

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

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF SEPTEMBER 30, 2022**

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

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEET	1-2
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
CONSOLIDATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	6-50

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Dipnot	Unaudited 30 September 2022	Audited 31 December 2021
CURRENT ASSETS			
Cash And Cash Equivalents	4	218.727.032	111.399.760
Trade Receivables		566.535.830	231.159.375
<i>Due From Related Parties</i>	3-5	1.863.979	3.269.791
<i>Trade Receivables, Third Parties</i>	5	564.671.851	227.889.584
Other Receivables		2.759.604	1.564.013
<i>Due From Related Parties</i>	3-6	840.643	943.171
<i>Other Receivables, Third Parties</i>	6	1.918.961	620.842
Inventories	8	1.282.648.426	668.116.135
Prepaid Expenses	9	181.225.706	85.230.518
Other Current Assets	7	346.666.474	169.705.833
TOTAL CURRENT ASSETS		2.598.563.072	1.267.175.634
NON-CURRENT ASSETS			
Financial Investments	10	1.000	1.000
Other Receivables		2.627.627	2.351.374
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	2.627.627	2.351.374
Investment Properties	11	28.173.207	28.232.417
Tangible Fixed Assets	12	836.667.628	725.296.572
Right of Use Assets	12	56.934.675	65.427.997
Intangible Fixed Assets	13	63.673.446	42.536.836
Prepaid Expenses	9	30.592.247	23.741.483
Deferred Tax Assets	30	48.066.167	41.723.509
TOTAL NON-CURRENT ASSETS		1.066.735.997	929.311.188
TOTAL ASSETS		3.665.299.069	2.196.486.822

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, 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Unaudited	Audited
LIABILITIES	Note	30 September 2022	31 December 2021
CURRENT LIABILITIES			
Financial Liabilities	14	610.836.031	60.034.142
Short Term Portion Of Long Term Financial Liabilities	14	311.796.300	130.085.220
Lease Payables	14	22.486.118	29.484.821
Trade Payables		794.528.540	484.358.567
<i>Due To Related Parties</i>	3-5	--	--
<i>Trade Payables, Third Parties</i>	5	794.528.540	484.358.567
Employee Benefit Obligations	15	54.380.391	29.196.472
Other Payables		1.087.646	781.202
<i>Due To Related Parties</i>	3-6	35.456	--
<i>Other Payables, Third Parties</i>	6	1.052.190	781.202
Deferred Income	16	150.962.358	124.849.739
Current Income Tax Liabilities	30	49.135.378	21.599.995
Provisions	17	4.461.640	4.145.722
Other Current Liabilities	7	25.625.133	5.861.925
TOTAL CURRENT LIABILITIES		2.025.299.535	890.397.805
NON-CURRENT LIABILITIES			
Financial Liabilities	14	195.639.966	149.776.367
Lease Payables	14	45.215.898	45.806.230
Deferred Income	16	15.715.042	--
Provisions		19.038.933	16.291.703
<i>Provision For Employee Benefits</i>	18	19.038.933	16.291.703
Deferred Tax Liabilities	30	94.504.158	87.331.442
TOTAL NON-CURRENT LIABILITIES		370.113.997	299.205.742
EQUITY			
Paid-In Capital	20	149.798.932	149.798.932
Buy-Back Shares (-)	20	(36.445.451)	(36.015.309)
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		352.936.855	354.362.729
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	353.490.398	353.490.398
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(553.543)	872.331
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(9.770.449)	(7.083.800)
<i>Currency Translation Differences</i>	20	(9.770.449)	(7.083.800)
Restricted Reserves	20	70.999.938	49.650.743
Retained Earnings	20	372.794.091	240.113.597
Net Income For The Period		369.571.621	256.056.383
EQUITY HOLDERS OF THE PARENT		1.269.885.537	1.006.883.275
TOTAL LIABILITIES		3.665.299.069	2.196.486.822

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 2022 AND 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Unaudited 1 January – 30 September 2022	Unaudited 1 July – 30 September 2022	1 January – 30 September 2021	1 July– 30 September 2021
Revenue	21	4.540.727.787	1.786.488.785	1.875.009.055	726.763.940
Cost Of Sales (-)	22	(3.099.496.524)	(1.238.760.476)	(1.212.766.654)	(480.226.904)
Gross profit		1.441.231.263	547.728.309	662.242.401	246.537.036
General Administrative Expenses (-)	23	(106.966.487)	(48.088.640)	(66.242.253)	(24.692.090)
Marketing, Selling And Distribution Expenses (-)	23	(778.551.859)	(283.361.227)	(367.403.731)	(139.522.950)
Research And Development Expenses (-)	23	(14.208.978)	(5.239.016)	(6.336.969)	(2.461.792)
Other Income From Operating Activities	24	200.822.795	90.697.675	86.337.026	21.858.945
Other Expenses From Operating Activities (-)	25	(181.673.054)	(80.592.333)	(91.598.043)	(23.978.248)
Operating Profit / Loss		560.653.680	221.144.768	216.998.431	77.740.901
Income From Investment Activities	26	6.119.722	4.641.133	1.107.663	391.828
Expenses From Investment Activities (-)	27	--	--	--	--
OPERATING INCOME BEFORE FINANCIAL INCOME		566.773.402	225.785.901	218.106.094	78.132.729
Financial Expenses (-)	29	(95.879.741)	(19.392.316)	(49.770.293)	(13.222.162)
Financial Income	28	7.870.736	(2.404.745)	22.720.133	6.663.115
PROFIT BEFORE TAX		478.764.397	203.988.840	191.055.934	71.573.682
Tax income/(expense)		(109.192.776)	(47.931.133)	(42.688.158)	(17.379.302)
Taxes On Income/(Expense)	30	(107.960.548)	(48.576.421)	(46.402.716)	(18.087.476)
Deferred Tax Income/(Expense)	30	(1.232.228)	645.288	3.714.558	708.174
PERIOD PROFIT / LOSS		369.571.621	156.057.707	148.367.776	54.194.380
Earnings Per Share					
Earnings Per Share (Kr)	31	2,4671	1,0418	0,9904	0,3618
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		(1.425.874)	--	(810.215)	1.367.281
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	(1.828.044)	--	(1.038.737)	1.752.925
Tax Income/(Expense)		402.170	--	228.522	(385.644)
Deferred Tax (Expense) Income	30	402.170	--	228.522	(385.644)
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(2.686.649)	(6.984.111)	(1.019.057)	(370.022)
Currency Translation Differences Related to the Foreign Operations		(2.686.649)	(6.984.111)	(1.019.057)	(370.022)
OTHER COMPREHENSIVE INCOME (LOSS)		(4.112.523)	(6.984.111)	(1.829.272)	997.259
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		365.459.098	149.073.596	146.538.504	55.191.639

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 2022 AND 2021
(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 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
Balance at 1 January 2022	149.798.932	(36.015.309)	353.490.398	872.331	(7.083.800)	49.650.743	240.113.597	256.056.383	1.006.883.275
Buy-Back Shares	--	(430.142)	--	--	--	430.142	(430.142)	--	(430.142)
Transfer From Retained Profit	--	--	--	--	--	20.919.053	235.137.330	(256.056.383)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	369.571.621	369.571.621
Other Comprehensive Income	--	--	--	(1.425.874)	(2.686.649)	--	--	--	(4.112.523)
Dividend Distribution	--	--	--	--	--	--	(100.000.000)	--	(100.000.000)
Due to Other Changes Increase / Decrease	--	--	--	--	--	--	(2.026.694)	--	(2.026.694)
Balance at 30 September 2022	149.798.932	(36.445.451)	353.490.398	(553.543)	(9.770.449)	70.999.938	372.794.091	369.571.621	1.269.885.537

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 2022 AND 2021
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

		Unaudited 1 January – 30 September 2022	Unaudited 1 January – 30 September 2021
A. Cash Flow From Operating Activities	Note		
Profit / (Loss) Of The Period		369.571.621	148.367.776
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	11-12-13	63.345.636	63.218.167
Adjustment To Interest Income (Expenses)		144.035.186	15.539.069
- Adjustment To Unearned Interest On Receivables	5-24	147.831.258	13.604.315
- Adjustment To Unearned Interest On Payables	5-25	(7.083.065)	(10.269.918)
- Adjustment To Interest Expenses	14-29	1.385.136	3.955.158
- Adjustments for Interest Expenses from Leases	14-29	2.015.768	9.207.115
- Adjustment To Interest Income	28	(113.911)	(957.601)
Adjustment To Provision		919.186	3.008.691
- Adjustments Related To Provision (Reversal) For Employee Benefits	18	919.186	2.582.298
- Adjustment To Provision For Lawsuits	17	--	426.393
Adjustment To Impairment		--	(836.113)
- Adjustment To Provision For Doubtful Receivables	5	--	(836.113)
Investment property Fair value increase	11	315.918	--
Adjustment To (Tax Income) Expenses	30	109.192.776	42.688.158
		687.380.323	271.985.748
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	3-5	(483.207.713)	(68.659.095)
Changes In Other Receivables	3-6	(1.574.372)	(3.111.569)
Changes In Other Assets	7	(176.960.641)	(69.953.350)
Changes In Inventories	8	(614.532.291)	(199.485.907)
Changes In Prepaid Expenses	9	(102.845.952)	(32.137.170)
Changes In Trade Payables	5	317.253.038	38.562.577
Changes In Other Payables	6	306.444	745.068
Changes In Employee Benefit Liabilities	15	25.183.919	6.377.469
Changes In Other Liabilities	7	19.763.208	(1.446.031)
Changes In Deferred Income	16	41.827.661	1.632.468
Taxes Returns (Payments)	30	(80.425.165)	(47.964.510)
Interest Paid	29	72.316.480	8.137.450
Interest Received	28	(3.056.168)	(3.021.524)
Other		(2.026.694)	1.632.206
Total		(300.597.923)	(96.706.170)
B. Cash Flow From Investing Activities			
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	2.271.442	1.006.031
- Cash Inflows From Sales Of Tangible Assets		2.271.442	1.006.031
Cash Outflows From Purchases Of Tangible And Intangible Assets	12-13	(189.572.212)	(96.354.961)
- Cash Outflows From Purchases Of tangible Assets		(156.269.197)	(81.134.793)
- Cash Outflows From Purchases Of Intangible Assets		(33.303.015)	(15.220.168)
Collections From Advances Given	6	102.528	(1.612.114)
- Collections From Related Parties		102.528	(1.612.114)
Total		(187.198.242)	(96.961.044)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	1.237.321.424	294.737.937
Cash Outflows From Payables	14	(469.934.795)	(309.466.954)
- Cash Outflows Regarding Financial Borrowings Repayments		(460.329.992)	(276.937.683)
- Cash Outflows arises from lease contract	14	(9.604.803)	(32.529.271)
Interest Paid	29	(72.316.480)	(8.137.450)
Interest Received	28	3.056.168	3.021.524
Dividend Payout		(100.000.000)	--
Cash Outflows Related To Buy-Back Shares	20	(430.142)	(10.583.227)
Total		597.696.175	(30.428.170)
Foreign Currency Translatin Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)		109.900.010	(224.095.383)
D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	20	(2.686.649)	(1.019.057)
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		107.213.361	(225.114.440)
E. Beginning Of The Period Cash And Cash Equivalents	4	111.399.760	296.601.025
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	218.613.121	71.486.585

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 2022

(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 2022, 3.449 personnel are employed at the Company (31 December 2021:3.221)

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 (“BİST”) 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 September 2022, 11 personnel are employed by the Company (31 December 2021: 8 Personnel). Yatas Europe’s shareholding structure as of 30 September 2022 in EUR are as following;

	30 September 2022		31 December 2021	
	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 September 2022, 9 personnel are employed by the Yatas Rus. Yatas Rus’s shareholding structure as of (31 December 2021: 7 Personnel).

30 September 2022 in RUBLE is as following;

	30 September 2022		31 December 2021	
	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

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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 2022, 5 personnel are employed by the EnzaHome. EnzaHome's shareholding structure as of (31 December 2021: 2 Personnel).

30 September 2022 in USD is as following;

	30 September 2022		31 December 2021	
	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

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on June 7, 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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Financial Statements Correction in High Inflation Period

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

Currency

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

Subsidiaries Operating in Countries Other Than Turkey's Financial Statements

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

Offsetting

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

Basis of Consolidation

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

Complete Consolidation Method

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

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

- 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 2022 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;

Subsidiaries	Ownership of the Parent Company		Minority Interest
	(Direct)	(Direct+ Indirect)	
Yatas International 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) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

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

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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

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

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

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

TFRS 17 *Insurance Contracts*

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

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

2.c. Changes in Accounting Policies

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

2.d. Changes in Accounting Estimates and Errors

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

Comparative Information and Previous Periods Adjustments

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

2.e. Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Financial Instruments

Classification and Measurement

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

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

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

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

"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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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

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

Impairment

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

Trade Receivables

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

Buy-Back Shares

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

Borrowing Costs

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

Inventories

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

Tangible Fixed Assets and Amortisations

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

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

	<u>Useful Life</u>
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 prorate basis over period of between 3-10 years from the date of acquisition.

Investment Property

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

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

TFRS 16 Leases

The Group – as a lessee

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

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

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

Right of use asset

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

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

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

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

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

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

Lease Liability

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

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

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

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised 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 as of 31 June 2021.

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

- **Social Insurance Premium**

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

Fair value estimation:

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

- 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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 losing 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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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

Deferred Tax

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

The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the revaluation, as of 31 June 2022, 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 2022	31 December 2021
USD	18,5187	13,3290
EUR	18,1395	15,0867
RUB	0,32105	0,17697
GBP	20,5816	17,9667

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:

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 2022		31 December 2021	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	1.863.979	--	3.269.791	--
Other Receivables (Note 6)				
Receivables from Shareholders	--	840.643	--	943.171
Total	1.863.979	840.643	3.269.791	943.171

	30 September 2022		31 December 2021	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Payables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	--	--	--	--
Other Payables (Note 6)				
Payables from Shareholders	--	35.456	--	--
Total	--	35.456	--	--

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

Purchases and / or expenses from related parties:

	1 January – 30 September 2022	
	Rent Expenses	Other
Süntaş Sünger ve Yatak San.Tic. A.Ş. (in liquidation)	1.109.870	81.496
Yavuz Altop	1.101.167	--
Yılmaz Öztaşkın	1.101.167	--
Other Shareholders	2.150.325	--
Total	5.462.529	81.496

	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

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 2022 is TRY 40.765.291 (30 September 2021: TRY 22.364.180).

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

4 - CASH AND CASH EQUIVALENTS

As of 30 September 2022 and 31 December 2021, the details of cash and cash equivalents are as follows:

	30 September 2022	31 December 2021
Cash	97.841	92.412
Banks	96.915.311	51.684.912
<i>Demand deposits</i>	94.662.997	22.894.903
<i>Time deposits</i>	2.252.314	28.790.009
Liquid funds ⁽¹⁾	121.599.969	59.609.092
Cash and cash equivalents in the cash flow statement	218.613.121	111.386.416
Interest income accrual	113.911	13.344
Total	218.727.032	111.399.760

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

5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	30 September 2022	31 December 2021
Trade Receivables	413.349.446	178.985.955
- <i>Trade Receivables from related parties (note 3)</i>	1.863.979	3.269.791
- <i>Other trade Receivables</i>	411.485.467	175.716.164
Notes Receivables	170.778.983	63.748.324
- <i>Other notes Receivables</i>	170.778.983	63.748.324
Unearned Interest (-)	(17.592.599)	(11.574.904)
Doubtful trade receivables	21.457.488	17.999.348
Provision for doubtful trade receivables (-)	(21.457.488)	(17.999.348)
Total	566.535.830	231.159.375

Long Term Trade Receivables

The maturity schedule of receivables are as follows:

	30 September 2022	31 December 2021
Up to 3 months	414.663.688	172.313.290
3 to 12 months	169.464.741	70.420.989
Total	584.128.429	242.734.279

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

	30 September 2022	31 December 2021
Opening balance	17.999.348	17.319.595
Additional provisions in the period	4.363.113	1.089.474
Cancellation of provision in period (-)	(904.973)	(409.721)
Total (End of the period)	21.457.488	17.999.348

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Trade Payables

Short Term Trade Payables

	30 September 2022	31 December 2021
Trade payables	674.672.532	379.275.646
-Due To Related Parties (Note 3)	--	--
- Trade Payables, Third Parties	674.672.532	379.275.646
Notes payables	158.251.773	123.142.193
Unearned interest (-)	(38.395.765)	(18.084.323)
Other	--	25.051
Total	794.528.540	484.358.567

Long Term Trade Payables

None (31 December 2021: None).

As of 30 September 2022 and 31 December 2021 maturity schedule of payables are as follows:

	30 September 2022	31 December 2021
Up to 3 months	824.128.593	497.112.288
3 to 12 months	8.795.712	5.330.602
Total	832.924.305	502.442.890

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	30 September 2022	31 December 2021
Receivables from related parties (note 3)	840.643	943.171
Receivables from personnel	1.918.961	191.904
Doubtful other receivables	4.357.168	4.357.168
Provision for doubtful other receivables (-)	(4.357.168)	(4.357.168)
Other	--	428.938
Total	2.759.604	1.564.013

Long Term Other Receivables

	30 September 2022	31 December 2021
Deposits and guarantees given	2.627.627	2.351.374
Total	2.627.627	2.351.374

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

	30 September 2022	31 December 2021
Opening balance	4.357.168	4.357.168
Additional provisions in the period	--	--
Cancellation of provision in period (-)	--	--
Total (End of the period)	4.357.168	4.357.168

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Short Term Other Payables

	30 September 2022	31 December 2021
Other payables to related parties (note 3)	35.456	--
Deposits and guarantees received	534.930	375.169
Other sundry payables	517.260	406.033
Total	1.087.646	781.202

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 September 2022	31 December 2021
VAT carried forward	345.316.118	147.929.799
Receivables from tax office	1.350.356	623.695
Other	--	21.152.339
Total	346.666.474	169.705.833

Other Current Liabilities

	30 September 2022	31 December 2021
Taxes and dues payable	21.376.720	4.515.519
Other liabilities	4.248.413	1.346.406
Total	25.625.133	5.861.925

8 – INVENTORIES

	30 September 2022	31 December 2021
Raw materials	220.329.646	131.322.835
Work in process	25.169.436	8.920.805
Finished goods	1.023.339.987	510.266.721
Merchandises	11.497.029	11.889.476
Other inventories ⁽¹⁾	2.312.328	5.716.298
Total	1.282.648.426	668.116.135

⁽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 September 2022, there is insurance coverage amounting to 529.840.000 TRY on inventories (31 December 2021: 529.840.000 TRY).

9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	30 September 2022	31 December 2021
Order advances given	154.741.743	81.178.003
Prepaid expenses	22.845.816	3.495.977
Advances given for business purposes	141.584	80.899
Advances given to personnel	3.496.563	475.639
Total	181.225.706	85.230.518

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Long-Term Prepaid Expenses

	30 September 2022	31 December 2021
Prepaid expenses	30.021.747	23.170.983
Income Accruals	570.500	570.500
Total	30.592.247	23.741.483

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 2022 and 31 December 2021 financial investments is as following;

Short term financial investmens

None (31 December 2021: None).

As at 30 September 2022, 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 2022		31 December 2021	
	(%)	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 2022	Level 1	Level 2	Level 3
Kay-Ser A.Ş.	--	--	1.000
31 December 2021	Level 1	Level 2	Level 3
Kay-Ser A.Ş.	--	--	1.000

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

11 – INVESTMENT PROPERTIES

Cost	Lands	Buildings	Total
1 January 2021	6.715.872	4.607.317	11.323.189
Addition	--	--	--
Fair value increase	--	18.112.600	18.112.600
Disposals	--	(665.000)	(665.000)
31 December 2021	6.715.872	22.054.917	28.770.789
Addition	--	--	--
Disposals	--	--	--
30 September 2022	6.715.872	22.054.917	28.770.789
Accumulated depreciation			
1 January 2021	--	490.809	490.809
Charge for the period	--	90.696	90.696
Disposals	--	(43.133)	(43.133)
31 December 2021	--	538.372	538.372
Charge for the period	--	59.210	59.210
Disposals	--	--	--
30 September 2022	--	597.582	597.582
Net book value, 31 December 2021	6.715.872	21.516.545	28.232.417
Net book value, 30 September 2022	6.715.872	21.457.335	28.173.207

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 2021	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	5.218.284	115.394	13.781.820	30.907.783	640.865	36.036.314	22.386.515	21.663.497	130.750.472
Fair value increase	31.923.260	--	278.321.036	--	--	--	--	--	310.244.296
Disposals	--	--	--	(1.308.289)	--	(1.003.153)	(260.237)	(11.344.918)	(13.916.597)
31 December 2021	91.712.586	674.011	419.377.144	179.083.355	7.835.158	129.564.660	106.447.823	10.786.706	945.481.443
Addition	2.990.016	--	10.455.068	15.514.153	1.789.057	46.509.240	20.504.231	58.507.432	156.269.197
Disposals	--	--	--	(2.043.301)	(245.559)	(207.316)	(2.605.783)	--	(5.101.959)
30 September 2022	94.702.602	674.011	429.832.212	192.554.207	9.378.656	175.866.584	124.346.271	69.294.138	1.096.648.681
Accumulated depreciation									
1 January 2021	--	96.024	17.388.258	57.622.220	4.167.416	46.340.388	52.682.559	--	178.296.865
Charge for the period	--	29.874	2.715.398	14.224.983	842.204	14.160.868	11.754.871	--	43.728.198
Disposals	--	--	--	(1.308.289)	--	(271.666)	(260.237)	--	(1.840.192)
31 December 2021	--	125.898	20.103.656	70.538.914	5.009.620	60.229.590	64.177.193	--	220.184.871
Charge for the period	--	22.302	2.299.832	12.375.874	737.636	15.688.940	11.502.115	--	42.626.699
Disposals	--	--	--	(2.043.301)	(230.046)	(155.370)	(401.800)	--	(2.830.517)
30 September 2022	--	148.200	22.403.488	80.871.487	5.517.210	75.763.160	75.277.508	--	259.981.053
Net book value, 31 December 2021	91.712.586	548.113	399.273.488	108.544.441	2.825.538	69.335.070	42.270.630	10.786.706	725.296.572
Net book value, 30 September 2022	94.702.602	525.811	407.428.724	111.682.720	3.861.446	100.103.424	49.068.763	69.294.138	836.667.628

As of 30 September 2022 there is insurance amounting to TRY 1.181.196.861 on property, plant and equipment The liability amounts for fixed assets are mentioned in Note 19. (31 December 2021: 1.181.196.861 TL)

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 2022 is as follows:

	Vehicles	Buildings	Total
1 January 2021 balance	8.635.354	156.722.552	165.357.906
Additions	--	--	--
Disposals	--	--	--
31 December 2021 balance	8.635.354	156.722.552	165.357.906
Additions	--	--	--
Disposals	--	--	--
30 September 2022	8.635.354	156.722.552	165.357.906
Accumulated depreciation			
1 January 2021 balance	4.895.820	62.463.136	67.358.956
Charge for the period	2.326.271	30.244.682	32.570.953
Disposals	--	--	--
31 December 2021 balance	7.222.091	92.707.818	99.929.909
Charge for the period	606.607	7.886.715	8.493.322
Disposals	--	--	--
30 September 2022	7.828.698	100.594.533	108.423.231
Net book value of 31 December 2021	1.413.263	64.014.734	65.427.997
Net book value of 30 September 2022	806.656	56.128.019	56.934.675

13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Active Development Costs	Other Rights	Total
1 January 2021	16.970.778	11.083.799	6.887.409	5.003.130	1.591.123	1.900.782	43.437.021
Addition	14.003.267	274.353	8.437.461	747.797	3.044.966	85.751	26.593.595
Disposals	--	--	--	--	--	--	--
31 December 2021	30.974.045	11.358.152	15.324.870	5.750.927	4.636.089	1.986.533	70.030.617
Addition	10.311.316	1.542.710	3.076.032	971.758	14.411.202	2.989.997	33.303.015
Disposals	--	--	--	--	--	--	--
30 September 2022	41.285.361	12.900.862	18.400.902	6.722.685	19.047.291	4.976.530	103.333.632
Accumulated depreciation							
1 January 2021	9.140.085	270.243	3.650.479	2.611.658	1.620	1.848.849	17.522.934
Charge for the period	8.252.824	105.108	656.361	781.482	158.740	16.331	9.970.846
Disposals	--	--	--	--	--	--	--
31 December 2021	17.392.909	375.351	4.306.840	3.393.140	160.360	1.865.180	27.493.781
Charge for the period	9.448.251	148.696	1.400.268	475.226	682.875	11.089	12.166.405
Disposals	--	--	--	--	--	--	--
30 September 2022	26.841.160	524.047	5.707.108	3.868.366	843.235	1.876.269	39.660.187
Net book value, 31 December 2021	13.581.136	10.982.801	11.018.030	2.357.787	4.475.729	121.353	42.536.836
Net book value, 30 September 2022	14.444.201	12.376.815	12.693.794	2.854.319	18.204.056	3.100.261	63.673.446

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

The distribution of depreciation expenses is as follows:

	30 September 2022	30 December 2021
Tangible fixed assets	42.626.699	43.728.198
Investment properties	59.210	90.696
Intangible fixed assets	12.166.405	9.970.846
Right of use assets	8.493.322	32.570.953
Total	63.345.636	86.360.693

14 - FINANCIAL BORROWINGS

As of 30 September 2022 and 31 December 2021 the details of short term financial borrowings are as follows:

Short Term Financial Borrowings

	30 September 2022	31 December 2021
Turkish Lira financial borrowings	585.016.458	1.276.057
Foreign currency financial borrowings	25.819.573	58.758.085
Lease payables	22.486.118	29.484.821
Total	633.322.149	89.518.963

Current Installments of Long-Term Financial Liabilities

	30 September 2022	31 December 2021
Current installment of long term Turkish Lira financial borrowings	65.811.479	27.457.352
Current installment of long term foreign currency financial borrowings	245.984.821	102.627.868
Total	311.796.300	130.085.220

Long Term Financial Borrowings

	30 September 2022	31 December 2021
Turkish lira financial borrowings	96.299.009	71.578.519
Foreign currency financial borrowings	99.340.957	78.197.848
Lease payables	45.215.898	45.806.230
Total	240.855.864	195.582.597

As of September 30, 2022, the interest rates average of financial liabilities are 3,40 % in EUR and 14,10 % in TRY (31 December 2021: 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 2022	31 December 2021
Up to 3 months	197.002.567	68.966.807
3 to 12 months	438.346.813	153.456.782
1 to 5 years	536.781.482	187.916.865
Over 5 years	13.843.452	4.846.326
Total	1.185.974.313	415.186.780

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

15 – EMPLOYEE BENEFIT LIABILITIES

	30 September 2022	31 December 2021
Due to personnel	33.095.109	16.765.225
Social security and Taxes and dues payable	21.285.282	12.431.247
Total	54.380.391	29.196.472

16 – DEFERRED INCOME

Short-Term Deferred Income

	30 September 2022	31 December 2021
Revenues for Future Months	148.971.392	124.553.129
Advances received	1.990.966	296.610
Total	150.962.358	124.849.739

Long-Term Deferred Income

	30 September 2022	31 December 2021
Revenues for Future Years	15.715.042	--
Total	15.715.042	--

17 – PROVISIONS

	30 September 2022	31 December 2021
Expense accruals	4.056.111	3.740.193
Provisions for litigation	405.529	405.529
Total	4.461.640	4.145.722

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	30 September 2022	31 December 2021
Provision for severance pay	19.038.933	16.291.703
Total	19.038.933	16.291.703

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

	30 September 2022	30 December 2021
Balance at the beginning	16.291.703	17.706.556
Cost of services	3.212.228	2.435.843
Interest cost	1.127.653	2.154.930
Actuarial profit / (loss)	5.220.434	(4.501.547)
Severance pay paid in the period	(6.813.085)	(1.504.079)
Total	19.038.933	16.291.703

19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

	30 September 2022	31 December 2021
Opening balance	405.529	686.886
Provisions reversed during the period	--	(281.357)
Provisions within period	--	--
Closing balance	405.529	405.529

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	30 September 2022	31 December 2021
A. Total Amount of GSM Given on Behalf of Legal Entity	379.375.844	248.482.326
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	379.375.844	248.482.326

Letters of guarantee - As of September 30, 2022, the Group has given letters of guarantee amounting to TRY 189.775.524 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	2.276.160	1,0000	2.276.160
Executive Directorate	TRY	8.602.894	1,0000	8.602.894
Customs Directorate	TRY	412.336	1,0000	412.336
Gas Distribution Companies	TRY	133.000	1,0000	133.000
Private Sector	TRY	10.812.406	1,0000	10.812.406
Private Sector	EUR	100.280	17,9232	1.797.338
Private Sector	USD	572.000	18,5038	10.584.174
Export Credit Bank of Turkey	EUR	8.622.200	17,9232	154.537.415
Government Supplies Office	TRY	150.000	1,0000	150.000
Disaster and Emergency Situation of Ministry of Interior	TRY	469.800	1,0000	469.800
Total		32.151.076		189.775.524

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Foreign currency		TRY equivalent	
Bills given (EUR)	2.365.872	4.350.000	42.404.000	63.868.005
Bills given (TL)	--	--	80.000.000	--
Total			122.404.000	63.868.005

As at 30 September 2022, mortgages on various tangible assets of the Group amounting to 188.557.460 TRY (31 December 2021: TRY 261.173.980).

Contingent Asset

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Foreign currency		TRY equivalent	
Letters of Guarantee (TRY)	452.582.000	253.113.523	452.582.000	253.113.523
Letters of Guarantee (USD)	4.695.000	4.400.000	86.875.341	57.101.000
Letters of Guarantee (EUR)	1.000.000	600.000	17.923.200	8.809.380
Mortgages	246.322.500	139.940.750	246.322.500	139.940.750
Mortgages (Abroad)	2.325.000	--	43.021.335	--
Mortgage Checks	3.150.000	--	3.150.000	--
Total			849.874.376	458.964.653

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 300.000.000 (31 December 2021: 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 149.798.932 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 2021: TRY 149.798.932).

The shareholding structure of the parent company as of 30 September 2022 and 31 December 2021 is as follows;

	30 September 2022		31 December 2021	
	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 36.439.256 at the rate of 4,03 % 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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 2022	31 December 2021
Legal reserves	34.554.487	13.635.434
Reserves for buy back shares	36.445.451	36.015.309
Total	70.999.938	49.650.743

Actuarial gain on severance pay/ loss

	30 September 2022	31 December 2021
Actuarial gain on severance pay/ loss of fund	718.887	(1.248.654)
Deferred tax	(165.344)	376.323
Total	553.543	(872.331)

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 September 2022 with deducted accumulated depreciation.

	30 September 2022	31 December 2021
1 January	353.490.398	78.924.196
Deferred tax	--	274.566.202
Total	353.490.398	353.490.398

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Foreign currency conversion differences

Currency conversion differences as of 30 September 2022 and 31 December 2021 are as follows;

	30 September 2022	31 December 2021
1 January	7.083.800	1.647.046
Addition	2.686.649	5.436.754
Total	9.770.449	7.083.800

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 2022 and 31 December 2021 buy back shares as following;

	30 September 2022	31 December 2021
Beginning of the period	36.015.309	25.429.007
Buy back shares	430.142	10.586.302
Total	36.445.451	36.015.309

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 2022, the Group has Purchased 6.035.734 shares amounting to TRY 36.439.256 that is 4,03 % 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 2022	31 December 2021
1 January	240.113.597	121.511.381
Increase/ Decrease Due To Buy-Back Shares	(2.026.694)	--
Transfer From Retained Profit	(430.142)	(10.586.302)
Dividend Distribution	235.137.330	170.075.044
Due to Other Changes Increase / Decrease	(100.000.000)	(40.886.526)
Total	372.794.091	240.113.597

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

21 – REVENUE

For the periods ended at 30 September 2022 and 2021, the details of sales are as following;

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Domestic sales	5.189.269.516	1.944.236.413	2.908.402.682	1.131.869.064
Export sales	421.075.410	121.997.178	185.761.289	60.607.767
Other sales	32.728.555	11.031.458	17.315.999	6.602.691
Gross Sales	5.643.073.481	2.077.265.049	3.111.479.970	1.199.079.522
Sales returns (-)	(127.723.808)	(46.637.516)	(66.308.232)	(22.462.055)
Sales discounts (-)	(972.453.186)	(243.612.722)	(1.169.606.592)	(449.557.903)
Other discounts (-)	(2.168.700)	(526.026)	(556.091)	(295.624)
Sales returns and Discounts (-)	(1.102.345.694)	(290.776.264)	(1.236.470.915)	(472.315.582)
Net Sales	4.540.727.787	1.786.488.785	1.875.009.055	726.763.940

22 – COST OF SALES (-)

For the periods ended at 30 September 2022 and 2021, the details of cost of sales are as following;

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Cost of finished goods sold	(2.349.687.985)	(918.539.440)	(883.652.364)	(357.291.188)
Cost of merchandise	(699.698.511)	(300.534.799)	(300.228.453)	(113.655.980)
Cost of services sold	(50.110.028)	(19.686.237)	(28.885.837)	(9.279.736)
Total	(3.099.496.524)	(1.238.760.476)	(1.212.766.654)	(480.226.904)

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

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
General administrative expenses	106.966.487	48.088.640	66.242.253	24.692.090
Marketing, sales and distribution expenses	778.551.859	283.361.227	367.403.731	139.522.950
Research and development expenses	14.208.978	5.239.016	6.336.969	2.461.792
Total	899.727.324	336.688.883	439.982.953	166.676.832

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

EXPENSES BY NATURE (-)

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Personnel expenses	248.205.910	99.255.634	139.461.782	52.122.482
Transportation expenses	240.679.057	87.516.020	96.552.851	38.188.805
Advertising expenses	146.489.788	48.453.900	65.103.788	21.594.464
Amortization expenses	43.584.553	21.521.605	50.349.238	17.640.492
Retailer opening supports	23.433.943	7.232.372	16.732.573	7.570.002
Rent expenses	68.319.552	24.114.667	13.290.476	8.077.230
Consultancy expenses	17.779.705	3.093.428	11.045.971	3.764.447
Material expenses	10.257.330	2.952.580	4.479.102	1.436.206
Electricity, water, climate expenses	16.053.071	5.518.141	4.148.739	1.818.882
Travel and accommodation expenses	11.424.535	4.555.663	4.059.345	2.666.852
Retailers common area rent expenses	6.820.769	3.038.253	3.425.316	1.324.906
Retirement pay provision expenses	3.582.361	(109.701)	2.582.298	595.642
Maintenance and repair expenses	13.365.496	10.538.286	2.085.977	537.193
Insurance expenses	2.306.907	729.558	1.692.115	525.108
Tax, duties and fee expenses	1.815.705	874.590	994.949	379.979
Communication expenses	1.039.320	361.574	808.384	311.745
Provision for doubtful receivables expenses	2.845.674	177.229	--	--
Other expenses	41.723.648	16.865.084	23.170.049	8.122.397
Total	899.727.324	336.688.883	439.982.953	166.676.832

24 – OTHER INCOME

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange income	72.946.425	48.037.124	31.176.655	6.696.992
Maturity difference income	60.213.494	52.619.492	22.986.428	9.287.186
Rediscount income	31.886.346	(27.978.613)	10.269.918	(2.231.123)
Rent income	10.985	4.961	6.051	2.136
Incentive income	7.083.065	3.198.928	11.739.992	7.436.672
Union incentive income	3.352.353	1.514.024	3.336.025	938.683
Bank commission income	4.543.251	2.051.870	1.309.711	561.958
Reversal of unnecessary provision	2.668.445	888.924	836.113	315.769
Discounts, and premiums	3.307.301	1.493.678	1.635.025	407.178
Other income	14.811.129	8.867.287	3.041.108	(1.556.506)
Total	200.822.795	90.697.675	86.337.026	21.858.945

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

25 – OTHER EXPENSES (-)

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange losses	147.831.258	80.314.787	36.811.599	7.341.488
Rediscount expenses	17.592.599	(8.544.180)	13.604.315	(989.071)
Maturity difference expenses	--	--	34.269.985	16.256.816
Provision expenses	612.788	--	426.393	--
Previous periods losses and expenses	--	--	99.893	--
Donation expenses	3.601.065	--	3.240.627	639.562
Other expenses	12.035.344	8.821.726	3.145.231	729.453
Total	181.673.054	80.592.333	91.598.043	23.978.248

26 – INCOME FROM INVESTMENT ACTIVITIES

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Profit on sale of tangible fixed assets	2.017.228	538.639	1.034.383	391.828
Fund dividend income	4.102.494	4.102.494	73.280	--
Total	6.119.722	4.641.133	1.107.663	391.828

27 – INVESTMENT ACTIVITIES EXPENSES (-)

None (31 December 2021: None).

28 – FINANCIAL INCOME

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange income	4.700.657	(2.678.560)	18.741.008	4.582.203
Interest income	3.170.079	273.815	3.979.125	2.080.912
Total	7.870.736	(2.404.745)	22.720.133	6.663.115

29 – FINANCIAL EXPENSES (-)

	1 January – 30 September 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Foreign exchange losses	15.871.620	963.610	9.431.389	1.575.472
Interest expenses	73.701.616	16.402.525	12.092.608	2.822.241
Bank commission	3.200.321	1.263.968	17.760.761	5.540.684
Lease payables interest accruals	2.015.768	967.598	9.207.115	2.812.912
Guarantee letter commison expenses	1.090.416	600.700	952.649	401.623
Other financial expenses	--	(806.085)	325.771	69.230
Total	95.879.741	19.392.316	49.770.293	13.222.162

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.

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 2022 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 September 2022 are calculated with 25% tax rate for the temporary differences which will be realized in 2022, 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 September 2022. 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 September 2022 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary diffrences thus accepted 5% for previous periods corporate tax's 75% used exempt. As of 30 September 2022 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

As of 30 September 2022 and 31 December 2021 assets relevant current period tax is as following;

Taxes in balance sheet

	30 September 2022	31 December 2021
Corporation tax	105.613.106	68.064.722
Prepaid taxes and funds (-)	(56.477.728)	(46.464.727)
Total	49.135.378	21.599.995

Dereffred Taxes in balance sheet

	30 September 2022	31 December 2021
Assets	48.066.167	41.723.509
Liabilities	(94.504.158)	(87.331.442)
Total	(46.437.991)	(45.607.933)

For the periods ended at 30 September 2022 and 2021, the details of tax income / expense are as following;

	1 January – 30 September 2022	1 January – 30 September 2021
Corporation tax	(107.960.548)	(46.402.716)
Deferred taxes in income statement	(1.232.228)	3.714.558
Total	(109.192.776)	(42.688.158)

	1 January – 30 September 2022	1 January – 30 September 2021
Recognized in other comprehensive income	402.170	228.522
End of term	402.170	228.522

Confirmation of Tax Reserve:

	1 January – 30 September 2022	1 January – 30 September 2021
Profit before taxation from operating activities	478.764.397	191.055.934
Tax calculated over 20% and 25% tax rates	(110.115.811)	(47.763.984)
<i>Tax effects:</i>		
- Effect of unacceptable expenses	(5.336.193)	(3.101.419)
- Incentives and discounts	6.181.882	7.355.061
- Other	77.346	822.184
Income/Expense Tax Reserves in Income Table	(109.192.776)	(42.688.158)

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

	30 Sept. 2022	31 Dec. 2021	30 Sept. 2022	31 Dec. 2021
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
Deferred taxes				
Right of use assets	117.313.563	99.929.909	26.982.119	24.982.477
Retirement pay provision	24.654.038	17.405.261	3.289.962	3.354.460
Provisions for doubtful receivables	16.367.654	13.521.980	3.273.531	2.704.396
Maturity difference and adjustments on inventories	32.957.588	21.085.876	7.580.245	5.271.470
Interest accruals	1.385.136	3.328.415	318.581	832.104
Capitalized brand cancellations	3.424.305	3.424.305	684.861	684.861
Adjustment of FX gain/loss	1.194.619	1.194.619	274.759	298.655
Rediscount on receivables	17.592.599	11.574.904	4.046.298	2.893.726
Adjustment of Time Deposit Interest Accruals	--	43	--	9
Fixed asset valuation decrease	500.000	500.000	700.510	50.000
Provision for costs	405.529	405.529	93.272	101.382
Adjustment of investment properties	374.995	315.785	74.999	63.157
Other	3.247.957	1.947.243	747.030	486.812
Deferred tax assets	219.417.983	174.633.869	48.066.167	41.723.509
Fixed asset valuation increases	(388.595.724)	(406.708.324)	(43.513.237)	(48.041.387)
Lease payables	(106.546.222)	(90.066.855)	(24.505.631)	(22.516.714)
Adjustment of tangible and intangible assets	(65.667.144)	(61.104.353)	(12.036.425)	(11.123.867)
Rediscount on payables	(38.395.765)	(18.084.323)	(8.831.026)	(4.521.081)
Interest accruals	--	(2.535.790)	--	(633.948)
Adjustment of Time Deposit Interest Accruals	(228.289)	(13.344)	(52.507)	(3.336)
Provisions for doubtful receivables	(2.668.445)	--	(613.742)	--
Adjustment of investment properties	(18.112.600)	--	(4.165.898)	--
Retirement pay provision	(10.116.652)	(1.113.558)	(225.900)	(222.712)
Adjustment on prepaid expenses	(1.658.760)	(298.466)	(381.515)	(74.617)
Other	(775.117)	(775.117)	(178.277)	(193.780)
Deferred tax liabilities	(632.764.718)	(580.700.130)	(94.504.158)	(87.331.442)
Deferred tax assets/(liabilities), net	(413.346.735)	(406.066.261)	(46.437.991)	(45.607.933)

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 2022	1 July – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2021
Net period profit	369.571.621	156.057.707	148.367.776	54.194.380
Weighted average number of shares	149.798.932	149.798.932	149.798.932	149.798.932
Earnings per Share (TRY)	2,467	1,042	0,990	0,362

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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.

The Group's exposure to credit risk as of 30 September 2022 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)	1.863.979	582.264.450	840.643	4.546.588	96.915.311	--
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	1.863.979	582.264.450	840.643	4.546.588	96.915.311	--
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)	--	21.457.488	--	4.357.168	--	--
- Impairment (-)	--	(21.457.488)	--	(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	--	--	--	--	--	--

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

The Group's exposure to credit risk as of 31 December 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)	3.269.791	239.464.488	943.171	2.972.216	51.684.912	--
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	3.269.791	239.464.488	943.171	2.972.216	51.684.912	--
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)	--	17.999.348	--	4.357.168	--	--
- Impairment (-)	--	(17.999.348)	--	(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	--	--	--	--	--	--

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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

As of 30 September 2022 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	1.185.974.313	1.073.482.362	--	177.228.625	45.732.706	839.913.283	10.607.747
Financial liabilities	1.185.974.313	1.073.482.362	--	177.228.625	45.732.706	839.913.283	10.607.747
Expected Maturities							
Non-Derivative Financial Liabilities	795.616.186	834.011.951	--	825.216.239	8.795.712	--	--
Trade payables	794.528.540	832.924.305	--	824.128.593	8.795.712	--	--
Other payables	1.087.646	1.087.646	--	1.087.646	--	--	--
Total	1.981.590.499	1.907.494.313	--	1.002.444.865	54.528.418	839.913.283	10.607.747

The table below shows the liquidity risk of the Group as of 31 December 2021;

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	415.186.780	458.869.882	--	69.321.564	167.782.022	216.707.604	5.058.692
Financial liabilities	415.186.780	458.869.882	--	69.321.564	167.782.022	216.707.604	5.058.692
Expected Maturities							
Non-Derivative Financial Liabilities	485.139.769	503.224.092	--	497.893.490	5.330.602	--	--
Trade payables	484.358.567	502.442.890	--	497.112.288	5.330.602	--	--
Other payables	781.202	781.202	--	781.202	--	--	--
Total	900.326.549	962.093.974	--	567.215.054	173.112.624	216.707.604	5.058.692

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.

Interest Rate Risk Sensitivity Analysis

The Group's interest position is as follows;

	30 September 2022	31 December 2021
Fixed-rate financial instrument		
Financial assets		
- Assets of at fair value through profit or loss	--	--
- Time Deposits	2.252.314	28.790.009
- Amortised cost	566.535.830	231.159.375
- Other	221.862.949	86.526.138
Financial liabilities		
- Financial liabilities	1.047.467.443	351.318.775
- Amortised cost	794.528.540	484.358.567
- Other	1.087.646	781.202
Floating interest financial instrument		
Financial assets	--	--
Financial liabilities	138.506.870	63.868.005

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

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 6.025.049 at 30 September 2022 due to higher / lower interest expenses it would be lower / higher. (31 December 2021 TRY 3.768.865)

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 2022 and 31 December 2021 net debt / total equity ratio is as follows:

	30 September 2022	31 December 2021
Total debts	2.395.413.532	1.189.603.547
Less: Liquid assets	(218.727.032)	(111.399.760)
Net debt	2.176.686.500	1.078.203.787
Total capital	3.446.572.037	2.085.087.062
Net Debt/Total Equity ratio	63%	52%

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	409.917.560	14.995.999	6.654.083	18.000	40.200.000
2a. Monetary Financial Assets (including cash, banks)	24.181.651	1.249.435	59.093	161	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	12.467.325	310.090	375.433	26	--
4. Current Assets (1+2+3)	446.566.536	16.555.524	7.088.609	18.187	40.200.000
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	1.056.974	57.122	--	--	--
8. Non-Current Assets (5+6+7)	1.056.974	57.122	--	--	--
9. Total Assets (4+8)	447.623.510	16.612.646	7.088.609	18.187	40.200.000
10. Trade Payables	113.887.515	2.183.859	4.098.967	18	34.050
11. Financial Liabilities	101.138.140	82.725	5.557.457	--	--
12a. Other monetary financial liabilities	11.434.346	430.466	193.553	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	226.460.001	2.697.050	9.849.977	18	34.050
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	138.671.261	--	7.736.970	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	138.671.261	--	7.736.970	--	--
18. Total Liabilities (13+17)	365.131.262	2.697.050	17.586.947	18	34.050
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)	82.492.248	13.915.596	(10.498.338)	18.169	40.165.950
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	68.967.949	13.548.384	(10.873.771)	18.143	40.165.950

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

	31 December 2021				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	222.125.063	12.011.255	4.490.771	18.000	--
2a. Monetary Financial Assets (including cash, banks)	26.273.430	1.082.351	824.794	101	668.000
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	47.356.708	793.967	2.523.651	--	--
4. Current Assets (1+2+3)	295.755.201	13.887.573	7.839.216	18.101	668.000
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	1.076.847	82.978	--	--	--
8. Non-Current Assets (5+6+7)	1.076.847	82.978	--	--	--
9. Total Assets (4+8)	296.832.048	13.970.551	7.839.216	18.101	668.000
10. Trade Payables	129.951.581	3.400.815	5.844.930	28	--
11. Financial Liabilities	143.003.356	--	9.739.847	--	--
12a. Other monetary financial liabilities	9.865.369	390.249	168.314	--	13.464.000
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	282.820.306	3.791.064	15.753.091	28	13.464.000
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	78.197.842	--	5.325.994	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	78.197.842	--	5.325.994	--	--
18. Total Liabilities (13+17)	361.018.148	3.791.064	21.079.085	28	13.464.000
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)	(64.186.100)	10.179.487	(13.239.869)	18.073	(12.796.000)
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(112.619.655)	9.302.542	(15.763.520)	18.073	(12.796.000)

Details of the import and export amounts of the Group as of 30 September 2022 and 2021 are as follows;

	1 January – 30 September 2022		1 January – 30 September 2021	
	Import	Export	Import	Export
USD	11.155.093	15.952.587	11.463.748	13.463.741
EUR	7.161.151	7.593.459	6.157.523	5.915.256
TRY	--	4.688.313	--	1.623.990
GBP	54.829	--	449.411	--
CHF	12.137	--	--	--
TRY equivalent	291.071.534	386.432.515	159.936.769	167.959.053

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

(Currency - Turkish Lira unless expressed otherwise.)

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

Foreign Currency Risk Sensitivity Analysis

As of 30 September 2022, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

Foreign Currency Risk Sensitivity Analysis Table		
30 September 2022		
	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	25.749.141	(25.749.141)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	25.749.141	(25.749.141)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(18.816.381)	18.816.381
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(18.816.381)	18.816.381
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	36.336	(36.336)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	36.336	(36.336)
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	1.280.129	(1.280.129)
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	1.280.129	(1.280.129)
Total (3+6+9+12)	8.249.225	(8.249.225)

Foreign Currency Risk Sensitivity Analysis Table		
31 December 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	13.210.429	(13.210.429)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	13.210.429	(13.210.429)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(19.439.173)	19.439.173
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(19.439.173)	19.439.173
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	31.543	(31.543)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	31.543	(31.543)
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	(221.409)	221.409
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	(221.409)	221.409
Total (3+6+9+12)	(6.418.610)	6.418.610

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 STATESMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSURE FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

None (31 December 2021: None).

NOTE 35 – POST BALANCE SHEET EVENTS

None (31 December 2021: None).