109)
Net debt	590.058.377	451.447.806
Total capital	1.119.717.442	841.071.690
Net Debt/Total Equity ratio	53%	54%

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Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	45.803.144	4.384.554	1.019.011	18.000	43.277.000
2a. Monetary Financial Assets (including cash, banks)	165.574.620	6.699.811	12.912.425	40	817.000
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	26.564.713	725.213	2.358.073	--	--
4. Current Assets (1+2+3)	237.942.477	11.809.578	16.289.509	18.040	44.094.000
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--	--
9. Total Assets (4+8)	237.942.477	11.809.578	16.289.509	18.040	44.094.000
10. Trade Payables	51.575.574	2.453.332	3.724.789	1.444	--
11. Financial Liabilities	47.802.547	--	5.306.736	--	--
12a. Other monetary financial liabilities	2.786.664	250.891	104.569	--	31.000
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	102.164.785	2.704.223	9.136.094	1.444	31.000
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	75.629.414	--	8.395.898	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	75.629.414	--	8.395.898	--	--
18. Total Liabilities (13+17)	177.794.199	2.704.223	17.531.992	1.444	31.000
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	60.148.278	9.105.355	(1.242.483)	16.596	44.063.000
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	60.148.278	9.105.355	(1.242.483)	16.596	44.063.000

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	31 December 2019				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	59.733.960	5.884.661	3.714.317	--	790.000
2a. Monetary Financial Assets (including cash, banks)	15.962.826	2.381.216	273.294	46	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	3.912.838	355.529	270.791	--	--
4. Current Assets (1+2+3)	79.609.624	8.621.406	4.258.402	46	790.000
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--	--
9. Total Assets (4+8)	79.609.624	8.621.406	4.258.402	46	790.000
10. Trade Payables	26.526.794	1.943.750	2.250.489	1.611	9.400
11. Financial Liabilities	65.296.460	--	9.818.131	--	--
12a. Other monetary financial liabilities	2.412.575	264.070	126.898	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	94.235.829	2.207.820	12.195.518	1.611	9.400
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	57.952.491	--	8.713.874	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	57.952.491	--	8.713.874	--	--
18. Total Liabilities (13+17)	152.188.320	2.207.820	20.909.392	1.611	9.400
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(72.578.696)	6.413.586	(16.650.990)	(1.565)	780.600
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(72.578.696)	6.413.586	(16.650.990)	(1.565)	780.600

Details of the import and export amounts of the Group as of 31 December 2020 and 2019 are as follows;

	1 January – 31 December 2020		1 January – 31 December 2019	
	Import	Export	Import	Export
USD	6.924.760	15.100.864	4.930.336	1.347.954
EUR	9.260.575	7.512.812	3.832.595	7.735.674
TRY	--	1.551.717	31.580	1.347.954
GBP	80.003	--	--	--
TRY equivalent	125.709.605	171.212.809	52.822.548	120.862.550

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Foreign Currency Risk Sensitivity Analysis

As of 31 December 2020, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

Foreign Currency Risk Sensitivity Analysis Table		
31 December 2020		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	6.683.786	(6.683.786)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	6.683.786	(6.683.786)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(1.119.217)	1.119.217
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(1.119.217)	1.119.217
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	16.503	(16.503)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	16.503	(16.503)
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	433.756	(433.756)
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	433.756	(433.756)
Total (3+6+9+12)	6.014.828	(6.014.828)

Foreign Currency Risk Sensitivity Analysis Table		
31 December 2019		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	3.809.798	(3.809.798)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	3.809.798	(3.809.798)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(11.073.907)	11.073.907
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(11.073.907)	11.073.907
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	(1.217)	1.217
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	(1.217)	1.217
In case of appreciation / depreciation of GBP against TRY at 10%		
10-RUB net asset/liability	7.456	(7.456)
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	7.456	(7.456)
Total (3+6+9+12)	(7.257.870)	7.257.870

NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

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. The estimated fair values of financial instruments have been determined by the Company using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Financial Assets

Balances denominated in foreign currencies are converted at period exchange rates. The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements. The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values

Financial Liabilities

The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings, which are denominated in foreign currencies and translated at period/year-end exchange rates, are considered to approximate their carrying values. The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer settlements approximates its fair values.

NOT 34 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSURE FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Effect of COVID-19 Outbreak on Group Operations

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID-19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure of some sales channels in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize capital expenditures, expenses and inventory and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group's operations.

Group management has evaluated the potential effects of COVID-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of December 31, 2020. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and did not anticipate any material impairment loss as of December 31, 2020.

NOTE 35 – POST BALANCE SHEET EVENTS

None. (31 December 2019: None).