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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021

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

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

To the Board of Directors of Yataş Yatak ve Yorgan Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying consolidated statement of balance sheet of Yataş Yatak ve Yorgan Sanayi ve Ticaret A.Ş. (the "Company) and its subsidiaries ("collectively referred as the "Group") as at 30 June 2021, the consolidated statement of income, the consolidated statement of other comprehensive income, changes in equity, consolidated cash flows and other explanatory notes for the six-month period then ended ("interim consolidated financial information"). The management of the Group is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim consolidated financial information of the Group is not prepared, in all material respects, in accordance with TAS 34.

İstanbul, 13 August 2021

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

Abdulkadir SAYICI
Partner

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CONSOLIDATED INTERIM BALANCE SHEET AS AT JUNE 30, 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Dipnot	Reviewed 30 June 2021	Audited 31 December 2020
CURRENT ASSETS			
Cash And Cash Equivalents	4	86.859.458	296.601.025
Trade Receivables		194.411.930	143.805.713
Due From Related Parties	*3-5*	*6.032.497*	*6.972.476*
Trade Receivables, Third Parties	*5*	*188.379.433*	*136.833.237*
Other Receivables		5.121.891	3.836.000
Due From Related Parties	*3-6*	*4.789.120*	*3.365.522*
Other Receivables, Third Parties	*6*	*332.771*	*470.478*
Inventories	8	530.313.608	356.378.721
Prepaid Expenses	9	65.817.424	43.577.979
Other Current Assets	7	106.966.359	51.664.341
TOTAL CURRENT ASSETS		**989.490.670**	**895.863.779**
NON-CURRENT ASSETS			
Financial Investments	10	1.000	1.000
Other Receivables		2.359.961	1.326.350
Due From Related Parties	*3-6*	--	--
Other Receivables, Third Parties	*6*	*2.359.961*	*1.326.350*
Investment Properties	11	10.781.306	10.832.380
Tangible Fixed Assets	12	380.181.953	340.106.407
Right of Use Assets	12	81.479.385	97.998.950
Intangible Fixed Assets	13	32.649.956	25.914.087
Prepaid Expenses	9	13.820.808	16.902.373
Deferred Tax Assets	30	36.824.993	27.373.141
TOTAL NON-CURRENT ASSETS		**558.099.362**	**520.454.688**
TOTAL ASSETS		**1.547.590.032**	**1.416.318.467**

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

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

LIABILITIES	Note	Reviewed 30 June 2021	Audited 31 December 2020
CURRENT LIABILITIES			
Financial Liabilities	14	66.519.612	23.813.945
Short Term Portion Of Long Term Financial Liabilities	14	86.238.464	59.353.615
Lease Payables	14	31.831.022	31.384.215
Trade Payables		318.720.450	352.177.204
Due To Related Parties	*3-5*	--	--
Trade Payables, Third Parties	*5*	*318.720.450*	*352.177.204*
Employee Benefit Obligations	15	27.029.800	20.006.979
Other Payables		1.057.883	479.503
Due To Related Parties	*3-6*	--	--
Other Payables, Third Parties	*6*	*1.057.883*	*479.503*
Deferred Income	16	86.947.281	72.351.734
Current Income Tax Liabilities	30	22.367.433	19.575.446
Provisions	17	721.607	1.045.672
Other Current Liabilities	7	4.104.951	5.214.592
TOTAL CURRENT LIABILITIES		**645.538.503**	**585.402.905**
NON-CURRENT LIABILITIES			
Financial Liabilities	14	170.367.980	174.665.285
Lease Payables	14	59.393.944	75.291.062
Deferred Income	16	296.610	--
Provisions		22.484.874	17.706.556
Provision For Employee Benefits	*18*	*22.484.874*	*17.706.556*
Deferred Tax Liabilities	30	39.424.896	33.593.594
TOTAL NON-CURRENT LIABILITIES		**291.968.304**	**301.256.497**
EQUITY			
Paid-In Capital	20	149.798.932	149.798.932
Buy-Back Shares (-)	20	(35.656.374)	(25.429.007)
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		74.107.824	76.285.320
Gains/ Losses On Revaluation And Remeasurement	*20*	*78.924.196*	*78.924.196*
Actuarial Gain/Loss Arising From Defined Benefit Plans	*20*	*(4.816.372)*	*(2.638.876)*
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(2.296.081)	(1.647.046)
Currency Translation Differences	*20*	*(2.296.081)*	*(1.647.046)*
Restricted Reserves	20	49.291.808	39.064.441
Retained Earnings	20	280.663.720	121.511.381
Net Income For The Period		94.173.396	170.075.044
EQUITY HOLDERS OF THE PARENT		**610.083.225**	**529.659.065**
TOTAL LIABILITES		**1.547.590.032**	**1.416.318.467**

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

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

INCOME/LOSS	Note	*Reviewed* 1 January – 30 June 2021	*Reviewed* 1 April – 30 June 2021	*Reviewed* 1 January – 30 June 2020	*Reviewed* 1 April – 30 June 2020
Revenue	21	1.148.245.115	618.475.057	605.673.841	275.109.742
Cost Of Sales (-)	22	(732.539.750)	(383.984.719)	(386.487.425)	(181.637.400)
Gross profit		**415.705.365**	**234.490.338**	**219.186.416**	**93.472.342**
General Administrative Expenses (-)	23	(41.550.163)	(24.026.125)	(23.180.500)	(9.525.098)
Marketing, Selling And Distribution Expenses (-)	23	(227.880.781)	(121.172.583)	(135.301.317)	(56.954.496)
Research And Development Expenses (-)	23	(3.875.177)	(2.240.225)	(3.623.942)	(1.947.336)
Other Income From Operating Activities	24	64.478.081	20.030.795	39.722.138	16.442.331
Other Expenses From Operating Activities	25	(67.619.795)	(25.448.696)	(33.165.950)	(15.508.231)
Operating Profit / Loss		**139.257.530**	**81.633.504**	**63.636.845**	**25.979.512**
Income From Investment Activities	26	715.835	456.936	238.245	10.686
Expenses From Investment Activities (-)	27	--	--	--	--
OPERATING INCOME BEFORE FINANCIAL INCOME		**139.973.365**	**82.090.440**	**63.875.090**	**25.990.198**
Financial Expenses (-)	29	(36.548.131)	(16.580.583)	(30.239.147)	(12.951.759)
Financial Income	28	16.057.018	2.349.117	4.102.809	1.379.448
PROFIT BEFORE TAX		**119.482.252**	**67.858.974**	**37.738.752**	**14.417.887**
Tax income/(expense)		**(25.308.856)**	**(20.820.701)**	**(8.539.369)**	**(3.273.746)**
Taxes On Income	30	(28.315.240)	(22.562.613)	(9.612.433)	(4.116.666)
Deferred Tax Income/(Expense)	30	3.006.384	1.741.912	1.073.064	842.920
		--	--	--	--
PERIOD PROFIT / LOSS		**94.173.396**	**47.038.273**	**29.199.383**	**11.144.141**
Earnings Per Share					
Earnings Per Share (Kr)	31	0,6287	0,3140	0,1949	0,0744
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		**(2.177.496)**	**(4.582.278)**	**(3.609.913)**	**(3.707.723)**
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	(2.791.662)	(5.874.716)	(4.628.094)	(4.753.492)
Tax Income/(Expense)		**614.166**	**1.292.438**	**1.018.181**	**1.045.769**
Deferred Tax (Expense) Income	*30*	*614.166*	*1.292.438*	*1.018.181*	*1.045.769*
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		**(649.035)**	**(55.363)**	**(270.425)**	**(160.248)**
Currency Translation Differences		(649.035)	(55.363)	(270.425)	(160.248)
OTHER COMPREHENSIVE INCOME (LOSS)		**(2.826.531)**	**(4.637.641)**	**(3.880.338)**	**(3.867.971)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**91.346.865**	**42.400.632**	**25.319.045**	**7.276.170**

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 JUNE 2021 AND 2020

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

			Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss				
	Paid In Capital	**Buy-Back Shares**	**Gains/ Losses On Revaluation And Remeasurement**	**Actuarial Gain/Loss Arising From Defined Benefit Plans**	**Currency Translation Differences**	**Restricted Reserves**	**Retained Earnings**	**Net Income For The Period**	**Total Equity**
	(Note 20)	**(Note 20)**	**(Note 20)**	**(Note 20)**	**(Note 20)**	**(Note 20)**	**(Note 20)**	**(Note 20)**	**(Note 20)**
Balance at 1 January 2020	**149.798.932**	**(15.962.307)**	**78.924.196**	**(4.064.750)**	**(1.199.625)**	**24.996.383**	**70.924.495**	**86.206.560**	**389.623.884**
Buy-Back Shares	--	(1.170.186)	--	--	--	1.170.186	(1.170.186)	--	(1.170.186)
Transfer From Retained Profit	--	--	--	--	--	--	86.206.560	(86.206.560)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	29.199.383	29.199.383
Other Comprehensive Income	--	--	--	(3.609.913)	(270.425)	--	--	--	(3.880.338)
Other	--	--	--	--	--	--	(22.089)	--	(22.089)
Balance at 30 June 2020	**149.798.932**	**(17.132.493)**	**78.924.196**	**(7.674.663)**	**(1.470.050)**	**26.166.569**	**155.938.780**	**29.199.383**	**413.750.654**
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	--	(10.227.367)	--	--	--	10.227.367	(10.227.367)	--	(10.227.367)
Transfer From Retained Profit	--	--	--	--	--	--	170.075.044	(170.075.044)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	94.173.396	94.173.396
Other Comprehensive Income	--	--	--	(2.177.496)	(649.035)	--	--	--	(2.826.531)
Due to Other Changes Increase / Decrease	--	--	--	--	--	--	(695.338)	--	(695.338)
Balance at 30 June 2021	**149.798.932**	**(35.656.374)**	**78.924.196**	**(4.816.372)**	**(2.296.081)**	**49.291.808**	**280.663.720**	**94.173.396**	**610.083.225**

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 JUNE 2021 AND 2020
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

A. Cash Flow From Operating Activities :	**Note**	***Reviewed*** **1 January – 30 June 2021**	***Reviewed*** **1 January – 30 June 2020**
Profit / (Loss) Of The Period		**94.173.396**	**29.199.383**
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	41.282.060	35.595.861
Adjustment To Interest Income (Expenses)		11.859.531	7.663.270
- Adjustment To Unearned Interest On Receivables	*5-24*	*14.593.386*	*4.156.054*
-Adjustment To Unearned Interest On Payables	*5-25*	*(12.501.041)*	*(5.068.812)*
-Adjustment To Interest Expenses	*29*	*3.726.155*	*3.072.516*
-Adjustments for Interest Expenses from Leases	*29*	*6.394.203*	*5.503.512*
-Adjustment To Interest Income	*29*	*(353.172)*	--
Adjustment To Provision		2.413.049	2.187.657
-Adjustments Related To Provision (Reversal) For Employee Benefits	*18*	*1.986.656*	*1.661.774*
-Adjustment To Provision For Lawsuits	*17*	*426.393*	*525.883*
Adjustment To Impairment		(520.344)	126.673
-Adjustment To Provision For Doubtful Receivables	*5*	*(520.344)*	*126.673*
Other adjustments	*12-14*	--	(5.954.035)
Adjustment To Tax Income (Expenses)	30	25.308.856	8.539.369
		174.516.548	**77.358.178**
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	*3-5*	(64.679.259)	19.148.417
Changes In Other Receivables	*3-6*	(895.904)	(377.745)
Changes In Other Assets	7	(55.302.018)	(23.066.480)
Changes In Inventories	8	(173.934.887)	(49.057.015)
Changes In Prepaid Expenses	9	(19.157.880)	(17.005.999)
Changes In Trade Payables	5	(20.955.713)	13.945.103
Changes In Other Payables	6	578.380	2.390
Changes In Employee Benefit Liabilities	15	7.022.821	8.459.787
Changes In Other Liabilities	7	(1.860.099)	(6.455.575)
Changes In Deferred Income	16	14.892.157	19.100.407
Taxes Returns (Payments)	30	(25.523.253)	(5.656.978)
İnterest Paid	29	5.544.212	7.664.089
Interest Received	28	(1.545.041)	(1.195.957)
Other		(695.338)	(22.089)
Total		**(161.995.274)**	**42.840.533**
B. Cash Flow From Investing Activities			
Changes In Financial investment	10	--	--
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	721.790	644.238
-Cash Inflows From Sales Of Tangible Assets		*721.790*	*644.238*
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(72.244.626)	(27.660.655)
-Cash Outflows From Purchases Of Intangible Assets		*(61.311.345)*	*(24.194.793)*
-Cash Outflows From Purchases Of Intangible Assets		*(10.933.281)*	*(3.465.862)*
Collections From Advances Given	6	(1.073.016)	(346.213)
-Collections From Related Parties		*(1.073.016)*	*(346.213)*
Total		**(72.595.852)**	**(27.362.630)**
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	220.657.613	156.951.950
Cash Outflows From Payables	14	(180.935.071)	(102.348.933)
-Cash Outflows Regarding Financial Borrowings Repayments		*(159.090.557)*	*(86.594.308)*
- Cash Outflows Related to From Leases	*14*	*(21.844.514)*	*(15.754.625)*
Cash Inflows / (Outflows) From Leasing Payments	14	--	(68.475)
Interest Paid	29	(5.544.212)	(7.664.089)
Interest Received	28	1.545.041	1.195.957
Cash Outflows Related To Buy-Back Shares	20	(10.227.367)	(1.170.186)
Total		**25.496.004**	**46.896.224**
Foreign Currency Translatiın Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)		**(209.095.122)**	**62.374.127**
D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	**20**	**(649.035)**	**(270.425)**
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		**(209.744.157)**	**62.103.702**
E. Beginning Of The Period Cash And Cash Equivalents	**4**	**296.601.025**	**93.242.109**
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	**4**	**86.856.868**	**155.345.811**

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

(Currency - Turkish Lira unless expressed otherwise.)

NOTE 1 – ORGANIZATION OF THE GROUP

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi ("Parent Company") and its subsidaries are reffred 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 Feburary 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 June 2021, 3.118 personnel are employed at the Company (31 December 2020: 2.876).

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

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

Company's shareholding structure is mentioned in Note 20.

Yatas Europe GMBH

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

For the period ended at 30 June 2021, 9 personnel are employed by the Company (31 December 2020: 8 Personnel). Yatas Europe's shareholding structure as of 30 June 2021 in EUR are as following;

	30 June 2021		31 December 2020	
Shareholders	**Share Percentage**	**Share Amount (EUR)**	**Share Percentage**	**Share Amount (EUR)**
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	100.000	%100.00	100.000
Total	**%100.00**	**100.000**	**%100.00**	**100.000**

Yatas Rus Ltd.

Yatas Rus Limidet Şirketi ("Yatas Rus"), was established in 03.07.2019 in Russia. The Company's engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 30 June 2021, 7 personnel are employed by the Yatas Rus. Yatas Rus's shareholding structure as of (31 December 2020: 7 Personnel).

30 June 2021 in RUBLE is as following;

	30 June 2021		31 December 2020	
Shareholders	**Share Percentage**	**Share Amount (RUB)**	**Share Percentage**	**Share Amount (RUB)**
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	3.500.000	%100.00	3.500.000
Total	**%100.00**	**3.500.000**	**%100.00**	**3.500.000**

(Currency - Turkish Lira unless expressed otherwise.)

EnzaHome International Inc.

EnzaHome International Inc. ("EnzaHome"), was established in 21.02.2020 in ABD. The Company's engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture. For the period ended at 30 June 2021, 3 personnel are employed by the EnzaHome. EnzaHome's shareholding structure as of (31 December 2020: 2 Personnel).

30 June 2021 in USD is as following;

	30 June 2021		31 December 2020	
Shareholders	**Share Percentage**	**Share Amount (USD)**	**Share Percentage**	**Share Amount (USD)**
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 August 13, 2021. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

Financial Statements Correction in High Inflation Period

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

Currency

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

Subsidiaries Operating in Countries Other Than Turkey's Financial Statements

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

Offsetting

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

Basis of Consolidation

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

Complete Consolidation Method

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

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.

- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.

- 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.

(Currency - Turkish Lira unless expressed otherwise.)

- 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 minortiy interest is not occured.

As of 30 June 2021 the Company that are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company are as below;

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

2.b. New and Revised Turkish Financial Reporting Standards

a) <u>The new standards, amendments to published standards and interpretations effective applicable for the current period:</u>

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

Amendments to TFRS 3 Definition of a Business

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

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

Amendments to TAS 1 and TAS 8 Definition of Material

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

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

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

(Currency - Turkish Lira unless expressed otherwise.)

Amendments to TFRS 16 COVID-19 Related Rent Concessions

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

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

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

Amendments to References to the Conceptual Framework in TFRS

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

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

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

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

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 of 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.

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:

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

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

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

Intangible Fixed Assets

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

Investment Property

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

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

TFRS 16 Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, alease 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 discountedusing 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 rightof- use asset.

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

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

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

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

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

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

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

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

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

Impairment of Assets

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

Severance Pay Provision / Employee Benefits

- **Severance Pay**

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

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

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

- **Social Insurance Premium**

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

Fair value estimation:

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

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

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

Tax

In the accompanying Consolidated Financial Statements, the tax consists of corporate tax provision and deferred tax. The corporation tax that will be arise from the results of the period's operations have set aside a provision for the income tax liabilities at the statutory tax rates that are valid at the balance sheet date.
The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

Revenue recognition

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

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

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

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

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

Following indicators are considered while evaluating the transfer of control of the goods and services:
a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

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

Interest income

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

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

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

Accounting Estimates

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

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

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

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

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

(Currency - Turkish Lira unless expressed otherwise.)

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

Deferred Tax

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

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

Provisions, Contingent Liabilities and Assets

Provisions

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

Contingent Liabilities and Assets

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

Foreign Currency Assets and Liabilities

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

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

	30 June 2021	31 December 2020
USD	8,7052	7,3405
EUR	10,3645	9,0079
RUB	0,1194	0,0984
GBP	12,0343	9,9438

Effects of Change in Currency Rate

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

Earnings Per Share

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

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

Other Balance Sheet Items

Other balance sheet items are mainly reflected at book value.

Cash Flow Statement

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

Post Balance Sheet Events

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

Reporting of Financial Information by Segments

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

Related Parties

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

(Currency - Turkish Lira unless expressed otherwise.)

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 June 2021		31 December 2020	
	Trading	**Non-Trading**	**Trading**	**Non-Trading**
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş. *(in liquidation)*	6.032.497	--	6.972.476	--
Other Receivables (Note 6)				
Receivables from Shareholders	--	4.789.120	--	3.365.522
Total	**6.032.497**	**4.789.120**	**6.972.476**	**3.365.522**

	30 June 2021		31 December 2020	
	Trading	**Non-Trading**	**Trading**	**Non-Trading**
Short Term Other Payables (Note 6)				
Payables to Shareholders	--	--	--	--
Total	**--**	**--**	**--**	**--**

Sales to and / or income from related parties:

	1 January – 30 June 2021	
	Goods and Services Sales	**Interest income**
Süntaş Sünger ve Yatak San.Tic. A.Ş. *(in liquidation)*	--	--
Shareholders	--	350.582
Total	**--**	**350.582**

	1 January – 30 June 2020	
	Goods and Services Sales	**Interest income**
Süntaş Sünger ve Yatak San.Tic. A.Ş. *(in liquidation)*	2.084.283	--
Total	**2.084.283**	**--**

Purchases and / or expenses from related parties:

	1 January – 30 June 2021	
	Goods and Services Purchases	**Rent Expenses**
Süntaş Sünger ve Yatak San.Tic. A.Ş. *(in liquidation)*	--	618.657
Yavuz Altop	--	484.300
Yılmaz Öztaşkın	--	484.300
Other Shareholders	--	968.600
Total	**--**	**2.555.857**

	1 January – 30 June 2020	
	Goods and Services Purchases	**Rent Expenses**
Süntaş Sünger ve Yatak San.Tic. A.Ş. *(in liquidation)*	35.825	503.390
Yavuz Altop	--	324.660
Yılmaz Öztaşkın	--	324.660
Other Shareholders	--	649.320
Total	**35.825**	**1.802.030**

(Currency - Turkish Lira unless expressed otherwise.)

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 June 2021 is TRY 12.539.227 (30 June 2020: TRY 8.933.876).

4 - CASH AND CASH EQUIVALENTS

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

	30 June 2021	31 December 2020
Cash	79.631	103.752
Banks	76.062.859	284.419.854
Demand deposits	*70.123.142*	*189.179.481*
Time deposits	*5.939.717*	*95.240.373*
Liquid funds(1)	10.714.378	9.718.850
Cash and cash equivalents in the cash flow statement	**86.856.868**	**294.242.456**
Interest income accrual	2.590	2.358.569
Total	**86.859.458**	**296.601.025**

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

5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	30 June 2021	31 December 2020
Trade Receivables	151.258.109	117.240.688
- Trade Receivables from related parties (note 3)	*6.032.497*	*6.972.476*
- Other trade Receivables	*145.225.612*	*110.268.212*
Notes Receivables	48.284.670	29.533.946
- Notes receivables from related parties (note 3)	--	--
- Other notes Receivables	*48.284.670*	*29.533.946*
Unearned Interest (-)	(5.130.849)	(2.968.921)
Doubtful trade receivables	17.225.643	17.319.595
Provision for doubtful trade receivables (-)	(17.225.643)	(17.319.595)
Total	**194.411.930**	**143.805.713**

The maturity schedule of receivables are as follows:

	30 June 2021	31 December 2020
Overdue	--	--
Up to 3 months	150.472.977	115.245.690
3 to 12 months	49.039.802	31.528.944
Total	**199.542.779**	**146.774.634**

(Currency - Turkish Lira unless expressed otherwise.)

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

	30 June 2021	**31 December 2020**
Opening balance	17.319.595	16.515.069
Additional provisions in the period	--	900.739
Cancellation of provision in period (-)	(93.952)	(96.213)
Total (End of the peridod)	**17.225.643**	**17.319.595**

Trade Payables

Short Term Trade Payables

	30 June 2021	**31 December 2020**
Trade payables	242.556.944	184.994.077
Notes payables	85.695.626	176.645.664
Unearned interest (-)	(9.532.120)	(9.462.537)
Total	**318.720.450**	**352.177.204**

Long Term Trade Payables

None.

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

	30 June 2021	**31 December 2020**
Overdue	122.240	91.000
Up to 3 months	318.269.564	327.220.610
3 to 12 months	9.860.766	34.328.131
Total	**328.252.570**	**361.639.741**

The maturity schedule of overdue payables are as follows:

	30 June 2021	**31 December 2020**
0 to 3 months	--	--
3 to 6 months	31.240	91.000
1 to 5 years	91.000	--
Total	**122.240**	**91.000**

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivaples

	30 June 2021	**31 December 2020**
Receivables from related parties (note 3)	4.789.120	3.365.522
Receivables from personnel	32.654	382.954
Doubtful other receivables	4.357.168	4.357.168
Provision for doubtful other receivables (-)	(4.357.168)	(4.357.168)
Other	300.117	87.524
Total	**5.121.891**	**3.836.000**

(Currency - Turkish Lira unless expressed otherwise.)

Long Term Other Receivaples

	30 June 2021	31 December 2020
Deposits and guarantees given	2.359.961	1.326.350
Total	**2.359.961**	**1.326.350**

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

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

Short Term Other Payables

	30 June 2021	31 December 2020
Other payables to related parties (note 3)	--	--
Deposits and guarantees received	251.660	212.208
Other sundry payables	806.223	267.295
Total	**1.057.883**	**479.503**

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 June 2021	31 December 2020
VAT carried forward	96.546.542	48.452.090
Receivables from tax office	433.319	423.446
Other	9.986.498	2.788.805
Total	**106.966.359**	**51.664.341**

Other Current Liabilities

	30 June 2021	31 December 2020
Taxes and dues payable	2.223.124	4.288.269
Overdue or deferred taxes and dues payable	--	168.183
Other liabilities	1.881.827	758.140
Total	**4.104.951**	**5.214.592**

8 – INVENTORIES

	30 June 2021	31 December 2020
Raw materials	127.970.083	72.859.416
Work in process	14.545.256	9.876.106
Finished goods	370.815.874	255.826.162
Merchandises	12.660.433	14.170.055
Other inventories (1)	4.321.962	3.646.982
Total	**530.313.608**	**356.378.721**

(1) Other inventories consist of goods on transit.

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

(Currency - Turkish Lira unless expressed otherwise.)

9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	30 June 2021	31 December 2020
Order advances given	48.915.799	41.468.818
Prepaid expenses	16.439.495	1.660.503
Advances given for business purposes	122.347	64.668
Advances given to personnel	339.783	383.990
Total	**65.817.424**	**43.577.979**

Long-Term Prepaid Expenses

	30 June 2021	31 December 2020
Prepaid expenses	13.820.808	16.902.373
Total	**13.820.808**	**16.902.373**

10 – FINANCIAL INVESTMENTS

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

Short term financial investmens

None.

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

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

	30 June 2021		31 December 2020	
	(%)	TRY	(%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
Total		**1.000**		**1.000**

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

30 June 2021	Level 1	Level 2	Level 3
Kay-Ser A.Ş.	--	--	1.000

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

(Currency - Turkish Lira unless expressed otherwise.)

11 –INVESTMENT PROPERTIES

Cost	Lands	Buildings	Total
1 January 2020	**6.715.872**	**5.607.317**	**12.323.189**
Addition	--	--	--
Disposals	--	(1.000.000)	(1.000.000)
31 December 2020	**6.715.872**	**4.607.317**	**11.323.189**
Addition	--	--	--
Disposals	--	(5.000)	(5.000)
30 June 2021	**6.715.872**	**4.602.317**	**11.318.189**
Accumulated depreciation			
1 January 2020	**--**	**438.663**	**438.663**
Charge for the period	--	105.480	105.480
Disposals	--	(53.334)	(53.334)
31 December 2020	**--**	**490.809**	**490.809**
Charge for the period	--	46.074	46.074
Disposals	--	--	--
30 June 2021	**--**	**536.883**	**536.883**
Net book value, 31 December 2020	**6.715.872**	**4.116.508**	**10.832.380**
Net book value, 30 June 2021	**6.715.872**	**4.065.434**	**10.781.306**

(Currency - Turkish Lira unless expressed otherwise.)

12-1 TANGIBLE FIXED ASSETS

Cost	Lands	Land improvements	Buildings	Plants, machinery and equipment	Vehicles	Fixtures and fittings	Leasehold improvements	Construction in progress	Total
1 January 2020	**54.437.517**	**104.080**	**120.707.741**	**131.451.398**	**5.987.463**	**77.649.275**	**70.605.318**	**341.931**	**461.284.723**
Addition	133.525	454.537	6.566.547	18.382.744	1.524.666	17.691.261	14.597.624	3.976.942	63.327.846
Disposals	--	--	--	(350.281)	(317.836)	(809.037)	(881.397)	(3.850.746)	(6.209.297)
31 December 2020	**54.571.042**	**558.617**	**127.274.288**	**149.483.861**	**7.194.293**	**94.531.499**	**84.321.545**	**468.127**	**518.403.272**
Addition	--	107.394	3.930.622	15.528.193	187.755	17.211.139	9.866.424	17.209.748	64.041.275
Disposals	--	--	--	--	--	(917.821)	(260.237)	(2.729.930)	(3.907.988)
30 June 2021	**54.571.042**	**666.011**	**131.204.910**	**165.012.054**	**7.382.048**	**110.824.817**	**93.927.732**	**14.947.945**	**578.536.559**
Accumulated depreciation									
1 January 2020	**--**	**75.834**	**14.875.284**	**47.568.666**	**3.466.263**	**36.713.170**	**43.720.683**	**--**	**146.419.900**
Charge for the period	--	20.190	2.512.974	10.242.296	850.130	10.060.844	9.658.278	--	33.344.712
Disposals	--	--	--	(188.742)	(148.977)	(433.626)	(696.402)	--	(1.467.747)
31 December 2020	**--**	**96.024**	**17.388.258**	**57.622.220**	**4.167.416**	**46.340.388**	**52.682.559**	**--**	**178.296.865**
Charge for the period	--	14.317	1.323.948	6.853.659	466.262	6.422.095	5.438.728	--	20.519.009
Disposals	--	--	--	--	--	(201.031)	(260.237)	--	(461.268)
30 June 2021	**--**	**110.341**	**18.712.206**	**64.475.879**	**4.633.678**	**52.561.452**	**57.861.050**	**--**	**198.354.606**
Net book value, 31 December 2020	**54.571.042**	**462.593**	**109.886.030**	**91.861.641**	**3.026.877**	**48.191.111**	**31.638.986**	**468.127**	**340.106.407**
Net book value, 30 June 2021	**54.571.042**	**555.670**	**112.492.704**	**100.536.175**	**2.748.370**	**58.263.365**	**36.066.682**	**14.947.945**	**380.181.953**

As of 30 June 2021 there is insurance amounting to TRY 681.398.032 on property, plant and equipment The liability amounts for fixed assets are mentioned in Note 19.

(Currency - Turkish Lira unless expressed otherwise.)

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 June 2021 is as follows:

	Vehicles	Buildings	Total
1 January 2020 balance	**8.635.354**	**86.795.737**	**95.431.091**
Additions	--	69.926.815	69.926.815
Disposals	--	--	--
31 December 2020 balance	**8.635.354**	**156.722.552**	**165.357.906**
Additions	--	--	--
Disposals	--	--	--
30 June 2021	**8.635.354**	**156.722.552**	**165.357.906**
Accumulated depreciation			
1 January 2020 balance	**2.556.162**	**31.019.733**	**33.575.895**
Charge for the period	2.339.658	31.443.403	33.783.061
Disposals	--	--	--
31 December 2020 balance	**4.895.820**	**62.463.136**	**67.358.956**
Charge for the period	1.163.135	15.356.430	16.519.565
Disposals	--	--	--
30 June 2021	**6.058.955**	**77.819.566**	**83.878.521**
Net book value of 31 December 2020	**3.739.534**	**94.259.416**	**97.998.950**
Net book value of 30 June 2021	**2.576.399**	**78.902.986**	**81.479.385**

13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Active Development Costs	Other Rights	Total
1 January 2020	**10.783.984**	**10.647.771**	**4.854.156**	**3.564.025**	**--**	**1.875.172**	**31.725.108**
Addition	6.186.794	436.028	2.033.253	1.440.627	1.591.123	25.610	11.713.435
Disposals	--	--	--	(1.522)	--	--	(1.522)
31 December 2020	**16.970.778**	**11.083.799**	**6.887.409**	**5.003.130**	**1.591.123**	**1.900.782**	**43.437.021**
Addition	8.712.360	227.448	24.048	286.388	1.606.880	76.157	10.933.281
Disposals	--	--	--	--	--	--	--
30 June 2021	**25.683.138**	**11.311.247**	**6.911.457**	**5.289.518**	**3.198.003**	**1.976.939**	**54.370.302**
Accumulated depreciation							
1 January 2020	**4.542.764**	**183.593**	**3.196.178**	**1.918.056**	**--**	**1.833.285**	**11.673.876**
Charge for the period	4.597.321	86.650	454.301	693.898	1.620	15.564	5.849.354
Disposals	--	--	--	(296)	--	--	(296)
31 December 2020	**9.140.085**	**270.243**	**3.650.479**	**2.611.658**	**1.620**	**1.848.849**	**17.522.934**
Charge for the period	3.420.938	49.722	294.513	399.721	23.833	8.685	4.197.412
Disposals	--	--	--	--	--	--	--
30 June 2021	**12.561.023**	**319.965**	**3.944.992**	**3.011.379**	**25.453**	**1.857.534**	**21.720.346**
Net book value, 31 December 2020	**7.830.693**	**10.813.556**	**3.236.930**	**2.391.472**	**1.589.503**	**51.933**	**25.914.087**
Net book value, 30 June 2021	**13.122.115**	**10.991.282**	**2.966.465**	**2.278.139**	**3.172.550**	**119.405**	**32.649.956**

(Currency - Turkish Lira unless expressed otherwise.)

The distribution of depreciation expenses is as follows:

	30 June 2021	**30 June 2020**
Tangible fixed assets	20.519.009	15.937.344
Investment properties	46.074	56.073
Intangible fixed assets	4.197.412	2.535.846
Right of use assets	16.519.565	17.066.598
Total	**41.282.060**	**35.595.861**

14 - FINANCIAL BORROWINGS

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

Short Term Financial Borrowings

	30 June 2021	**31 December 2020**
Turkish Lira financial borrowings	41.039.452	4.548.204
Foreign currency financial borrowings	25.480.160	19.265.741
Lease payables	31.831.022	31.384.215
Total	**98.350.634**	**55.198.160**

Current Installments of Long-Term Financial Liabilities

	30 June 2021	**31 December 2020**
Current installment of long term Turkish Lira financial borrowings	27.645.538	30.816.807
Current installment of long term foreign currency financial borrowings	58.592.926	28.536.808
Total	**86.238.464**	**59.353.615**

Long Term Financial Borrowings

	30 June 2021	**31 December 2020**
Turkish lira financial borrowings	84.770.947	99.035.871
Foreign currency financial borrowings lease payables	85.597.033	75.629.414
Lease payables	59.393.944	75.291.062
Total	**229.761.924**	**249.956.347**

As of June 30, 2021, the interest rates average of financial liabilities are 3,61 % in EUR and 16,22 % in TRY (31 December 2020: EUR – 3,42 %, TRY – 14,56 %) .

Liabilities given for bank borrowings are mentioned in note 19.

Maturity schedule of banks borrowings are as follows:

	30 June 2021	**31 December 2020**
Up to 3 months	48.863.170	49.535.170
3 to 12 months	135.725.928	65.016.605
1 to 5 years	220.130.260	235.922.561
Over 5 years	9.631.664	14.033.786
Total	**414.351.022**	**364.508.122**

(Currency - Turkish Lira unless expressed otherwise.)

15 – EMPLOYEE BENEFIT LIABILITIES

	30 June 2021	31 December 2020
Due to personnel	17.064.228	12.254.526
Social security and Taxes and dues payable	9.965.572	7.752.453
Total	**27.029.800**	**20.006.979**

16 – DEFERRED INCOME

Short-Term Deferred Income

	30 June 2021	31 December 2020
Revenues for Future Months	84.746	--
Advances received	86.862.535	72.351.734
Total	**86.947.281**	**72.351.734**

Long-Term Deferred Income

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

17 – PROVISIONS

	30 June 2021	31 December 2020
Expense accruals	34.721	358.786
Provisions for litigation	686.886	686.886
Total	**721.607**	**1.045.672**

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	30 June 2021	31 December 2020
Provision for severance pay	22.484.874	17.706.556
Total	**22.484.874**	**17.706.556**

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

	30 June 2021	30 June 2020
Balance at the beginning	17.706.556	15.936.301
Cost of services	1.461.565	1.453.946
Interest cost	1.088.822	462.121
Actuarial profit / (loss)	2.791.662	4.628.094
Severance pay paid in the period	(563.731)	(254.293)
Total	**22.484.874**	**22.226.169**

19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

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

(Currency - Turkish Lira unless expressed otherwise.)

Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	**30 June 2021**	**31 December 2020**
A. Total Amount of GSM Given on Behalf of Legal Entity	429.870.186	332.859.319
B. Total Amount of GSM Given for Partnerships which are Included in Full Consolidation	--	--
C. Total Amount of GSM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	--	--
D. Total Amount of Other GSM Given	--	--
i. Total Amount of GSM Given for the Parent Company		--
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	--	--
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	--	--
Total	**429.870.186**	**332.859.319**

Letters of guarantee - As of June 30, 2021, the Group has given letters of guarantee amounting to TRY 141.441.666 to the suppliers and other corporations. The details of the letters of guarantee are as below:

	Foreign currency	**Amount**	**FX Rate**	**TRY equivalent**
Electricity Distribution Companies	TRY	700.160	1,0000	700.160
Executive Directorate	TRY	7.717.455	1,0000	7.717.455
Customs Directorate	TRY	380.108	1,0000	380.108
Gas Distribution Companies	TRY	133.000	1,0000	133.000
Private Sector	TRY	5.315.700	1,0000	5.315.700
Private Sector	EUR	789.537	10,3645	8.183.154
Private Sector	USD	28.280	8,7052	246.183
Export Credit Bank of Turkey	EUR	11.315.300	10,3645	117.277.427
Government Supplies Office	TRY	150.000	1,0000	150.000
Disaster and Emergency Situation of Ministry of Interior	TRY	798.480	1,0000	798.480
Penitentiary Institution	TRY	440.000	1,0000	440.000
Ministry Of National Defence	TRY	100.000	1,0000	100.000
Total				**141.441.666**

	30 June 2021	**31 December 2020**	**30 June 2021**	**31 December 2020**
	Foreign currency		**TRY equivalent**	
Bills given (EUR)	5.160.000	2.850.000	53.480.820	25.672.515
Total	**5.160.000**	**2.850.000**	**53.480.820**	**25.672.515**

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

Contingent Asset

	30 June 2021	**31 December 2020**	**30 June 2021**	**31 December 2020**
	Foreign currency		**TRY equivalent**	
Letters of Guarantee (TRY)	209.288.000	144.370.302	209.288.000	144.370.302
Letters of Guarantee (USD)	4.325.000	4.170.000	37.649.990	30.609.884
Letters of Guarantee (EUR)	400.000	1.305.000	4.145.800	11.755.310
Mortgages	118.747.500	111.382.500	118.747.500	111.382.500
Mortgages (Abroad)	2.815.000	2.545.000	20.729.590	17.286.663
Total			**390.560.880**	**315.404.659**

(Currency - Turkish Lira unless expressed otherwise.)

20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 300.000.000 (31 December 2020: TRY 150.000.000).

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

Paid-in capital of the parent company each 1 TRY. of the total shares of the Company with a nominall amount of TRY 149.798.932 (31 December 2020: TRY 149.798.932).

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

	30 June 2021		31 December 2020	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkın	12.427.403	8,30%	12.427.403	8,30%
Yılmaz Öztaşkın	10.940.192	7,30%	10.940.192	7,30%
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	8.467.847	5,65%	8.467.847	5,65%
Other (1)	117.963.490	78,75%	117.963.490	78,75%
Total	**149.798.932**	**100,00%**	**149.798.932**	**100,00%**

(1) Includes nominal repurchase shares amounting to TRY 5.968.097 at the rate of 3,98 % 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.

(Currency - Turkish Lira unless expressed otherwise.)

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 June 2021	31 December 2020
Legal reserves	13.635.434	13.635.434
Reserves for buy back shares	35.656.374	25.429.007
Total	**49.291.808**	**39.064.441**

Actuarial gain on severance pay/ loss

	30 June 2021	31 December 2020
Actuarial gain on severance pay/ loss of fund	6.044.555	3.252.893
Deferred tax	(1.228.183)	(614.017)
Total	**4.816.372**	**2.638.876**

Revaluation Fund

Group’s “buildings and lands” are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 30 June 2021 with deducted accumulated depreciation.

	30 June 2021	31 December 2020
1 January	78.924.196	78.924.196
Disposals	--	--
Deferred tax	--	--
Total	**78.924.196**	**78.924.196**

(Currency - Turkish Lira unless expressed otherwise.)

Foreign currency conversion differences

Currency conversion differences as of 30 June 2021 and 31 December 2020 are as follows;

	30 June 2021	**31 December 2020**
1 January	1.647.046	1.199.625
Addition	649.035	447.421
Total	**2.296.081**	**1.647.046**

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

Buy back shares

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

	30 June 2021	**31 December 2020**
Beginning of the period	25.429.007	15.962.307
Buy back shares	10.227.367	9.466.700
Total	**35.656.374**	**25.429.007**

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

As of 30 June 2021, the Group has Purchased 5.968.097 shares amounting to TRY 35.656.374 that is 3,98 % 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 reclassed in "restricted reserves''.

Retained Earnings

	30 June 2021	**31 December 2020**
1 January	**121.511.381**	**70.924.495**
Increase/ Decrease Due To Buy-Back Shares	(10.227.367)	(9.466.700)
Transfer From Retained Profit	170.075.044	81.605.202
Dividend Distribution	--	(21.551.616)
Due to Other Changes Increase / Decrease	(695.338)	--
Total	**280.663.720**	**121.511.381**

(Currency - Turkish Lira unless expressed otherwise.)

21 – REVENUE

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

	1 January – 30 June 2021	**1 April – 30 June 2021**	**1 January – 30 June 2020**	**1 April – 30 June 2020**
Domestic sales	1.776.533.618	938.479.964	993.113.386	456.646.890
Export sales	125.153.522	69.339.662	63.263.591	23.822.783
Other sales	10.713.308	5.927.416	3.456.353	1.092.238
Gross Sales	**1.912.400.448**	**1.013.747.042**	**1.059.833.330**	**481.561.911**
Sales returns (-)	(43.846.177)	(17.808.066)	(29.497.415)	(10.574.920)
Sales discounts (-)	(720.048.689)	(377.360.368)	(424.491.131)	(195.759.889)
Other discounts (-)	(260.467)	(103.551)	(170.943)	(117.360)
Sales returns and Discounts (-)	**(764.155.333)**	**(395.271.985)**	**(454.159.489)**	**(206.452.169)**
Net Sales	**1.148.245.115**	**618.475.057**	**605.673.841**	**275.109.742**

22 – COST OF SALES (-)

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

	1 January – 30 June 2021	**1 April – 30 June 2021**	**1 January – 30 June 2020**	**1 April – 30 June 2020**
Cost of finished goods sold	(526.361.176)	(273.432.943)	(320.758.926)	(169.959.076)
Cost of merchandise	(186.572.473)	(101.535.354)	(45.807.832)	(229.482)
Cost of services sold	(19.606.101)	(9.016.422)	(19.920.667)	(11.448.842)
Total	**(732.539.750)**	**(383.984.719)**	**(386.487.425)**	**(181.637.400)**

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

	1 January – 30 June 2021	**1 April – 30 June 2021**	**1 January – 30 June 2020**	**1 April – 30 June 2020**
General administrative expenses	41.550.163	24.026.125	23.180.500	9.525.098
Marketing, sales and distribution expenses	227.880.781	121.172.583	135.301.317	56.954.496
Research and development expenses	3.875.177	2.240.225	3.623.942	1.947.336
Total	**273.306.121**	**147.438.933**	**162.105.759**	**68.426.930**

(Currency - Turkish Lira unless expressed otherwise.)

EXPENSES BY NATURE (-)

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Personnel expenses	87.339.300	47.936.029	50.733.096	21.846.617
Transportation expenses	58.364.046	31.589.332	29.504.692	14.230.153
Advertising expenses	43.509.324	21.260.297	24.844.425	9.789.001
Amortization expenses	32.708.746	17.085.279	23.073.577	9.471.439
Rent expenses	5.213.246	2.776.513	4.852.111	874.353
Consultancy expenses	7.281.524	4.037.474	4.464.883	2.236.205
Travel and accommodation expenses	1.392.493	816.469	1.529.445	27.339
Retailer opening supports	9.162.571	7.139.973	6.070.843	4.651.987
Electricity, water, climate expenses	2.329.857	934.878	1.836.117	526.338
Retailers common area rent expenses	2.100.410	1.083.997	1.546.864	594.985
Retirement pay provision expenses	1.986.656	1.180.748	1.661.774	755.158
Material expenses	3.042.896	1.678.214	886.924	359.525
Tax, duties and fee expenses	614.970	349.919	721.433	236.241
Maintenance and repair expenses	1.548.784	838.808	755.168	331.261
Insurance expenses	1.167.007	547.321	536.644	166.939
Provision for doubtful receivables expenses	--	--	297.483	10.172
Communication expenses	496.639	262.044	390.261	190.278
Other expenses	15.047.652	7.921.638	8.400.019	2.128.939
Total	**273.306.121**	**147.438.933**	**162.105.759**	**68.426.930**

24 – OTHER INCOME

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Foreign exchange income	24.479.663	9.099.830	11.736.249	2.284.295
Maturity difference income	13.699.242	5.783.990	6.588.033	1.089.126
Rediscount income	12.501.041	197.379	5.068.812	(399.191)
Rent income	3.915	1.779	5.983.180	5.968.078
Incentive income	4.303.320	385.400	3.256.546	1.488.382
Unıon incentive income	2.397.342	1.634.767	659.908	191.330
Bank commission income	747.753	445.417	287.092	287.092
Reversal of unnecessary provision	520.344	225.492	170.810	129.075
Discounts, and premiums	1.227.847	191.003	--	--
Other income	4.597.614	2.065.738	5.971.508	5.404.144
Total	**64.478.081**	**20.030.795**	**39.722.138**	**16.442.331**

25 – OTHER EXPENSES (-)

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Foreign exchange losses	29.470.111	12.581.502	21.986.591	11.992.345
Rediscount expenses	18.013.169	11.215.102	3.392.126	1.739.446
Maturity difference expenses	14.593.386	(1.910.688)	4.156.054	(178.251)
Provision expenses	426.393	209.268	525.883	--
Previous periods losses and expenses	99.893	48.748	592.662	325.472
Donation expenses	2.601.065	2.220.214	--	--
Other expenses	2.415.778	1.084.550	2.512.634	1.629.219
Total	**67.619.795**	**25.448.696**	**33.165.950**	**15.508.231**

(Currency - Turkish Lira unless expressed otherwise.)

26 – INCOME FROM INVESTMENT ACTIVITIES

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Profit on sale of tangible fixed assets	642.555	456.936	238.245	10.686
Fund dividend income	73.280	--	--	--
Total	**715.835**	**456.936**	**238.245**	**10.686**

27 – INVESTMENT ACTIVITIES EXPENSES (-)

None (31 December 2020: None).

28 – FINANCIAL INCOME

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Foreign exchange income	14.158.805	1.560.416	1.195.957	694.473
Interest income	1.898.213	788.701	2.906.852	684.975
Total	**16.057.018**	**2.349.117**	**4.102.809**	**1.379.448**

29 – FINANCIAL EXPENSES (-)

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Foreign exchange losses	7.855.917	907.147	7.956.850	699.213
Interest expenses	9.270.367	5.528.194	10.736.605	5.284.148
Bank commission	12.220.077	6.628.188	5.312.625	3.569.494
Lease payables interest accruals	6.394.203	3.071.444	5.503.512	3.150.146
Guarantee letter commison expenses	551.026	349.831	323.192	137.460
Other financial expenses	256.541	95.779	406.363	111.298
Total	**36.548.131**	**16.580.583**	**30.239.147**	**12.951.759**

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.

(Currency - Turkish Lira unless expressed otherwise.)

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

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

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

Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 30 June 2021. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2019. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made. There are many exceptions to the Corporate Tax Law. The following are the exceptions to the Company regarding these exceptions:

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

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

None (31 December 2020: None).

Taxes in balance sheet

	30 June 2021	**31 December 2020**
Corporation tax	28.315.240	68.047.442
Prepaid taxes and funds (-)	(5.947.807)	(48.471.996)
Total	**22.367.433**	**19.575.446**

Dereffred Taxes in balance sheet

	30 June 2021	**31 December 2020**
Assets	36.824.993	27.373.141
Liabilities	(39.424.896)	(33.593.594)
Total	**(2.599.903)**	**(6.220.453)**

(Currency - Turkish Lira unless expressed otherwise.)

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

	1 January – 30 June 2021	**1 January – 30 June 2020**
Corporation tax	(28.315.240)	(9.612.433)
Deferred taxes in income statement	3.006.384	1.073.064
Total	**(25.308.856)**	**(8.539.369)**

	1 January – 30 June 2021	**1 January – 30 June 2020**
Recognized in other comprehensive income	614.166	1.018.181
End of term	**614.166**	**1.018.181**

Deffered taxes:	**30 Jun. 2021 Cumulative temporary difference**	**31 Dec. 2020 Cumulative temporary difference**	**30 Jun. 2021 Deferred tax assets / (liabilities)**	**31 Dec. 2020 Deferred tax assets / (liabilities)**
Right of use assets	83.878.521	67.358.956	20.969.630	14.818.970
Retirement pay provision	23.598.432	18.820.114	4.738.959	3.727.462
Provisions for doubtful receivables	12.692.026	12.986.124	2.538.406	2.856.947
Maturity diffenrece and adjustements on inventories	19.184.619	14.656.931	4.796.155	3.224.526
Interest accruals	3.726.155	2.836.448	931.539	624.019
Capitalized brand cancellations	3.424.305	3.424.305	684.861	684.861
Adjustment of FX gain/loss	2.240.096	1.194.619	560.024	262.816
Rediscount on receivables	5.130.849	2.968.921	1.282.712	653.163
Adjustment of Time Deposit Interest Accruals	--	966.507	--	212.632
Fixed asset valuation decrease	500.000	500.000	50.000	50.000
Provision for costs	405.529	405.529	101.382	89.216
Adjustment of investment properties	314.296	268.222	62.859	59.009
Other	433.864	497.820	108.466	109.520
Deffered tax assets	**155.528.692**	**126.884.496**	**36.824.993**	**27.373.141**
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Lease payables	(74.132.940)	(58.682.629)	(18.533.235)	(12.910.178)
Adjustment of tangible and intangible assets	(52.007.805)	(49.765.755)	(9.304.557)	(8.856.802)
Rediscount on payables	(9.532.120)	(9.462.537)	(2.383.030)	(2.081.758)
Interest accruals	(2.289.987)	(4.141.384)	(572.497)	(911.104)
Adjustment of Time Deposit Interest Accruals	(2.590)	(2.358.569)	(648)	(518.885)
Retirement pay provision	(1.113.558)	(1.113.558)	(222.712)	(222.712)
Adjustment on prepaid expenses	(1.166.591)	(393.109)	(291.648)	(86.484)
Other	(1.125.699)	(775.117)	(281.426)	(170.528)
Deffered tax liabilities	**(219.722.718)**	**(205.044.086)**	**(39.424.896)**	**(33.593.594)**
Deferred tax assets / (liabilities), net	**(64.194.026)**	**(78.159.590)**	**(2.599.903)**	**(6.220.453)**

Confirmation of Tax Reserve:

	1 January – 30 June 2021	**1 January – 30 June 2020**
Profit before taxation from operating activities	119.482.252	37.738.752
Tax calculated over 20% and 25% tax rates	(30.981.686)	(8.302.525)
Tax effects:		
- Effect of unacceptable expenses	(1.326.180)	(537.574)
- Incentives and discounts	6.341.865	(97.987)
- Other	657.145	398.717
Income/Expense Tax Reserves in Income Table	**(25.308.856)**	**(8.539.369)**

(Currency - Turkish Lira unless expressed otherwise.)

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 June 2021	1 April – 30 June 2021	1 January – 30 June 2020	1 April – 30 June 2020
Net period profit	94.173.396	47.038.273	29.199.383	11.144.141
Weighted average number of shares	149.798.932	149.798.932	149.798.932	149.798.932
Earnings per Share (TRY)	0,629	0,314	0,195	0,074394

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 June 2021 is as follows:

	Receivables					
	Trade receivables		Other receivables			
	Related Party	Other	Related Party	Other	Bank Deposit	Financial Investment
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	**6.032.497**	**193.510.282**	**4.789.120**	**2.692.732**	**76.062.859**	**--**
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	**6.032.497**	**193.510.282**	**4.789.120**	**2.692.732**	**76.062.859**	**--**
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)	**--**	**17.225.643**	**--**	**4.357.168**	**--**	**--**
- Impairment (-)	--	(17.225.643)	--	*(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	**--**	**--**	**--**	**--**	**--**	**--**

(Currency - Turkish Lira unless expressed otherwise.)

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

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

Liquidity risk

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

As of 30 June 2021 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	**414.351.022**	**468.192.905**	**--**	**49.701.006**	**155.786.591**	**252.280.387**	**10.424.921**
Financial liabilities	414.351.022	468.192.905	--	49.701.006	155.786.591	252.280.387	10.424.921
Expected Maturities							
Non-Derivative Financial Liabilities	**319.778.333**	**329.310.453**	**122.240**	**319.327.447**	**9.860.766**	**--**	**--**
Trade payables	318.720.450	328.252.570	122.240	318.269.564	9.860.766	--	--
Other payables	1.057.883	1.057.883	--	1.057.883	--	--	--
Total	**734.129.355**	**797.503.358**	**122.240**	**369.028.453**	**165.647.357**	**252.280.387**	**10.424.921**

(Currency - Turkish Lira unless expressed otherwise.)

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

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	**364.508.122**	**426.751.859**	**--**	**54.155.449**	**83.634.385**	**273.375.925**	**15.586.101**
Financial liabilities	364.508.122	426.751.859	--	54.155.449	83.634.385	273.375.925	15.586.101
Expected Maturities							
Non-Derivative Financial Liabilities	**352.656.707**	**362.119.244**	**91.000**	**327.700.113**	**34.328.131**	**--**	**--**
Trade payables	352.177.204	361.639.741	91.000	327.220.610	34.328.131	--	--
Other payables	479.503	479.503	--	479.503	--	--	--
Total	**717.164.829**	**788.871.103**	**91.000**	**381.855.562**	**117.962.516**	**273.375.925**	**15.586.101**

Interest rate risk

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

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

Interest Rate Risk Sensitivity Analysis

The Group's interest position is as follows;

	30 June 2021	31 December 2020
Fixed-rate financial instrument		
Financial assets		
-Assets of at fair value through profit or loss	--	--
-Time Deposits	5.939.717	95.240.373
- Amortised cost	194.411.930	143.805.713
- Other	88.402.593	206.524.002
Financial liabilities		
Financial liabilities	364.760.461	338.835.607
- Amortised cost	318.720.450	352.177.204
- Other	1.057.883	479.503
Floating interest financial instrument		
Financial assets	--	--
Financial liabilities	49.590.561	25.672.515

If the interest rates of the loans with variable interest rates were TRY and all other variables were 100 basis points (1%) higher / lower, the profit before tax for the period would be TRY 2.157.189 at 30 June 2021 due to higher / lower interest expenses it would be lower / higher. (31 December 2020 TRY 1.116.754)

(Currency - Turkish Lira unless expressed otherwise.)

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

	30 June 2021	**31 December 2020**
Total debts	937.506.807	886.659.402
Less: Liquid assets	(86.859.458)	(296.601.025)
Net debt	**850.647.349**	**590.058.377**
Total capital	**1.460.730.574**	**1.119.717.442**
Net Debt/Total Equity ratio	**58%**	**53%**

(Currency - Turkish Lira unless expressed otherwise.)

Foreign currency risk

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

	30 June 2021				
	TRY equivalent functional currency	**USD**	**EUR**	**GBP**	**RUB**
1. Trade Receivables	55.368.348	5.608.750	631.295	--	--
2a. Monetary Financial Assets (including cash, banks)	48.374.707	149.832	4.457.649	75	7.270.000
2b. Non-monetary financial assets	--	--	--	--	
3. Other	30.777.709	1.152.922	2.001.186	--	--
4. Current Assets (1+2+3)	**134.520.764**	**6.911.504**	**7.090.130**	**75**	**7.270.000**
5. Trade Receivables	--	--	--	--	
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	
7. Other	611.889	70.290	--	--	
8. Non-Current Assets (5+6+7)	**611.889**	**70.290**	**--**	**--**	**--**
9. Total Assets (4+8)	**135.132.653**	**6.981.794**	**7.090.130**	**75**	**7.270.000**
10. Trade Payables	86.717.835	3.245.913	5.535.523	6	9.115.000
11. Financial Liabilities	84.073.082	--	8.111.639	--	--
12a. Other monetary financial liabilities	5.674.091	369.676	81.829	--	13.464.000
12b. Other non-monetary financial liabilities	--	--	--	--	
13. Current Liabilities (10+11+12)	**176.465.008**	**3.615.589**	**13.728.991**	**6**	**22.579.000**
14. Trade Payables	--	--	--	--	
15. Financial Liabilities	85.597.037	--	8.258.675	--	--
16a. Other monetary financial liabilities	--	--	--	--	
16b. Other non-monetary financial liabilities	--	--	--	--	
17. Non-Current Liabilities (14+15+16)	**85.597.037**	**--**	**8.258.675**	**--**	**--**
18. Total Liabilities (13+17)	**262.062.045**	**3.615.589**	**21.987.666**	**6**	**22.579.000**
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	**--**	**--**	**--**	**--**	**--**
19a. Hedged amount of assets	**--**	**--**	**--**	**--**	
19b. Hedged amount of liabilities position	**--**	**--**	**--**	**--**	
20. Net foreign currency position asset / liabilities (9-18+19)	**(126.929.392)**	**3.366.205**	**(14.897.536)**	**69**	**(15.309.000)**
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(126.929.392)**	**3.366.205**	**(14.897.536)**	**69**	**(15.309.000)**

(Currency - Turkish Lira unless expressed otherwise.)

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

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

	1 January – 30 June 2021		**1 January – 30 June 2020**	
	Import	**Export**	**Import**	**Export**
USD	9.778.619	9.521.251	3.328.947	5.111.296
EUR	4.816.600	3.945.962	4.614.800	3.083.458
TRY	--	912.499	--	559.641
GBP	37.008	--	24.535	--
TRY equivalent	**132.005.160**	**113.797.696**	**55.984.354**	**54.529.559**

(Currency - Turkish Lira unless expressed otherwise.)

Foreign Currency Risk Sensitivity Analysis

As of 30 June 2021 , if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

Foreign Currency Risk Sensivity Analysis Table		
30 June 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	2.930.349	(2.930.349)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	2.930.349	(2.930.349)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(15.440.551)	15.440.551
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(15.440.551)	15.440.551
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	83	(83)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	83	(83)
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	(182.820)	182.820
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (10+11)	(182.820)	182.820
Total (3+6+9+12)	**(12.692.939)**	**12.692.939**

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

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

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Company using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Financial Assets

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

Financial Liabilities

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

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

Effect of COVID-19 Outbreak on Group Operations

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

Group management has evaluated the potential effects of COVID-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of June 30, 2021. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and did not anticipate any material impairment loss as of June 30, 2021.

NOTE 35 – POST BALANCE SHEET EVENTS

None. (31 December 2020: None).