

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

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF SEPTEMBER 30, 2021**

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

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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2021
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

ASSETS	Dipnot	Not Reviewed 30 September 2021	Audited 31 December 2020
CURRENT ASSETS			
Cash And Cash Equivalents	4	71.928.656	296.601.025
Trade Receivables		199.662.965	143.805.713
<i>Due From Related Parties</i>	3-5	6.032.497	6.972.476
<i>Trade Receivables, Third Parties</i>	5	193.630.468	136.833.237
Other Receivables		8.465.097	3.836.000
<i>Due From Related Parties</i>	3-6	5.493.166	3.365.522
<i>Other Receivables, Third Parties</i>	6	2.971.931	470.478
Inventories	8	555.864.628	356.378.721
Prepaid Expenses	9	75.677.495	43.577.979
Other Current Assets	7	121.617.691	51.664.341
TOTAL CURRENT ASSETS		1.033.216.532	895.863.779
NON-CURRENT ASSETS			
Financial Investments	10	1.000	1.000
Trade Receivables		33.641	--
<i>Due From Related Parties</i>	3-5	--	--
<i>Trade Receivables, Third Parties</i>	5	33.641	--
Other Receivables		1.936.466	1.326.350
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	1.936.466	1.326.350
Investment Properties	11	10.481.803	10.832.380
Tangible Fixed Assets	12	388.845.071	340.106.407
Right of Use Assets	12	73.422.588	97.998.950
Intangible Fixed Assets	13	34.233.124	25.914.087
Prepaid Expenses	9	16.940.027	16.902.373
Deferred Tax Assets	30	39.279.029	27.373.141
TOTAL NON-CURRENT ASSETS		565.172.749	520.454.688
TOTAL ASSETS		1.598.389.281	1.416.318.467

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

LIABILITIES	Note	Not Reviewed 30 September 2021	Audited 31 December 2020
CURRENT LIABILITIES			
Financial Liabilities	14	36.544.818	23.813.945
Short Term Portion Of Long Term Financial Liabilities	14	94.922.287	59.353.615
Lease Payables	14	31.167.626	31.384.215
Trade Payables		380.469.863	352.177.204
<i>Due To Related Parties</i>	3-5	2.285.768	--
<i>Trade Payables, Third Parties</i>	5	378.184.095	352.177.204
Employee Benefit Obligations	15	26.384.448	20.006.979
Other Payables		1.224.571	479.503
<i>Due To Related Parties</i>	3-6	--	--
<i>Other Payables, Third Parties</i>	6	1.224.571	479.503
Deferred Income	16	73.687.592	72.351.734
Current Income Tax Liabilities	30	18.013.652	19.575.446
Provisions	17	695.137	1.045.672
Other Current Liabilities	7	4.545.489	5.214.592
TOTAL CURRENT LIABILITIES		667.655.483	585.402.905
NON-CURRENT LIABILITIES			
Financial Liabilities	14	148.121.152	174.665.285
Lease Payables	14	52.185.495	75.291.062
Deferred Income	16	296.610	--
Provisions		21.327.591	17.706.556
<i>Provision For Employee Benefits</i>	18	21.327.591	17.706.556
Deferred Tax Liabilities	30	41.556.402	33.593.594
TOTAL NON-CURRENT LIABILITIES		263.487.250	301.256.497
EQUITY			
Paid-In Capital	20	149.798.932	149.798.932
Buy-Back Shares (-)	20	(36.012.234)	(25.429.007)
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		75.475.105	76.285.320
<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	(3.449.091)	(2.638.876)
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(2.666.103)	(1.647.046)
<i>Currency Translation Differences</i>	20	(2.666.103)	(1.647.046)
Restricted Reserves	20	49.647.668	39.064.441
Retained Earnings	20	282.635.404	121.511.381
Net Income For The Period		148.367.776	170.075.044
EQUITY HOLDERS OF THE PARENT		667.246.548	529.659.065
TOTAL LIABILITIES		1.598.389.281	1.416.318.467

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 1 JANUARY-30 SEPTEMBER 2021 AND 2020
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Not Reviewed 1 January – 30 September 2021	Not Reviewed 1 April – 30 September 2021	Not Reviewed 1 January – 30 September 2020	Not Reviewed 1 July– 30 September 2020
Revenue	21	1.875.009.055	726.763.940	1.121.277.170	515.603.329
Cost Of Sales (-)	22	(1.212.766.654)	(480.226.904)	(691.856.533)	(305.369.108)
Gross profit		662.242.401	246.537.036	429.420.637	210.234.221
General Administrative Expenses (-)	23	(66.242.253)	(24.692.090)	(39.999.630)	(16.819.130)
Marketing, Selling And Distribution Expenses (-)	23	(367.403.731)	(139.522.950)	(234.799.583)	(99.498.266)
Research And Development Expenses (-)	23	(6.336.969)	(2.461.792)	(4.758.595)	(1.134.653)
Other Income From Operating Activities	24	86.337.026	21.858.945	76.593.350	36.871.212
Other Expenses From Operating Activities	25	(91.598.043)	(23.978.248)	(68.053.092)	(34.887.142)
Operating Profit / Loss		216.998.431	77.740.901	158.403.087	94.766.242
Income From Investment Activities	26	1.107.663	391.828	973.803	735.558
Expenses From Investment Activities (-)	27	--	--	--	--
OPERATING INCOME BEFORE FINANCIAL INCOME		218.106.094	78.132.729	159.376.890	95.501.800
Financial Expenses (-)	29	(49.770.293)	(13.222.162)	(54.268.931)	(24.029.784)
Financial Income	28	22.720.133	6.663.115	21.534.660	17.431.851
PROFIT BEFORE TAX		191.055.934	71.573.682	126.642.619	88.903.867
Tax income/(expense)		(42.688.158)	(17.379.302)	(27.929.405)	(19.390.036)
Taxes On Income/(Expense)	30	(46.402.716)	(18.087.476)	(28.564.365)	(18.951.932)
Deferred Tax Income/(Expense)	30	3.714.558	708.174	634.960	(438.104)
PERIOD PROFIT / LOSS		148.367.776	54.194.380	98.713.214	69.513.831
Earnings Per Share					
Earnings Per Share (Kr)	31	0,990	0,362	0,659	0,464
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		(810.215)	1.367.281	(3.003.485)	606.428
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	(1.038.737)	1.752.925	(3.850.622)	777.472
Tax Income/(Expense)		228.522	(385.644)	847.137	(171.044)
Deferred Tax (Expense) Income	30	228.522	(385.644)	847.137	(171.044)
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(1.019.057)	(370.022)	(425.877)	(155.452)
Currency Translation Differences		(1.019.057)	(370.022)	(425.877)	(155.452)
OTHER COMPREHENSIVE INCOME (LOSS)		(1.829.272)	997.259	(3.429.362)	450.976
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		146.538.504	55.191.639	95.283.852	69.964.807

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY – 30 SEPTEMBER 2021 AND 2020
(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 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
Adjustment Related to Errors	--	--	--	--	--	--	(22.089)	--	(22.089)
Buy-Back Shares	--	(8.707.191)	--	--	--	8.707.191	(8.707.191)	--	(8.707.191)
Transfer From Retained Profit	--	--	--	--	--	4.601.358	81.605.202	(86.206.560)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	98.713.214	98.713.214
Other Comprehensive Income	--	--	--	(3.003.485)	(425.877)	--	--	--	(3.429.362)
Balance at 30 September 2020	149.798.932	(24.669.498)	78.924.196	(7.068.235)	(1.625.502)	38.304.932	143.800.417	98.713.214	476.178.456
Balance at 1 January 2021	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
Buy-Back Shares	--	(10.583.227)	--	--	--	10.583.227	(10.583.227)	--	(10.583.227)
Transfer From Retained Profit	--	--	--	--	--	--	170.075.044	(170.075.044)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	148.367.776	148.367.776
Other Comprehensive Income	--	--	--	(810.215)	(1.019.057)	--	--	--	(1.829.272)
Due to Other Changes Increase / Decrease	--	--	--	--	--	--	1.632.206	--	1.632.206
Balance at 30 September 2021	149.798.932	(36.012.234)	78.924.196	(3.449.091)	(2.666.103)	49.647.668	282.635.404	148.367.776	667.246.548

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED AT 1 JANUARY – 30 SEPTEMBER 2021 AND 2020
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Not Reviewed 1 January – 30 September 2021	Not Reviewed 1 January – 30 September 2020
A. Cash Flow From Operating Activities :	Note		
Profit / (Loss) Of The Period		148.367.776	98.713.214
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	11-12-13	63.218.167	53.462.725
Adjustment To Interest Income (Expenses)		15.539.069	8.148.759
- Adjustment To Unearned Interest On Receivables	5-24	13.604.315	3.835.357
-Adjustment To Unearned Interest On Payables	5-25	(10.269.918)	(7.806.710)
-Adjustment To Interest Expenses	14-29	3.955.158	3.673.408
-Adjustments for Interest Expenses from Leases	14-29	9.207.115	8.446.704
-Adjustment To Interest Income	28	(957.601)	--
Adjustment To Provision		3.008.691	3.631.889
-Adjustments Related To Provision (Reversal) For Employee Benefits	18	2.582.298	1.998.354
-Adjustment To Provision For Lawsuits	17	426.393	1.633.535
Adjustment To Impairment		(836.113)	(164.683)
-Adjustment To Provision For Doubtful Receivables	5	(836.113)	(164.683)
Other adjustments	12-14	--	(6.292.893)
Adjustment To (Tax Income) Expenses	30	42.688.158	27.929.405
		271.985.748	185.428.416
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	3-5	(68.659.095)	64.667.662
Changes In Other Receivables	3-6	(3.111.569)	(665.849)
Changes In Other Assets	7	(69.953.350)	(35.635.332)
Changes In Inventories	8	(199.485.907)	(84.518.040)
Changes In Prepaid Expenses	9	(32.137.170)	(31.224.608)
Changes In Trade Payables	5	38.562.577	115.520.354
Changes In Other Payables	6	745.068	478.229
Changes In Employee Benefit Liabilities	15	6.377.469	8.175.150
Changes In Other Liabilities	7	(1.446.031)	(7.168.428)
Changes In Deferred Income	16	1.632.468	43.460.286
Taxes Returns (Payments)	30	(47.964.510)	(9.989.442)
Interest Paid	29	8.137.450	11.210.098
Interest Received	28	(3.021.524)	(3.764.082)
Other		1.632.206	(22.088)
Total		(96.706.170)	255.952.326
B. Cash Flow From Investing Activities			
Changes In Financial investment	10	--	--
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	1.006.031	2.055.763
-Cash Inflows From Sales Of Tangible Assets		1.006.031	2.054.241
-Cash Inflows From Sales Of Intangible Assets		--	1.522
Cash Outflows From Purchases Of Tangible And Intangible Assets	12-13	(96.354.961)	(47.393.960)
-Cash Outflows From Purchases Of tangible Assets		(81.134.793)	(40.272.127)
-Cash Outflows From Purchases Of Intangible Assets		(15.220.168)	(7.121.833)
Collections From Advances Given	6	(1.612.114)	29.714
-Collections From Related Parties		(1.612.114)	29.714
Total		(96.961.044)	(45.308.483)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	294.737.937	156.951.950
Cash Outflows From Payables	14	(309.466.954)	(120.923.621)
-Cash Outflows Regarding Financial Borrowings Repayments		(276.937.683)	(94.992.077)
-Cash Outflows arises from lease contract	14	(32.529.271)	(25.931.544)
Cash Inflows / (Outflows) From Leasing Payments	14	--	(68.475)
Interest Paid	29	(8.137.450)	(11.210.098)
Interest Received	28	3.021.524	3.764.082
Cash Outflows Related To Buy-Back Shares	20	(10.583.227)	(8.707.191)
Total		(30.428.170)	19.806.647
Foreign Currency Translation Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)		(224.095.383)	230.450.490
D. The Effect Of Foreign Currency Translation Differences on Cash and Cash Equivalents	20	(1.019.057)	(425.877)
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		(225.114.440)	230.024.613
E. Beginning Of The Period Cash And Cash Equivalents	4	296.601.025	93.242.109
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	71.486.585	323.266.722

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 30 SEPTEMBER 2021

(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 begin to prepare its consolidated financial statements in complete consolidation method.

For the period ended at 30 September 2021, 3.140 personnel are employed at the Company (31 December 2020: 2.876).

Company registered on the Kayseri Chamber of Industry with the number of 14222 and its legal adres Organize Sanayi Bölgesi 18. Cadde No:6 Melikgazi / Kayseri. The Company’s operating activities located on the Turkey. The Company has 88 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 30 June 2021, 10 personnel are employed by the Company (31 December 2020: 8 Personnel). Yatas Europe’s shareholding structure as of 30 September 2021 in EUR are as following;

	30 September 2021		31 December 2020	
	Share Percentage	Share Amount (EUR)	Share Percentage	Share Amount (EUR)
Shareholders				
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 Limited Şirketi (“Yatas Rus”), was established in 03.07.2019 in Russia. The capital of Yataş Rus Limited Şirketi, which is a 100% subsidiary of the Company, is 3,500,000 rubles, fully paid as of the reporting date. The Company’s engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 30 June 2021, 8 personnel are employed by the Yatas Rus. Yatas Rus’s shareholding structure as of (31 December 2020: 7 Personnel).

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
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30 September 2021 in RUBLE is as following;

	30 September 2021		31 December 2020	
	Share Percentage	Share Amount (RUB)	Share Percentage	Share Amount (RUB)
Shareholders				
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

EnzaHome International Inc.

EnzaHome International Inc. ("EnzaHome"), was established in 21.02.2020 in ABD. The capital of EnzaHome, which is a 100% subsidiary of the company, is USD 50,000, fully paid as of the reporting date. The Company's engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 30 September 2021, 3 personnel are employed by the EnzaHome. EnzaHome's shareholding structure as of (31 December 2020: 2 Personnel).

30 September 2021 in USD is as following;

	30 September 2021		31 December 2020	
	Share Percentage	Share Amount (USD)	Share Percentage	Share Amount (USD)
Shareholders				
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	50.000	%100.00	50.000
Total	%100.00	50.000	%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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

(Currency - Turkish Lira unless expressed otherwise.)

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

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on November 8, 2021. 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.

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- 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.
- 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 30 September 2021 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

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other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“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.

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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>
Buildings	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 prorated 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 insubstance 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.

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:

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- 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 be 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 reporting date, 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:

	30 September 2021	31 December 2020
USD	8,8433	7,3405
EUR	10,3135	9,0079
RUB	0,1092	0,0984
GBP	11,9292	9,9438

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

	30 September 2021		31 December 2020	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	6.032.497	--	6.972.476	--
Other Receivables (Note 6)				
Receivables from Shareholders		5.493.166	--	3.365.522
Total	6.032.497	5.493.166	6.972.476	3.365.522

	30 September 2021		31 December 2020	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Payables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	2.285.768	--	--	--
Total	2.285.768	--	--	--

Sales to and / or income from related parties:

	1 January – 30 September 2021	
	Goods and Services Sales	Interest income
Shareholders	--	515.530
Total	--	515.530

	1 January – 30 September 2020	
	Goods and Services Sales	Interest income
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	2.818.069	--
Total	2.818.069	--

Purchases and / or expenses from related parties:

	1 January – 30 September 2021	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	304.811	2.402.075
Yavuz Altop	--	761.683
Yılmaz Öztaşkın	--	761.683
Other Shareholders	--	1.523.367
Total	304.811	5.448.808

	1 January – 30 September 2020	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	36.068	755.085
Yavuz Altop	--	575.828
Yılmaz Öztaşkın	--	575.828
Other Shareholders	--	1.151.657
Total	36.068	3.058.398

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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 30 September 2021 is TRY 22.364.180 (30 September 2020: TRY 16.455.354).

4 - CASH AND CASH EQUIVALENTS

As of 30 September 2021 and 31 December 2020, the details of cash and cash equivalents are as follows:

	30 September 2021	31 December 2020
Cash	84.709	103.752
Banks	37.453.361	284.419.854
<i>Demand deposits</i>	27.387.816	189.179.481
<i>Time deposits</i>	10.065.545	95.240.373
Liquid funds ⁽¹⁾	33.948.515	9.718.850
Cash and cash equivalents in the cash flow statement	71.486.585	294.242.456
Interest income accrual	442.071	2.358.569
Total	71.928.656	296.601.025

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

5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	30 September 2021	31 December 2020
Trade Receivables	154.606.401	117.240.688
- <i>Trade Receivables from related parties (note 3)</i>	6.032.497	6.972.476
- <i>Other trade Receivables</i>	148.573.904	110.268.212
Notes Receivables	49.191.983	29.533.946
- <i>Notes receivables from related parties (note 3)</i>	--	--
- <i>Other notes Receivables</i>	49.191.983	29.533.946
Unearned Interest (-)	(4.135.419)	(2.968.921)
Doubtful trade receivables	16.909.874	17.319.595
Provision for doubtful trade receivables (-)	(16.909.874)	(17.319.595)
Total	199.662.965	143.805.713

Long Term Trade Receivables

	30 September 2021	31 December 2020
Notes Receivables	40.000	--
Unearned Interest (-)	(6.359)	--
Total	33.641	--

The maturity schedule of receivables are as follows:

	30 September 2021	31 December 2020
Overdue	152.603.215	--
Up to 3 months	51.195.169	115.245.690
3 to 12 months	40.000	31.528.944
Total	203.838.384	146.774.634

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

	30 September 2021	31 December 2020
Opening balance	17.319.595	16.515.069
Additional provisions in the period	--	900.739
Cancellation of provision in period (-)	(409.721)	(96.213)
Total (End of the period)	16.909.874	17.319.595

Trade Payables

Short Term Trade Payables

	30 September 2021	31 December 2020
Trade payables	290.923.922	184.994.077
-Due To Related Parties (Note 3)	2.285.768	--
- Trade Payables, Third Parties	288.638.154	184.994.077
Notes payables	96.839.358	176.645.664
Unearned interest (-)	(7.300.997)	(9.462.537)
Other	7.580	--
Total	380.469.863	352.177.204

Long Term Trade Payables

None.

As of 30 September 2021 and 31 December 2020 maturity schedule of payables are as follows:

	30 September 2021	31 December 2020
Overdue	91.000	91.000
Up to 3 months	370.968.639	327.220.610
3 to 12 months	16.711.221	34.328.131
Total	387.770.860	361.639.741

The maturity schedule of overdue payables are as follows:

	30 September 2021	31 December 2020
0 to 3 months	--	--
3 to 6 months	--	91.000
1 to 5 years	91.000	--
Total	91.000	91.000

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	30 September 2021	31 December 2020
Receivables from related parties (note 3)	5.493.166	3.365.522
Receivables from personnel	331.822	382.954
Doubtful other receivables	4.357.168	4.357.168
Provision for doubtful other receivables (-)	(4.357.168)	(4.357.168)
Other	2.640.109	87.524
Total	8.465.097	3.836.000

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Long Term Other Receivables

	30 September 2021	31 December 2020
Deposits and guarantees given	1.936.466	1.326.350
Total	1.936.466	1.326.350

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

	30 September 2021	31 December 2020
Opening balance	4.357.168	1.678.127
Additional provisions in the period	--	2.679.041
Cancellation of provision in period (-)	--	--
Total (End of the period)	4.357.168	4.357.168

Short Term Other Payables

	30 September 2021	31 December 2020
Other payables to related parties (note 3)	--	--
Deposits and guarantees received	255.653	212.208
Other sundry payables	968.918	267.295
Total	1.224.571	479.503

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 September 2021	31 December 2020
VAT carried forward	111.056.777	48.452.090
Receivables from tax office	453.160	423.446
Other	10.107.754	2.788.805
Total	121.617.691	51.664.341

Other Current Liabilities

	30 September 2021	31 December 2020
Taxes and dues payable	3.275.761	4.288.269
Overdue or deferred taxes and dues payable	--	168.183
Other liabilities	1.269.728	758.140
Total	4.545.489	5.214.592

8 – INVENTORIES

	30 September 2021	31 December 2020
Raw materials	107.673.063	72.859.416
Work in process	12.349.045	9.876.106
Finished goods	418.561.602	255.826.162
Merchandises	12.556.733	14.170.055
Other inventories ⁽¹⁾	4.724.185	3.646.982
Total	555.864.628	356.378.721

⁽¹⁾ Other inventories consist of goods on transit.

The related inventory items are reported net by deducting the their provisions for impairment. As of 30 June 2021, there is insurance coverage amounting to 278.151.000 TRY on inventories (31 December 2020: 277.301.000)

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9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	30 September 2021	31 December 2020
Order advances given	63.638.726	41.468.818
Prepaid expenses	11.558.389	1.660.503
Advances given for business purposes	52.576	64.668
Advances given to personnel	427.804	383.990
Total	75.677.495	43.577.979

Long-Term Prepaid Expenses

	30 September 2021	31 December 2020
Prepaid expenses	16.940.027	16.902.373
Total	16.940.027	16.902.373

10 – FINANCIAL INVESTMENTS

The fair values of financial investments are classified as follows due to the data used to determine the levels.
As of 30 September 2021 and 31 December 2020 financial investments is as following;

Short term financial investmens

None.

As at 30 September 2021, short-term financial assets are reflected to the financial statements at their fair value.

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

	30 September 2021		31 December 2020	
	(%)	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.

30 September 2021	Level 1	Level 2	Level 3
Kay-Ser A.Ş.	--	--	1.000
31 December 2020	Level 1	Level 2	Level 3
Kay-Ser A.Ş.	--	--	1.000

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11 –INVESTMENT PROPERTIES

Cost	Lands	Buildings	Total
1 January 2020	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
Addition	--	--	--
Disposals	--	(295.000)	(295.000)
30 September 2021	6.715.872	4.312.317	11.028.189
Accumulated depreciation			
1 January 2020	--	438.663	438.663
Charge for the period	--	105.480	105.480
Disposals	--	(53.334)	(53.334)
31 December 2020	--	490.809	490.809
Charge for the period	--	69.110	69.110
Disposals	--	(13.533)	(13.533)
30 September 2021	--	546.386	546.386
Net book value, 31 December 2020	6.715.872	4.116.508	10.832.380
Net book value, 30 September 2021	6.715.872	3.765.931	10.481.803

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12-1 TANGIBLE FIXED ASSETS

Cost	Lands	Land improvements	Buildings	Plants, machinery and equipment	Vehicles	Fixtures and fittings	Leasehold improvements	Construction in progress	Total
1 January 2020	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
Addition	--	107.394	5.597.916	20.415.017	399.670	22.805.219	15.744.144	18.821.763	83.891.123
Disposals	--	--	--	(1.191.632)	--	(983.619)	(260.237)	(2.756.330)	(5.191.818)
30 September 2021	54.571.042	666.011	132.872.204	168.707.246	7.593.963	116.353.099	99.805.452	16.533.560	597.102.577
Accumulated depreciation									
1 January 2020	--	75.834	14.875.284	47.568.666	3.466.263	36.713.170	43.720.683	--	146.419.899
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
Charge for the period	--	22.144	2.000.167	10.442.295	652.062	10.082.117	8.472.780	--	31.671.565
Disposals	--	--	--	(1.191.632)	--	(259.055)	(260.237)	--	(1.710.924)
30 September 2021	--	118.168	19.388.425	66.872.883	4.819.478	56.163.450	60.895.102	--	208.257.506
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
Net book value, 30 September 2021	54.571.042	547.843	113.483.779	101.834.363	2.774.485	60.189.649	38.910.350	16.533.560	388.845.071

As of 30 September 2021 there is insurance amounting to TRY 681.398.032 on property, plant and equipment. The liability amounts for fixed assets are mentioned in Note 19.
(31 December 2020: 678.005.835 TL)

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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 30 September 2021 is as follows:

	Vehicles	Buildings	Total
1 January 2020 balance	8.635.354	86.795.737	95.431.091
Additions	--	69.926.815	69.926.815
Disposals	--	--	--
31 December 2020 balance	8.635.354	156.722.552	165.357.906
Additions	--	--	--
Disposals	--	--	--
30 September 2021	8.635.354	156.722.552	165.357.906
Accumulated depreciation			
1 January 2020 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 balance	4.895.820	62.463.136	67.358.956
Charge for the period	1.744.703	22.831.659	24.576.362
Disposals	--	--	--
30 September 2021	6.640.523	85.294.795	91.935.318
Net book value of 31 December 2020	3.739.534	94.259.416	97.998.950
Net book value of 30 September 2021	1.994.831	71.427.757	73.422.588

13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademark s	Licences	Computer Software	Active Developmen t Costs	Other Rights	Total
1 January 2020	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
Addition	11.223.501	234.608	254.573	747.797	2.673.938	85.751	15.220.168
Disposals	--	--	--	--	--	--	--
30 September 2021	28.194.279	11.318.407	7.141.982	5.750.927	4.265.061	1.986.533	58.657.189
Accumulated depreciation							
1 January 2020	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
Charge for the period	5.716.639	77.093	437.424	592.184	65.282	12.508	6.901.130
Disposals	--	--	--	--	--	--	--
30 September 2021	14.856.724	347.336	4.087.903	3.203.842	66.902	1.861.357	24.424.064
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
Net book value, 30 September 2021	13.337.555	10.971.071	3.054.079	2.547.085	4.198.159	125.176	34.233.125

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The distribution of depreciation expenses is as follows:

	30 September 2021	30 December 2020
Tangible fixed assets	31.671.565	33.344.712
Investment properties	69.110	105.480
Intangible fixed assets	6.901.130	5.849.354
Right of use assets	24.576.362	33.783.061
Total	63.218.167	73.082.607

14 - FINANCIAL BORROWINGS

As of 30 September 2021 and 31 December 2020 the details of short term financial borrowings are as follows:

Short Term Financial Borrowings

	30 September 2021	31 December 2020
Turkish Lira financial borrowings	10.698.897	4.548.204
Foreign currency financial borrowings	25.845.921	19.265.741
Lease payables	31.167.626	31.384.215
Total	67.712.444	55.198.160

Current Installments of Long-Term Financial Liabilities

	30 September 2021	31 December 2020
Current installment of long term Turkish Lira financial borrowings	27.587.669	30.816.807
Current installment of long term foreign currency financial borrowings	67.334.618	28.536.808
Total	94.922.287	59.353.615

Long Term Financial Borrowings

	30 September 2021	31 December 2020
Turkish lira financial borrowings	79.866.297	99.035.871
Foreign currency financial borrowings lease payables	68.254.855	75.629.414
Lease payables	52.185.495	75.291.062
Total	200.306.647	249.956.347

As of September 30, 2021, the interest rates average of financial liabilities are 3,90 % in EUR and 15,38 % in TRY (31 December 2020: EUR – 3,42 %, TRY – 14,56 %) .

Liabilities given for bank borrowings are mentioned in note 19.

Maturity schedule of banks borrowings are as follows:

	30 September 2021	31 December 2020
Up to 3 months	38.391.198	49.535.170
3 to 12 months	124.243.533	65.016.605
1 to 5 years	192.538.377	235.922.561
Over 5 years	7.768.270	14.033.786
Total	362.941.378	364.508.122

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15 – EMPLOYEE BENEFIT LIABILITIES

	30 September 2021	31 December 2020
Due to personnel	16.207.216	12.254.526
Social security and Taxes and dues payable	10.177.232	7.752.453
Total	26.384.448	20.006.979

16 – DEFERRED INCOME

Short-Term Deferred Income

	30 September 2021	31 December 2020
Revenues for Future Months	42.373	--
Advances received	73.645.219	72.351.734
Total	73.687.592	72.351.734

Long-Term Deferred Income

	30 September 2021	31 December 2020
Revenues for Future Years	296.610	--
Total	296.610	--

17 – PROVISIONS

	30 September 2021	31 December 2020
Expense accruals	8.251	358.786
Provisions for litigation	686.886	686.886
Total	695.137	1.045.672

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	30 September 2021	31 December 2020
Provision for severance pay	21.327.591	17.706.556
Total	21.327.591	17.706.556

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

	30 September 2021	30 December 2020
Balance at the beginning	17.706.556	15.936.301
Cost of services	1.966.249	2.174.787
Interest cost	1.616.626	1.928.868
Actuarial profit / (loss)	1.038.737	(1.828.044)
Severance pay paid in the period	(1.000.577)	(505.356)
Total	21.327.591	17.706.556

19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

	30 September 2021	31 December 2020
Opening balance	686.886	1.689.992
Provisions reversed during the period	--	(1.003.106)
Provisions within period	--	--
Closing balance	686.886	686.886

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Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	30 September 2021	31 December 2020
A. Total Amount of GSM Given on Behalf of Legal Entity	430.519.731	332.859.319
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	430.519.731	332.859.319

Letters of guarantee - As of September 30, 2021, the Group has given letters of guarantee amounting to TRY 142.350.465 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	700.160	1,0000	700.160
Executive Directorate	TRY	7.717.455	1,0000	7.717.455
Customs Directorate	TRY	380.108	1,0000	380.108
Gas Distribution Companies	TRY	133.000	1,0000	133.000
Private Sector	TRY	5.491.210	1,0000	5.491.210
Private Sector	EUR	860.287	10,3645	8.916.443
Private Sector	USD	28.280	8,7052	246.183
Export Credit Bank of Turkey	EUR	11.315.300	10,3645	117.277.426
Government Supplies Office	TRY	150.000	1,0000	150.000
Disaster and Emergency Situation of Ministry of Interior	TRY	798.480	1,0000	798.480
Penitentiary Institution	TRY	440.000	1,0000	440.000
Ministry Of National Defence	TRY	100.000	1,0000	100.000
Total				142.350.465

	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Foreign currency		TRY equivalent	
Bills given (EUR)		5.160.000	2.850.000	53.480.820
Total		5.160.000	2.850.000	53.480.820

As at 30 September 2021, mortgages on various tangible assets of the Group amounting to 234.947.700 TRY (31 December 2020: TRY 231.420.540).

Contingent Asset

	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Foreign currency		TRY equivalent	
Letters of Guarantee (TRY)	234.363.000	144.370.302	234.363.000	144.370.302
Letters of Guarantee (USD)	5.075.000	4.170.000	44.178.890	30.609.884
Letters of Guarantee (EUR)	400.000	1.305.000	4.145.800	11.755.310
Mortgages	138.697.500	111.382.500	138.697.500	111.382.500
Mortgages (Abroad)	2.815.000	2.545.000	21.050.673	17.286.663
Total	381.350.500	263.772.802	442.435.863	315.404.659

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20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 300.000.000 (31 December 2020: 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 2020: TRY 149.798.932).

The shareholding structure of the parent company as of 30 September 2021 and 31 December 2020 is as follows;

	30 September 2021		31 December 2020	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkın	12.427.403	8,30%	12.427.403	8,30%
Yılmaz Öztaşkın	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	100,00%	149.798.932	100,00%

⁽¹⁾ Includes nominal repurchase shares amounting to TRY 5.995.097 at the rate of 4,00 % 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 ¼ 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

	30 September 2021	31 December 2020
Legal reserves	13.635.434	13.635.434
Reserves for buy back shares	36.012.234	25.429.007
Total	49.647.668	39.064.441

Actuarial gain on severance pay/ loss

	30 September 2021	31 December 2020
Actuarial gain on severance pay/ loss of fund	4.291.630	3.252.893
Deferred tax	(842.539)	(614.017)
Total	3.449.091	2.638.876

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 30 June 2021 with deducted accumulated depreciation.

	30 September 2021	31 December 2020
1 January	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 30 September 2021 and 31 December 2020 are as follows;

	30 September 2021	31 December 2020
1 January	1.647.046	1.199.625
Addition	1.019.057	447.421
Total	2.666.103	1.647.046

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 30 September 2021 and 31 December 2020 buy back shares as following;

	30 September 2021	31 December 2020
Beginning of the period	25.429.007	15.962.307
Buy back shares	10.583.227	9.466.700
Total	36.012.234	25.429.007

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 30 September 2021, the Group has Purchased 5.995.097 shares amounting to TRY 36.012.234 that is 4,00 % 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

	30 September 2021	31 December 2020
1 January	121.511.381	70.924.495
Increase/ Decrease Due To Buy-Back Shares	(10.583.227)	(9.466.700)
Transfer From Retained Profit	170.075.044	81.605.202
Dividend Distribution	--	(21.551.616)
Due to Other Changes Increase / Decrease	1.632.206	--
Total	282.635.404	121.511.381

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21 – REVENUE

For the periods ended at 30 September 2021 and 2020, the details of sales are as following;

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Domestic sales	2.908.402.682	1.131.869.064	1.825.090.420	831.977.034
Export sales	185.761.289	60.607.767	119.660.729	56.397.138
Other sales	17.315.999	6.602.691	6.626.456	3.170.103
Gross Sales	3.111.479.970	1.199.079.522	1.951.377.605	891.544.275
Sales returns (-)	(66.308.232)	(22.462.055)	(46.319.782)	(16.822.367)
Sales discounts (-)	(1.169.606.592)	(449.557.903)	(783.343.887)	(358.852.756)
Other discounts (-)	(556.091)	(295.624)	(436.766)	(265.823)
Sales returns and Discounts (-)	(1.236.470.915)	(472.315.582)	(830.100.435)	(375.940.946)
Net Sales	1.875.009.055	726.763.940	1.121.277.170	515.603.329

22 – COST OF SALES (-)

For the periods ended at 30 September 2021 and 2020, the details of cost of sales are as following;

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Cost of finished goods sold	(883.652.364)	(357.291.188)	(590.073.513)	(269.314.587)
Cost of merchandise	(300.228.453)	(113.655.980)	(79.567.644)	(33.759.812)
Cost of services sold	(28.885.837)	(9.279.736)	(22.215.376)	(2.294.709)
Total	(1.212.766.654)	(480.226.904)	(691.856.533)	(305.369.108)

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

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
General administrative expenses	66.242.253	24.692.090	39.999.630	16.819.130
Marketing, sales and distribution expenses	367.403.731	139.522.950	234.799.583	99.498.266
Research and development expenses	6.336.969	2.461.792	4.758.595	1.134.653
Total	439.982.953	166.676.832	279.557.808	117.452.049

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EXPENSES BY NATURE (-)

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Personnel expenses	139.461.782	52.122.482	86.525.762	35.792.666
Transportation expenses	96.552.851	38.188.805	50.031.719	20.527.027
Advertising expenses	65.103.788	21.594.464	43.503.592	20.430.015
Amortization expenses	50.349.238	17.640.492	43.381.773	18.537.348
Retailer opening supports	16.732.573	7.570.002	2.987.468	1.151.351
Rent expenses	13.290.476	8.077.230	11.249.776	5.178.933
Consultancy expenses	11.045.971	3.764.447	9.166.537	4.314.426
Material expenses	4.479.102	1.436.206	1.462.369	575.445
Electricity, water, climate expenses	4.148.739	1.818.882	2.616.565	1.069.701
Travel and accommodation expenses	4.059.345	2.666.852	6.366.555	1.901.672
Retailers common area rent expenses	3.425.316	1.324.906	2.064.871	535.426
Retirement pay provision expenses	2.582.298	595.642	1.998.354	336.580
Maintenance and repair expenses	2.085.977	537.193	1.196.679	475.246
Insurance expenses	1.692.115	525.108	751.199	214.555
Tax, duties and fee expenses	994.949	379.979	1.342.340	587.172
Communication expenses	808.384	311.745	44.961	(252.522)
Provision for doubtful receivables expenses	--	--	557.118	166.857
Other expenses	23.170.049	8.122.397	14.310.170	5.910.151
Total	439.982.953	166.676.832	279.557.808	117.452.049

24 – OTHER INCOME

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Foreign exchange income	31.176.655	6.696.992	34.214.626	22.478.377
Maturity difference income	22.986.428	9.287.186	14.206.703	7.618.670
Rediscount income	10.269.918	(2.231.123)	7.806.710	2.737.898
Rent income	6.051	2.136	6.324.044	340.864
Incentive income	11.739.992	7.436.672	4.433.720	1.177.174
Union incentive income	3.336.025	938.683	1.042.568	382.660
Bank commission income	1.309.711	561.958	564.175	277.083
Reversal of unnecessary provision	836.113	315.769	209.644	38.834
Discounts, and premiums	1.635.025	407.178	--	--
Other income	3.041.108	(1.556.506)	7.791.160	1.819.652
Total	86.337.026	21.858.945	76.593.350	36.871.212

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25 – OTHER EXPENSES (-)

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Foreign exchange losses	36.811.599	7.341.488	49.705.286	27.718.695
Rediscount expenses	34.269.985	16.256.816	8.823.867	5.431.741
Maturity difference expenses	13.604.315	(989.071)	3.835.357	(320.697)
Provision expenses	426.393	--	1.633.535	1.107.652
Previous periods losses and expenses	99.893	--	862.923	270.261
Donation expenses	3.240.627	639.562	--	--
Other expenses	3.145.231	729.453	3.192.124	679.490
Total	91.598.043	23.978.248	68.053.092	34.887.142

26 – INCOME FROM INVESTMENT ACTIVITIES

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Profit on sale of tangible fixed assets	1.034.383	848.764	973.803	735.558
Fund dividend income	73.280	--	--	--
Total	1.107.663	848.764	973.803	735.558

27 – INVESTMENT ACTIVITIES EXPENSES (-)

None (31 December 2020: None).

28 – FINANCIAL INCOME

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Foreign exchange income	18.741.008	6.142.619	17.770.578	14.863.726
Interest income	3.979.125	2.869.613	3.764.082	2.568.125
Total	22.720.133	9.012.232	21.534.660	17.431.851

29 – FINANCIAL EXPENSES (-)

	1 January – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Foreign exchange losses	9.431.389	1.575.472	21.213.512	13.256.662
Interest expenses	12.092.608	2.822.241	14.883.506	4.146.901
Bank commission	17.760.761	5.540.684	8.687.598	3.374.973
Lease payables interest accruals	9.207.115	2.812.912	8.446.704	2.943.192
Guarantee letter commison expenses	952.649	401.623	466.186	142.994
Other financial expenses	325.771	69.230	571.425	165.062
Total	49.770.293	13.222.162	54.268.931	24.029.784

30 – TAX ASSETS AND LIABILITIES

Corporate tax is applied on taxable corporate income, which is calculated from the statutory profit by adding back non-deductible expenses and by deducting other exempt income.

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Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 14th day of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

There is no procedure for a final and definitive agreement on tax assessments. Tax returns are filed between 1-25 April following the close of the accounting year to which they relate. Tax authorities may however examine such returns and the underlying accounting records and may revise assessment within five years.

In accordance with the regulation numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate for the year 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 July 2021, Therefore, deferred tax assets and liabilities as of 30 June 2021 are calculated with 25% tax rate for the temporary differences which will be realized in 2021, and with 20% for those which will be realized after 2023 and onwards.

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 30 June 2021. 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, thier income's 75% as of 30 June 2021 non-obliged to corprate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corprate tax's 75% used exempt. As of 30 June 2021 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

As of 30 September 2021 and 31 December 2020 assets relevant current period tax is as following;

None (31 December 2020: None).

Taxes in balance sheet

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	30 September 2021	31 December 2020
Corporation tax	46.402.716	68.047.442
Prepaid taxes and funds (-)	(28.389.064)	(48.471.996)
Total	18.013.652	19.575.446

Dereffred Taxes in balance sheet

	30 September 2021	31 December 2020
Assets	39.279.029	27.373.141
Liabilities	(41.556.402)	(33.593.594)
Total	(2.277.373)	(6.220.453)

For the periods ended at 30 September 2021 and 2020, the details of tax income / expense are as following;

	1 January – 30 September 2021	1 January – 30 September 2020
Corporation tax	(46.402.716)	(28.564.365)
Deferred taxes in income statement	3.714.558	634.960
Total	(42.688.158)	(27.929.405)

	1 January – 30 September 2021	1 January – 30 September 2020
Recognized in other comprehensive income	228.522	847.137
End of term	228.522	847.137

	30 Sept. 2021 Cumulative temporary difference	31 Dec. 2020 Cumulative temporary difference	30 Sept. 2021 Deferred tax assets / (liabilities)	31 Dec. 2020 Deferred tax assets / (liabilities)
Deferred taxes:				
Right of use assets	22.441.149	67.358.956	4.472.443	14.818.970
Retirement pay provision	21.284.963	18.820.114	5.321.241	3.727.462
Provisions for doubtful receivables	4.141.778	12.986.124	1.035.445	2.856.947
Maturity differnce and adjustments on inventories	3.424.305	14.656.931	684.861	3.224.526
Interest accruals	12.376.257	2.836.448	2.475.252	624.019
Capitalized brand cancellations	3.955.158	3.424.305	988.790	684.861
Adjustment of FX gain/loss	557.774	1.194.619	139.443	262.816
Rediscount on receivables	323.799	2.968.921	64.760	653.163
Adjustment of Time Deposit Interest Accruals	405.529	966.507	101.382	212.632
Fixed asset valuation decrease	500.000	500.000	50.000	50.000
Provision for costs	91.935.318	405.529	22.983.830	89.216
Adjustment of investment properties	1.958.431	268.222	489.608	59.009
Other	1.887.897	497.820	471.974	109.520
Deferred tax assets	165.192.358	126.884.496	39.279.029	27.373.141
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Lease payables	(54.698.178)	(58.682.629)	(9.842.632)	(12.910.178)
Adjustment of tangible and intangible assets	(7.300.997)	(49.765.755)	(1.825.249)	(8.856.802)
Rediscount on payables	(3.323.617)	(9.462.537)	(830.904)	(2.081.758)
Interest accruals	(261.536)	(4.141.384)	(65.384)	(911.104)
Adjustment of Time Deposit Interest Accruals	(1.113.558)	(2.358.569)	(222.712)	(518.885)
Retirement pay provision	(1.290.647)	(1.113.558)	(322.664)	(222.712)
Adjustment on prepaid expenses	(82.004.785)	(393.109)	(20.501.196)	(86.484)
Other	(442.071)	(775.117)	(110.518)	(170.528)
Deferred tax liabilities	(228.786.817)	(205.044.086)	(41.556.402)	(33.593.594)
Deferred tax assets / (liabilities), net	(63.594.459)	(78.159.590)	(2.277.373)	(6.220.453)

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Confirmation of Tax Reserve:

	1 January – 30 September 2021	1 January – 30 September 2020
Profit before taxation from operating activities	191.055.934	126.642.619
Tax calculated over 20% and 25% tax rates	(47.763.984)	(27.861.376)
<i>Tax effects:</i>		
- Effect of unacceptable expenses	(3.101.419)	(687.062)
- Incentives and discounts	7.355.061	214.582
- Other	822.184	404.451
Income/Expense Tax Reserves in Income Table	(42.688.158)	(27.929.405)

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 – 30 September 2021	1 July – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Net period profit	148.367.776	54.194.380	98.713.214	69.513.831
Weighted average number of shares	149.798.932	149.798.932	149.798.932	149.798.932
Earnings per Share (TRY)	0,990	0,362	0,659	0,464

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 30 September 2021 is as follows:

	Receivables				Bank Deposit	Financial Investment
	Trade receivables		Other receivables			
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	6.032.497	197.765.887	5.493.166	4.908.397	37.453.361	--
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	6.032.497	197.765.887	5.493.166	4.908.397	37.453.361	--
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	--	--	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value amount)	--	16.909.874	--	4.357.168	--	--
- Impairment (-)	--	(16.909.874)	--	(4.357.168)	--	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--
Non overdue (gross book value amount)	--	--	--	--	--	--
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

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

	Receivables				Bank Deposit	Financial Investment
	Trade receivables		Other receivables			
	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	--
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
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	--	--	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--	--	--
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)	--	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--
Non overdue (gross book value amount)	--	--	--	--	--	--
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
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 30 September 2021 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	362.941.378	407.735.370	--	38.911.578	139.212.117	221.289.575	8.322.101
Financial liabilities	362.941.378	407.735.370	--	38.911.578	139.212.117	221.289.575	8.322.101

Expected Maturities

Non-Derivative Financial Liabilities	381.694.434	388.995.431	91.000	372.193.210	16.711.221	--	--
Trade payables	380.469.863	387.770.860	91.000	370.968.639	16.711.221	--	--
Other payables	1.224.571	1.224.571	--	1.224.571	--	--	--
Total	744.635.812	796.730.801	91.000	411.104.788	155.923.338	221.289.575	8.322.101

The table below shows the liquidity risk of the Group as of 31 December 2020;

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	15.586.101
Financial liabilities	364.508.122	426.751.859	--	54.155.449	83.634.385	273.375.925	15.586.101

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

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;

		30 September 2021	31 December 2020
Fixed-rate financial instrument			
Financial assets			
-Assets of at fair value through profit or loss		--	--
-Time Deposits		10.065.545	95.240.373
- Amortised cost		199.696.606	143.805.713
- Other		72.265.674	206.524.002
Financial liabilities			
Financial liabilities		318.077.653	338.835.607
- Amortised cost		380.469.863	352.177.204
- Other		1.224.571	479.503
Floating interest financial instrument			
Financial assets			--
Financial liabilities		44.863.725	25.672.515

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 1.951.572 at 30 September 2021 due to higher / lower interest expenses it would be lower / higher. (31 December 2020 TRY 1.116.754)

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 30 September 2021 and 31 December 2020 net debt / total equity ratio is as follows:

	30 September 2021	31 December 2020
Total debts	931.142.733	886.659.402
Less: Liquid assets	(71.928.656)	(296.601.025)
Net debt	859.214.077	590.058.377
Total capital	1.526.460.625	1.119.717.442
Net Debt/Total Equity ratio	56%	53%

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Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	60.822.731	1.602.178	4.077.222	18.000	40.200.000
2a. Monetary Financial Assets (including cash, banks)	12.010.868	960.548	263.912	72	7.270.000
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	22.095.495	--	2.120.629	18.810	--
4. Current Assets (1+2+3)	94.929.094	2.562.726	6.461.763	36.882	47.470.000
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	733.799	82.978	--	--	--
8. Non-Current Assets (5+6+7)	733.799	82.978	--	--	--
9. Total Assets (4+8)	95.662.893	2.645.704	6.461.763	36.882	47.470.000
10. Trade Payables	61.677.590	3.323.688	3.033.885	6	9.115.000
11. Financial Liabilities	91.158.799	--	8.838.784	--	--
12a. Other monetary financial liabilities	4.633.168	305.177	45.028	--	13.464.000
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	157.469.557	3.628.865	11.917.697	6	22.579.000
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	68.254.856	--	6.618.011	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	68.254.856	--	6.618.011	--	--
18. Total Liabilities (13+17)	225.724.413	3.628.865	18.535.708	6	22.579.000
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)	(130.061.520)	(983.161)	(12.073.945)	36.876	24.891.000
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(152.890.814)	(1.066.139)	(14.194.574)	18.066	24.891.000

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	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

Details of the import and export amounts of the Group as of 30 September 2021 and 2020 are as follows;

	1 January – 30 September 2021		1 January – 30 September 2020	
	Import	Export	Import	Export
USD	100.666.418	109.003.669	4.938.678	9.307.769
EUR	58.820.940	57.331.394	6.751.898	5.290.389
TRY	--	1.623.990	--	940.454
GBP	449.411	--	80.003	--
TRY equivalent	159.936.769	167.959.053	86.317.821	104.230.350

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Foreign Currency Risk Sensitivity Analysis

As of 30 September 2021, 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 Sensivity Analysis Table		
30 September 2021		
	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	(869.439)	869.439
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	(869.439)	869.439
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(12.452.463)	12.452.463
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(12.452.463)	12.452.463
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	43.990	(43.990)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	43.990	(43.990)
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	271.760	(271.760)
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	271.760	(271.760)
Total (3+6+9+12)	(13.006.152)	13.006.152

Foreign Currency Risk Sensivity 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)

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 September 30, 2021. 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 September 30, 2021.

NOTE 35 – POST BALANCE SHEET EVENTS

None. (31 Aralık 2020: Yoktur).