

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

**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE PERIOD ENDED  
AT 30 SEPTEMBER 2020**

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

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**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2020**  
*(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)*

		Not Reviewed	Audited
<b>ASSETS</b>	<b>Note</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>CURRENT ASSETS</b>			
Cash And Cash Equivalents	4	323.266.722	93.242.109
Financial Investments	10	956	956
Trade Receivables		96.185.115	164.532.189
<i>Due From Related Parties</i>	3-5	6.964.112	5.157.935
<i>Trade Receivables, Third Parties</i>	5	89.221.003	159.374.254
Other Receivables		3.546.984	3.178.227
<i>Due From Related Parties</i>	3-6	2.827.582	2.857.296
<i>Other Receivables, Third Parties</i>	6	719.402	320.931
Inventories	8	297.878.228	213.360.188
Prepaid Expenses	9	54.044.108	22.211.343
Other Current Assets	7	36.239.049	603.719
<b>TOTAL CURRENT ASSETS</b>		<b>811.161.162</b>	<b>497.128.731</b>
<b>NON-CURRENT ASSETS</b>			
Financial Investments	10	1.000	1.000
Trade Receivables		8.738	--
<i>Due From Related Parties</i>	3-5	--	--
<i>Trade Receivables, Third Parties</i>	5	8.738	--
Other Receivables		1.144.743	877.365
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	1.144.743	877.365
Investment Properties	11	10.855.416	11.884.526
Tangible Fixed Assets	12	329.879.487	314.864.823
Right of Use Assets	12	75.615.428	61.855.196
Intangible Fixed Assets	13	23.103.641	20.051.232
Prepaid Expenses	9	10.652.838	11.260.995
Deferred Tax Assets	30	24.278.182	16.389.931
<b>TOTAL NON-CURRENT ASSETS</b>		<b>475.539.473</b>	<b>437.185.068</b>
<b>TOTAL ASSETS</b>		<b>1.286.700.635</b>	<b>934.313.799</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2020**  
*(Currency - Turkish Lira 'TRY' unless expressed otherwise.)*

		Not Reviewed	Audited
	Note	30 September 2020	31 December 2019
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Financial Liabilities	14	24.615.243	86.056.393
Short Term Portion Of Long Term Financial Liabilities	14	57.696.711	47.249.399
Lease Payables	14	26.737.195	23.598.201
Trade Payables		259.123.891	151.410.249
<i>Due To Related Parties</i>	3-5	--	--
<i>Trade Payables, Third Parties</i>	5	259.123.891	151.410.249
Employee Benefit Obligations	15	24.020.790	15.845.640
Other Payables		860.878	382.649
<i>Due To Related Parties</i>	3-6	210.000	80.000
<i>Other Payables, Third Parties</i>	6	650.878	302.649
Deferred Income	16	87.736.260	44.275.974
Current Income Tax Liabilities	30	18.574.923	--
Provisions	17	1.777.647	1.856.484
Other Current Liabilities	7	10.025.300	15.481.356
<b>TOTAL CURRENT LIABILITIES</b>		<b>511.168.838</b>	<b>386.156.345</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities	14	191.677.076	75.118.432
Lease Payables	14	56.652.202	44.646.205
Provisions		21.785.277	15.936.301
<i>Provision For Employee Benefits</i>	18	21.785.277	15.936.301
Deferred Tax Liabilities	30	29.238.786	22.832.632
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>299.353.341</b>	<b>158.533.570</b>
<b>EQUITY</b>			
Paid-In Capital	20	149.798.932	149.798.932
Buy-Back Shares (-)	20	(24.669.498)	(15.962.307)
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		71.855.961	74.859.446
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	78.924.196	78.924.196
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(7.068.235)	(4.064.750)
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(1.625.502)	(1.199.625)
<i>Currency Translation Differences</i>	20	(1.625.502)	(1.199.625)
Restricted Reserves	20	38.304.932	24.996.383
Retained Earnings	20	143.800.417	70.924.495
Net Income For The Period		98.713.214	86.206.560
<b>EQUITY HOLDERS OF THE PARENT</b>		<b>476.178.456</b>	<b>389.623.884</b>
<b>TOTAL LIABILITIES</b>		<b>1.286.700.635</b>	<b>934.313.799</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED AT 1 JANUARY-30 SEPTEMBER 2020 AND 2019**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Not Reviewed 1 January- 30 September 2020	Not Reviewed 1 July- 30 September 2020	Not Reviewed 1 January- 30 September 2019	Not Reviewed 1 July- 30 September 2019
Revenue	21	1.121.277.170	515.603.329	839.506.211	283.425.315
Cost Of Sales (-)	22	(691.856.533)	(305.369.108)	(495.146.662)	(167.203.438)
<b>Gross profit</b>		<b>429.420.637</b>	<b>210.234.221</b>	<b>344.359.549</b>	<b>116.221.877</b>
General Administrative Expenses (-)	23	(39.999.630)	(16.819.130)	(42.651.676)	(16.319.585)
Marketing, Selling And Distribution Expenses (-)	23	(234.799.583)	(99.498.266)	(197.111.991)	(69.548.534)
Research And Development Expenses (-)	23	(4.758.595)	(1.134.653)	(4.876.222)	(1.637.607)
Other Income From Operating Activities	24	76.593.350	36.871.212	64.295.896	16.700.237
Other Expenses From Operating Activities	25	(68.053.092)	(34.887.142)	(51.033.428)	(17.231.120)
<b>Operating Profit / Loss</b>		<b>158.403.087</b>	<b>94.766.242</b>	<b>112.982.128</b>	<b>28.185.268</b>
Income From Investment Activities	26	973.803	735.558	500.466	331.209
Expenses From Investment Activities (-)	27	--	--	--	--
<b>OPERATING INCOME BEFORE FINANCIAL INCOME</b>		<b>159.376.890</b>	<b>95.501.800</b>	<b>113.482.594</b>	<b>28.516.477</b>
Financial Expenses (-)	29	(54.268.931)	(24.029.784)	(31.165.127)	1.929.427
Financial Income	28	21.534.660	17.431.851	5.211.094	1.097.872
<b>PROFIT BEFORE TAX</b>		<b>126.642.619</b>	<b>88.903.867</b>	<b>87.528.561</b>	<b>31.543.776</b>
<b>Tax income/(expense)</b>		<b>(27.929.405)</b>	<b>(19.390.036)</b>	<b>(20.441.188)</b>	<b>(6.689.174)</b>
Taxes On Income	30	(28.564.365)	(18.951.932)	(20.263.057)	(6.599.116)
Deferred Tax Income/(Expense)	30	634.960	(438.104)	(178.131)	(90.058)
		--	--	--	--
<b>PERIOD PROFIT / LOSS</b>		<b>98.713.214</b>	<b>69.513.831</b>	<b>67.087.373</b>	<b>24.854.602</b>
<b>Earnings Per Share</b>					
Earnings Per Share (Kr)	31	0,000659	0,000464	0,000448	0,000166
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss</b>		<b>(3.003.485)</b>	<b>606.428</b>	<b>(306.614)</b>	<b>(28.678)</b>
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	(3.850.622)	777.472	(383.267)	(35.847)
<b>Tax Income/(Expense)</b>		<b>847.137</b>	<b>(171.044)</b>	<b>76.653</b>	<b>7.169</b>
Deferred Tax (Expense) Income	30	847.137	(171.044)	76.653	7.169
<b>Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss</b>		<b>(425.877)</b>	<b>(155.452)</b>	<b>(198.098)</b>	<b>178.408</b>
Currency Translation Differences		(425.877)	(155.452)	(198.098)	178.408
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(3.429.362)</b>	<b>450.976</b>	<b>(504.712)</b>	<b>149.730</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>95.283.852</b>	<b>69.964.807</b>	<b>66.582.661</b>	<b>25.004.332</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY – 30 SEPTEMBER 2020 AND 2019**  
*(Currency - Turkish Lira 'TRY' unless expressed otherwise.)*

			Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss				
	Paid In Capital	Buy-Back Shares	Gains/ Losses On Revaluation And Remeasurement	Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income For The Period	Total Equity
	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)
<b>Balance at 1 January 2019</b>	<b>149.798.932</b>	<b>(14.486.269)</b>	<b>78.924.196</b>	<b>(2.705.415)</b>	<b>(828.537)</b>	<b>19.459.242</b>	<b>1.502.178</b>	<b>75.639.181</b>	<b>307.303.508</b>
Previous Period Tax Adjustments	--	--	--	--	--	--	(679.723)	--	(679.723)
Transfer From Retained Profit	--	--	--	--	--	4.061.103	71.578.078	(75.639.181)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	67.087.373	67.087.373
Other Comprehensive Income	--	--	--	(306.614)	(198.098)	--	--	--	(504.712)
<b>Balance at 30 September 2019</b>	<b>149.798.932</b>	<b>(14.486.269)</b>	<b>78.924.196</b>	<b>(3.012.029)</b>	<b>(1.026.635)</b>	<b>23.520.345</b>	<b>72.400.533</b>	<b>67.087.373</b>	<b>373.206.446</b>
<b>Balance at 1 January 2020</b>	<b>149.798.932</b>	<b>(15.962.307)</b>	<b>78.924.196</b>	<b>(4.064.750)</b>	<b>(1.199.625)</b>	<b>24.996.383</b>	<b>70.924.495</b>	<b>86.206.560</b>	<b>389.623.884</b>
Adjustments Regarding To Errors	--	--	--	--	--	--	(22.089)	--	(22.089)
Buy-Back Shares	--	(8.707.191)	--	--	--	8.707.191	(8.707.191)	--	(8.707.191)
Transfer From Retained Profit	--	--	--	--	--	4.601.358	81.605.202	(86.206.560)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	98.713.214	98.713.214
Other Comprehensive Income	--	--	--	(3.003.485)	(425.877)	--	--	--	(3.429.362)
<b>Balance at 30 September 2020</b>	<b>149.798.932</b>	<b>(24.669.498)</b>	<b>78.924.196</b>	<b>(7.068.235)</b>	<b>(1.625.502)</b>	<b>38.304.932</b>	<b>143.800.417</b>	<b>98.713.214</b>	<b>476.178.456</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED AT 1 JANUARY – 30 SEPTEMBER 2020 AND 2019**  
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Not Reviewed</i> 1 January – 30 September 2020	<i>Not Reviewed</i> 1 January – 30 September 2019
<b>A. Cash Flow From Operating Activities :</b>	<b>Note</b>		
<b>Profit / (Loss) Of The Period</b>		<b>98.713.214</b>	<b>67.087.373</b>
<b>Adjustments Related To Reconciliation Of Profit/(Loss)</b>			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	53.462.725	22.888.313
Adjustment To Interest Income (Expenses)		8.148.759	2.254.687
- Adjustment To Unearned Interest On Receivables	5-24	3.835.357	10.124.386
- Adjustment To Unearned Interest On Payables	5-25	(7.806.710)	(11.251.073)
- Adjustment To Interest Expenses	29	3.673.408	3.381.374
- Adjustments for Interest Expenses from Leases	29	8.446.704	–
Adjustment To Provision		3.631.889	2.330.424
- Adjustments Related To Provision (Reversal) For Employee Benefits	18	1.998.354	2.330.424
- Adjustment To Provision For Lawsuits	17	1.633.535	–
Adjustment To Impairment		(164.683)	625.317
- Adjustment To Provision For Doubtful Receivables	5	(164.683)	625.317
Other adjustments	12-14	(6.292.893)	–
Adjustment To Tax Income (Expenses)	30	27.929.405	20.441.188
		<b>185.428.416</b>	<b>115.627.302</b>
<b>Changes In Operating Assets And Liabilities</b>			
Changes In Trade Receivables	3-5	64.667.662	(13.669.814)
Changes In Other Receivables	3-6	(665.849)	(182.196)
Changes In Other Assets	7	(35.635.332)	(7.251.919)
Changes In Inventories	8	(84.518.040)	(51.257.269)
Changes In Prepaid Expenses	9	(31.224.608)	5.676.023
Changes In Trade Payables	5	115.520.354	(5.218.202)
Changes In Other Payables	6	478.229	161.041
Changes In Employee Benefit Liabilities	15	8.175.150	3.249.234
Changes In Other Liabilities	7	(7.168.428)	(12.324.118)
Changes In Deferred Income	16	43.460.286	17.433.616
Taxes Returns (Payments)	30	(9.989.442)	(14.430.045)
Interest Paid	29	11.210.098	21.897.515
Interest Received	28	(3.764.082)	(553.830)
Other		(22.088)	–
<b>Total</b>		<b>255.952.326</b>	<b>59.157.338</b>
<b>B. Cash Flow From Investing Activities</b>			
Changes In Financial investment	10	–	(290.000)
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	2.055.763	18.882.595
- Cash Inflows From Sales Of Tangible Assets		2.054.241	18.882.595
- Cash Inflows From Sales Of Intangible Assets		1.522	–
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(47.393.960)	(65.538.675)
- Cash Outflows From Purchases Of Intangible Assets		(40.272.127)	(60.998.276)
- Cash Outflows From Purchases Of Intangible Assets		(7.121.833)	(4.540.399)
Collections From Advances Given	6	29.714	–
- Collections From Related Parties		29.714	–
<b>Total</b>		<b>(45.308.483)</b>	<b>(46.946.080)</b>
<b>C. Cash Flow From Financial Activities</b>			
Cash Inflows / (Outflows) From Borrowings	14	156.951.950	64.129.925
Cash Outflows From Payables	14	(120.923.621)	(55.672.351)
- Cash Outflows Regarding Financial Borrowings Repayments		(94.992.077)	(55.672.351)
- Cash Outflows Related to From Leases	14	(25.931.544)	–
Cash Inflows / (Outflows) From Leasing Payments	14	(68.475)	(226.304)
Interest Paid	29	(11.210.098)	(21.897.515)
Interest Received	28	3.764.082	553.830
Cash Outflows Related To Buy-Back Shares	20	(8.707.191)	–
<b>Total</b>		<b>19.806.647</b>	<b>(13.112.415)</b>
<b>Foreign Currency Translatiön Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)</b>		<b>230.450.490</b>	<b>(901.157)</b>
<b>D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents</b>	20	<b>(425.877)</b>	<b>(198.098)</b>
<b>Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)</b>		<b>230.024.613</b>	<b>(1.099.255)</b>
<b>E. Beginning Of The Period Cash And Cash Equivalents</b>	4	<b>93.242.109</b>	<b>64.079.474</b>
<b>Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)</b>	4	<b>323.266.722</b>	<b>62.980.219</b>

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

(Currency - Turkish Lira unless expressed otherwise.)

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

**NOTE 1 – ORGANIZATION OF THE GROUP**

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

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

**Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi**

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

For the period ended at 30 September 2020, 2.876 personnel are employed at the Company (31 December 2019: 2.232).

Company registered on the Kayseri Chamber of Industry with the number of 14222 and its legal 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 İstanbul (“BIST”) since 1996.

Company’s shareholding structure is mentioned in Note 20.

**Yatas Europe GMBH**

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

For the period ended at 30 September 2020, 8 personnel are employed by the Company (31 December 2019: 5 Personnel). Yatas Europe’s shareholding structure as of 30 September 2020 in EUR are as following;

	30 September 2020		31 December 2019	
	Share Percentage	Share Amount	Share Percentage	Share Amount
Shareholders				
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	100.000	%100.00	100.000
<b>Total</b>	<b>%100.00</b>	<b>100.000</b>	<b>%100.00</b>	<b>100.000</b>

**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 September 2020, 7 personnel are employed by the Yatas Rus. Yatas Rus’s shareholding structure as of (31 December 2019: 4 Personnel).

30 September 2020in RUBLE is as following;

	30 September 2020		31 December 2019	
	Share Percentage	Share Amount	Share Percentage	Share Amount
Shareholders				
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	3.500.000	%100.00	3.500.000
<b>Total</b>	<b>%100.00</b>	<b>3.500.000</b>	<b>%100.00</b>	<b>3.500.000</b>



## **NOTE 2 – BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **2.a. Basis of Presentation**

#### **Compatibility Statement**

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

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset/liabilities and land, buildings presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

#### **Going Concern**

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

#### **Approval of Consolidated Financial Statements**

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

#### **Financial Statements Correction in High Inflation Period**

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

#### **Currency**

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

## **Subsidiaries Operating in Countries Other Than Turkey's Financial Statements**

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

## **Offsetting**

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

## **Basis of Consolidation**

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

## **Complete Consolidation Method**

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

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.
- The minority part of shareholders' equity including paid capital of the companies subject to consolidation is classified as "Minority Interest" in accompanying financial statement.

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

As of 30 September 2020 and 31 December 2019 the Company that are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company are as below;

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

## 2.b. New and Revised Turkish Financial Reporting Standards

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

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

### Amendments to TFRS 3 Definition of a Business

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

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

### Amendments to TAS 1 and TAS 8 Definition of Material

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

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

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

### Amendments to TFRS 16 COVID-19 Related Rent Concessions

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

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- 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 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); 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 TFRSs**

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

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

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

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

#### **2.c. Changes in Accounting Policies**

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

#### **2.d. Changes in Accounting Estimates and Errors**

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

## Comparative Information and Previous Periods Adjustments

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

## 2.e. Summary of Significant Accounting Policies

### Cash and Cash Equivalents

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

### Financial Instruments

#### *Classification and Measurement*

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit 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.

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<b>Financial assets</b>	<b>Classification under TAS 39</b>	<b>Classification under TFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Financial assets	Fair value through profit or loss	Fair value through profit or loss
<b>Financial liabilities</b>	<b>Classification under TAS 39</b>	<b>Classification under TFRS 9</b>
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.

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### Tangible Fixed Assets and Amortisations

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

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

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

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

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

### Intangible Fixed Assets

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

### Investment Property

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

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

### TFRS 16 Leases

#### The Group – as a lessee

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

exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

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

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

#### **Right of use asset**

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

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

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

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

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

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

#### **Lease Liability**

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

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;



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- 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 as of 30 September 2020.

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

### • Social Insurance Premium

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

## Fair value estimation:

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

## Tax

In the accompanying Consolidated Financial Statements, the tax consists of corporate tax provision and deferred tax. The corporation tax that will 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.

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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

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

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

### **Accounting Estimates**

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

#### *Provision for inventories*

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

#### *Provision for doubtful receivables*

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

#### *Useful lifetime of tangible and intangible assets*

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

#### *Provision for lawsuits*

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

#### *Severance pay provision*

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.

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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 30 September 2020, temporary differences due to tax incentives can be foreseen and the fraction falls in continuity of tax incentives within the context of tax legislations, can be benefited from and is to be tax assets and accounted. As of balance sheet date, the details regarding deferred tax calculations are stated in Note 30.

### Provisions, Contingent Liabilities and Assets

#### Provisions

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

#### Contingent Liabilities and Assets

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

### Foreign Currency Assets and Liabilities

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

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

	30 September 2020	31 December 2019
USD	7,8080	5,9402
EUR	9,1281	6,6506
RUB	0,0979	0,0955
GBP	10,0309	7,7765

### Effects of Change in Currency Rate

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

### Earnings Per Share

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

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

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### **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:

#### *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.

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**NOTE 3– RELATED PARTY TRANSACTIONS**

	30 September 2020		31 December 2019	
	Trading	Non-Trading	Trading	Non-Trading
<b>Short Term Trade Receivables (Note 5)</b>				
Süntaş Sünger ve Yatak San.Tic. A.Ş. <i>(in liquidation)</i>	6.964.112	--	5.157.935	--
<b>Other Receivables (Note 6)</b>				
Receivables from Shareholders	--	2.827.582	--	2.857.296
<b>Total</b>	<b>6.964.112</b>	<b>2.827.582</b>	<b>5.157.935</b>	<b>2.857.296</b>

	30 September 2020		31 December 2019	
	Trading	Non-Trading	Trading	Non-Trading
<b>Short Term Other Payables (Note 6)</b>				
Payables to Shareholders	--	210.000	--	80.000
<b>Total</b>	<b>--</b>	<b>210.000</b>	<b>--</b>	<b>80.000</b>

Sales to and / or income from related parties:

	1 January – 30 September 2020	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş. <i>(in liquidation)</i>	2.818.069	--
<b>Total</b>	<b>2.818.069</b>	<b>--</b>

	1 January – 30 September 2019	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş. <i>(in liquidation)</i>	7.328.975	--
<b>Total</b>	<b>7.328.975</b>	<b>--</b>

Purchases and / or expenses from related parties:

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

	1 January – 30 September 2019	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş. <i>(in liquidation)</i>	778.851	655.932
Yavuz Altop	--	609.348
Yılmaz Öztaşkın	--	609.348
Other Shareholders	--	1.218.696
<b>Total</b>	<b>778.851</b>	<b>3.093.324</b>

The total amount of benefits provided to the senior management such as the chairman and members of the board of directors, general manager, general coordinator and general manager of the Group for the period ended 30 September 2020 is TRY 16.455.354 (30 September 2019: TRY 24.425.417).

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#### 4 - CASH AND CASH EQUIVALENTS

As of 30 September 2020 and 31 December 2019, the details of cash and cash equivalents are as follows:

	30 September 2020	31 December 2019
Cash	177.949	121.825
Banks	310.659.913	39.041.481
<i>Demand deposits</i>	175.566.059	39.041.481
<i>Time deposits</i>	135.093.854	--
Liquid funds <sup>(1)</sup>	12.428.860	54.078.803
<b>Total</b>	<b>323.266.722</b>	<b>93.242.109</b>

<sup>(1)</sup> Liquid funds consist of receivables arising from credit card sales.

#### 5 - TRADE RECEIVABLES AND PAYABLES

##### Trade Receivables

##### Short Term Trade Receivables

	30 September 2020	31 December 2019
Trade Receivables	84.794.703	138.991.783
- <i>Trade Receivables from related parties (note 3)</i>	6.964.112	4.947.935
- <i>Other trade Receivables</i>	77.830.591	134.043.848
Notes Receivables	12.846.592	28.237.850
- <i>Notes receivables from related parties (note 3)</i>	--	210.000
- <i>Other notes Receivables</i>	12.846.592	28.027.850
Unearned Interest (-)	(1.456.180)	(2.697.444)
Doubtful trade receivables	16.468.360	16.515.069
Provision for doubtful trade receivables (-)	(16.468.360)	(16.515.069)
<b>Total</b>	<b>96.185.115</b>	<b>164.532.189</b>

##### Long Term Trade Receivables

	30 September 2020	31 December 2019
Notes Receivables	10.000	--
- <i>Notes receivables from related parties (note 3)</i>	--	--
- <i>Other notes Receivables</i>	10.000	--
Unearned Interest (-)	(1.262)	--
<b>Total</b>	<b>8.738</b>	<b>--</b>

The maturity schedule of receivables are as follows:

	30 September 2020	31 December 2019
Overdue	163.895	130.000
Up to 3 months	88.235.480	139.731.264
3 to 12 months	9.241.920	27.368.369
1 to 5 years	10.000	--
<b>Total</b>	<b>97.651.295</b>	<b>167.229.633</b>



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The maturity schedule of overdue receivables are as follows:

	30 September 2020	31 December 2019
0 to 3 months	163.895	130.000
<b>Total</b>	<b>163.895</b>	<b>130.000</b>

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

	30 September 2020	31 December 2019
Opening balance	16.515.069	14.952.305
Additional provisions in the period	44.961	1.930.097
Cancellation of provision in period (-)	(91.670)	(367.333)
<b>Total (End of the period)</b>	<b>16.468.360</b>	<b>16.515.069</b>

### Trade Payables

#### Short Term Trade Payables

	30 September 2020	31 December 2019
Trade payables	168.025.356	110.683.132
Notes payables	96.207.801	43.105.032
Unearned interest (-)	(5.109.266)	(2.377.915)
<b>Total</b>	<b>259.123.891</b>	<b>151.410.249</b>

#### Long Term Trade Payables

None.

As of 30 September 2020 and 31 December 2019 maturity schedule of payables are as follows:

	30 September 2020	31 December 2019
Overdue	443.200	91.000
Up to 3 months	236.212.433	144.343.616
3 to 12 months	27.577.524	9.353.548
<b>Total</b>	<b>264.233.157</b>	<b>153.788.164</b>

The maturity schedule of overdue payables are as follows:

	30 September 2020	31 December 2019
0 to 3 months	--	91.000
3 to 12 months	443.200	--
<b>Total</b>	<b>443.200</b>	<b>91.000</b>

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## 6 - OTHER RECEIVABLES AND PAYABLES

### Short Term Other Receivables

	30 September 2020	31 December 2019
Receivables from related parties (note 3)	2.827.582	2.857.296
Receivables from personnel	363.212	233.107
Doubtful other receivables	3.193.689	1.678.127
Provision for doubtful other receivables (-)	(3.193.689)	(1.678.127)
Other	356.190	87.824
<b>Total</b>	<b>3.546.984</b>	<b>3.178.227</b>

### Long Term Other Receivables

	30 September 2020	31 December 2019
Deposits and guarantees given	1.144.743	877.365
<b>Total</b>	<b>1.144.743</b>	<b>877.365</b>

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

	30 September 2020	31 December 2019
Opening balance	1.678.127	--
Additional provisions in the period	1.633.535	1.678.127
Cancellation of provision in period (-)	(117.973)	--
<b>Total (End of the period)</b>	<b>3.193.689</b>	<b>1.678.127</b>

### Short Term Other Payables

	30 September 2020	31 December 2019
Other payables to related parties (note 3)	210.000	80.000
Deposits and guarantees received	225.723	171.726
Other sundry payables	425.155	130.923
<b>Total</b>	<b>860.878</b>	<b>382.649</b>

## 7 - OTHER ASSETS AND LIABILITIES

### Other Current Assets

	30 September 2020	31 December 2019
VAT carried forward	31.023.192	49.607
Receivables from tax office	492.769	554.112
Other	4.723.088	--
<b>Total</b>	<b>36.239.049</b>	<b>603.719</b>

### Other Current Liabilities

	30 September 2020	31 December 2019
Taxes and dues payable	2.591.826	12.867.267
Overdue or deferred taxes and dues payable	6.914.534	2.229.274
Other liabilities	518.940	384.815
<b>Total</b>	<b>10.025.300</b>	<b>15.481.356</b>

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## 8 – INVENTORIES

	30 September 2020	31 December 2019
Raw materials	69.004.602	20.067.146
Work in process	11.146.942	8.271.824
Finished goods	199.947.093	164.113.728
Merchandises	14.691.403	19.046.589
Other inventories <sup>(1)</sup>	3.088.188	1.860.901
<b>Total</b>	<b>297.878.228</b>	<b>213.360.188</b>

<sup>(1)</sup> Other inventories consist of goods on transit.

As of 30 September 2020, there is insurance coverage amounting to 201.075.000 TRY on inventories (31 December 2019: 170.835.000)

## 9 – PREPAID EXPENSES

### Short-Term Prepaid Expenses

	30 September 2020	31 December 2019
Order advances given	45.164.694	17.566.679
Prepaid expenses	7.974.134	3.691.421
Advances given for business purposes	387.774	188.630
Advances given to personnel	517.506	764.613
<b>Total</b>	<b>54.044.108</b>	<b>22.211.343</b>

### Long-Term Prepaid Expenses

	30 September 2020	31 December 2019
Prepaid expenses	10.652.838	11.260.995
<b>Total</b>	<b>10.652.838</b>	<b>11.260.995</b>

## 10 – FINANCIAL INVESTMENTS

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

As of 30 September 2020 and 31 December 2019 financial investments is as following;

### Short term financial investmens

	30 September 2020	31 December 2019
Alternatif Menkul Kıymetler (ALFN2)	956	956
<b>Total</b>	<b>956</b>	<b>956</b>

As at 30 September 2020, short-term financial assets are reflected to the financial statements at their fair value.

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

	30 September 2020		31 December 2019	
	(%)	TRY	(%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
<b>Total</b>		<b>1.000</b>		<b>1.000</b>

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

<b>30 September 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Funds	956	--	--
Kay-Ser A.Ş.	--	--	1.000
<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Funds	956	--	--
Kay-Ser A.Ş.	--	--	1.000

#### 11 –INVESTMENT PROPERTIES

<b>Cost</b>	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>1 January 2019</b>	<b>6.715.872</b>	<b>5.317.317</b>	<b>12.033.189</b>
Addition	--	290.000	290.000
Disposals	--	--	--
<b>31 December 2019</b>	<b>6.715.872</b>	<b>5.607.317</b>	<b>12.323.189</b>
Addition	--	--	--
Disposals	--	(1.000.000)	(1.000.000)
<b>30 September 2020</b>	<b>6.715.872</b>	<b>4.607.317</b>	<b>11.323.189</b>
<b>Accumulated depreciation</b>			
<b>1 January 2019</b>	<b>--</b>	<b>328.933</b>	<b>328.933</b>
Charge for the period		109.730	109.730
<b>31 December 2019</b>	<b>--</b>	<b>438.663</b>	<b>438.663</b>
Charge for the period	--	82.443	82.443
Disposals	--	(53.333)	(53.333)
<b>30 September 2020</b>	<b>--</b>	<b>467.773</b>	<b>467.773</b>
<b>Net book value, 31 December 2019</b>	<b>6.715.872</b>	<b>5.168.654</b>	<b>11.884.526</b>
<b>Net book value, 30 September 2020</b>	<b>6.715.872</b>	<b>4.139.544</b>	<b>10.855.416</b>

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**12-1 TANGIBLE FIXED ASSETS**

<b>Cost</b>	<b>Lands</b>	<b>Land improvements</b>	<b>Buildings</b>	<b>Plants, machinery and equipment</b>	<b>Vehicles</b>	<b>Fixtures and fittings</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>1 January 2019</b>	<b>54.437.517</b>	<b>104.080</b>	<b>106.531.480</b>	<b>108.508.165</b>	<b>6.280.236</b>	<b>62.659.089</b>	<b>54.016.394</b>	<b>10.746.638</b>	<b>403.283.599</b>
Addition	--	--	14.176.261	24.060.861	248.149	15.465.719	16.752.442	7.841.495	78.544.927
Disposals	--	--	--	(1.117.628)	(540.922)	(475.533)	(163.518)	(18.246.202)	(20.543.803)
<b>31 December 2019</b>	<b>54.437.517</b>	<b>104.080</b>	<b>120.707.741</b>	<b>131.451.398</b>	<b>5.987.463</b>	<b>77.649.275</b>	<b>70.605.318</b>	<b>341.931</b>	<b>461.284.723</b>
Addition	133.525	425.428	3.392.118	10.335.387	1.400.281	11.650.232	9.002.611	3.932.545	40.272.127
Disposals	--	--	--	(239.463)	(282.024)	(371.988)	(743.446)	(350.481)	(1.987.402)
<b>30 September 2020</b>	<b>54.571.042</b>	<b>529.508</b>	<b>124.099.859</b>	<b>141.547.322</b>	<b>7.105.720</b>	<b>88.927.519</b>	<b>78.864.483</b>	<b>3.923.994</b>	<b>499.569.447</b>
<b>Accumulated depreciation</b>									
<b>1 January 2019</b>	<b>--</b>	<b>72.621</b>	<b>12.569.986</b>	<b>39.407.058</b>	<b>3.048.323</b>	<b>29.734.301</b>	<b>35.348.676</b>	<b>--</b>	<b>120.180.965</b>
Charge for the period	--	3.213	2.305.298	9.092.155	758.027	7.236.837	8.393.307	--	27.788.837
Disposals	--	--	--	(930.547)	(340.087)	(257.968)	(21.300)	--	(1.549.902)
<b>31 December 2019</b>	<b>--</b>	<b>75.834</b>	<b>14.875.284</b>	<b>47.568.666</b>	<b>3.466.263</b>	<b>36.713.170</b>	<b>43.720.683</b>	<b>--</b>	<b>146.419.900</b>
Charge for the period	--	12.856	1.871.187	7.440.252	585.744	7.264.329	7.028.854	--	24.203.222
Disposals	--	--	--	(105.089)	(113.166)	(156.371)	(558.536)	--	(933.162)
<b>30 September 2020</b>	<b>--</b>	<b>88.690</b>	<b>16.746.471</b>	<b>54.903.829</b>	<b>3.938.841</b>	<b>43.821.128</b>	<b>50.191.001</b>	<b>--</b>	<b>169.689.960</b>
<b>Net book value, 31 December 2019</b>	<b>54.437.517</b>	<b>28.246</b>	<b>105.832.457</b>	<b>83.882.732</b>	<b>2.521.200</b>	<b>40.936.105</b>	<b>26.884.635</b>	<b>341.931</b>	<b>314.864.823</b>
<b>Net book value, 30 September 2020</b>	<b>54.571.042</b>	<b>440.818</b>	<b>107.353.388</b>	<b>86.643.493</b>	<b>3.166.879</b>	<b>45.106.391</b>	<b>28.673.482</b>	<b>3.923.994</b>	<b>329.879.487</b>

As of 30 September 2020 there is insurance amounting to TRY 319.030.350 on property, plant and equipment. The liability amounts for fixed assets are mentioned in Note 19.

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## 12-2 RIGHT OF USE ASSETS

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

The movement table of the right of use assets as of 30 September 2020 is as follows:

	Vehicles	Buildings	Total
<b>1 January 2019 balance</b>	<b>66.981</b>	<b>66.548.891</b>	<b>66.615.872</b>
Additions	8.568.373	20.246.846	28.815.219
Disposals	--	--	--
<b>31 December 2019 balance</b>	<b>8.635.354</b>	<b>86.795.737</b>	<b>95.431.091</b>
Additions	--	38.922.724	38.922.724
Disposals	--	--	--
<b>30 September 2020</b>	<b>8.635.354</b>	<b>125.718.461</b>	<b>134.353.815</b>
<b>Accumulated depreciation</b>			
<b>1 January 2019 balance</b>	<b>--</b>	<b>--</b>	<b>--</b>
Charge for the period	2.556.162	31.019.733	33.575.895
Disposals	--	--	--
<b>31 December 2019 balance</b>	<b>2.556.162</b>	<b>31.019.733</b>	<b>33.575.895</b>
Charge for the period	1.758.090	23.404.402	25.162.492
Disposals	--	--	--
<b>30 September 2020</b>	<b>4.314.252</b>	<b>54.424.135</b>	<b>58.738.387</b>
<b>Net book value of 31 December 2019</b>	<b>6.079.192</b>	<b>55.776.004</b>	<b>61.855.196</b>
<b>Net book value of 30 September 2020</b>	<b>4.321.102</b>	<b>71.294.326</b>	<b>75.615.428</b>

## 13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Active Development Costs	Other Rights	Total
<b>1 January 2019</b>	<b>5.437.566</b>	<b>10.314.517</b>	<b>4.710.061</b>	<b>3.273.452</b>	<b>--</b>	<b>1.863.072</b>	<b>25.598.668</b>
Addition	5.346.418	333.254	144.095	290.573	--	12.100	6.126.440
Disposals	--	--	--	--	--	--	--
<b>31 December 2019</b>	<b>10.783.984</b>	<b>10.647.771</b>	<b>4.854.156</b>	<b>3.564.025</b>	<b>--</b>	<b>1.875.172</b>	<b>31.725.108</b>
Addition	4.463.823	349.865	130.815	1.166.607	975.371	35.359	7.121.840
Disposals	--	--	--	(1.522)	--	--	(1.522)
<b>30 September 2020</b>	<b>15.247.807</b>	<b>10.997.636</b>	<b>4.984.971</b>	<b>4.729.110</b>	<b>975.371</b>	<b>1.910.531</b>	<b>38.845.426</b>
<b>Accumulated depreciation</b>							
<b>1 January 2019</b>	<b>1.701.749</b>	<b>114.153</b>	<b>2.633.593</b>	<b>1.461.293</b>	<b>--</b>	<b>1.808.111</b>	<b>7.718.899</b>
Charge for the period	2.841.015	69.440	562.585	456.763	--	25.174	3.954.977
Disposals	--	--	--	--	--	--	--
<b>31 December 2019</b>	<b>4.542.764</b>	<b>183.593</b>	<b>3.196.178</b>	<b>1.918.056</b>	<b>--</b>	<b>1.833.285</b>	<b>11.673.876</b>
Charge for the period	3.179.778	62.043	317.806	496.883	--	11.695	4.068.205
Disposals	--	--	--	(296)	--	--	(296)
<b>30 September 2020</b>	<b>7.722.542</b>	<b>245.636</b>	<b>3.513.984</b>	<b>2.414.643</b>	<b>--</b>	<b>1.844.980</b>	<b>15.741.785</b>
<b>Net book value, 31 December 2019</b>	<b>6.241.220</b>	<b>10.464.178</b>	<b>1.657.978</b>	<b>1.645.969</b>	<b>--</b>	<b>41.887</b>	<b>20.051.232</b>
<b>Net book value, 30 September 2020</b>	<b>7.525.265</b>	<b>10.752.000</b>	<b>1.470.987</b>	<b>2.314.467</b>	<b>975.371</b>	<b>65.551</b>	<b>23.103.641</b>

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The distribution of depreciation expenses is as follows:

	30 September 2020	31 December 2019
Tangible fixed assets	24.203.222	12.842.623
Investment properties	82.443	53.657
Intangible fixed assets	4.068.197	1.725.405
Right of use assets	25.162.492	14.017.185
<b>Total</b>	<b>53.516.354</b>	<b>28.638.870</b>

#### 14 - FINANCIAL BORROWINGS

As of 30 September 2020 and 31 December 2019 the details of short term financial borrowings are as follows:

##### Short Term Financial Borrowings

	30 September 2020	31 December 2019
Turkish Lira financial borrowings	3.590.257	33.481.451
Foreign currency financial borrowings	21.024.986	52.574.942
Lease payables	26.737.195	23.598.201
<b>Total</b>	<b>51.352.438</b>	<b>109.654.594</b>

##### Current Installments of Long-Term Financial Liabilities

	30 September 2020	31 December 2019
Current installment of long term Turkis Lira financial borrowings	27.178.649	21.607.623
Current installment of long term foreign currency financial borrowings	30.518.062	25.641.776
<b>Total</b>	<b>57.696.711</b>	<b>47.249.399</b>

##### Long Term Financial Borrowings

	30 September 2020	31 December 2019
Turkish lira financial borrowings Lease payables	107.453.966	17.165.942
Foreign currency financial borrowings	84.223.110	57.952.490
Lease payables	56.652.202	44.646.205
<b>Total</b>	<b>248.329.278</b>	<b>119.764.637</b>

As of September 30, 2020, the interest rates average of financial liabilities are 2,29 % in EUR and 14,70 % in TRY (31 December 2019: EUR – 2,29 %, TRY – 21,75 %).

Liabilities given for bank borrowings are mentioned in note 19.

Maturity schedule of banks borrowings are as follows:

	30 September 2020	31 December 2019
Up to 3 months	28.505.629	69.256.312
3 to 12 months	80.543.520	87.647.681
1 to 5 years	229.357.522	110.323.338
Over 5 years	18.971.756	9.441.299
<b>Total</b>	<b>357.378.427</b>	<b>276.668.630</b>

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**15 – EMPLOYEE BENEFIT LIABILITIES**

	30 September 2020	31 December 2019
Due to personnel	10.248.887	9.180.228
Social security and Taxes and dues payable	13.771.903	6.665.412
<b>Total</b>	<b>24.020.790</b>	<b>15.845.640</b>

**16 – DEFERRED INCOME**

	30 September 2020	31 December 2019
Advances received	87.736.260	44.275.974
<b>Total</b>	<b>87.736.260</b>	<b>44.275.974</b>

**17 – PROVISIONS**

	30 September 2020	31 December 2019
Provisions for litigation expenses	87.655	1.689.992
Other provisions	1.689.992	166.492
<b>Total</b>	<b>1.777.647</b>	<b>1.856.484</b>

**18 – PROVISIONS FOR EMPLOYEE BENEFITS**

	30 September 2020	31 December 2019
Provision for severance pay	21.785.277	15.936.301
<b>Total</b>	<b>21.785.277</b>	<b>15.936.301</b>

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

	30 September 2020	31 December 2019
Balance at the beginning	15.936.301	11.083.958
Cost of services	1.990.471	1.960.633
Interest cost	456.398	2.295.606
Actuarial profit / (loss)	3.850.622	1.699.169
Severance pay paid in the period	(448.515)	(1.103.065)
<b>Total</b>	<b>21.785.277</b>	<b>15.936.301</b>

**19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Provisions**

The movement of the provision for litigation is as follows;

	30 September 2020	31 December 2019
Opening balance	1.689.992	2.765.120
Provisions reversed during the period	--	(1.075.128)
Provisions within period	--	--
<b>Closing balance</b>	<b>1.689.992</b>	<b>1.689.992</b>



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### Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	30 September 2020	31 December 2019
A. Total Amount of GSM Given on Behalf of Legal Entity	331.132.012	343.378.570
B. Total Amount of GSM Given for Partnerships which are Included in Full Consolidation	--	--
C. Total Amount of GSM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	--	--
D. Total Amount of Other GSM Given	--	--
i. Total Amount of GSM Given for the Parent Company	--	--
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	--	--
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	--	--
<b>Total</b>	<b>331.132.012</b>	<b>343.378.570</b>

**Letters of guarantee** - As of September 30, 2020, the Group has given letters of guarantee amounting to TRY 75.706.393 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	TL	833.160	1,0000	833.160
Executive Directorate	TL	3.186.887	1,0000	3.186.887
Customs Directorate	TL	94.796	1,0000	94.796
Gas Distribution Companies	TL	133.000	1,0000	133.000
Private Sector	TL	2.794.887	1,0000	2.794.887
Private Sector	EUR	423.923	9,1281	3.869.610
Private Sector	USD	193.018	7,8080	1.507.085
Export Credit Bank of Turkey	EUR	6.772.350	9,1281	61.818.688
Government Supplies Office	TL	200.000	1,0000	200.000
Disaster and Emergency Situation of Ministry of Interior	TL	1.268.280	1,0000	1.268.280
<b>Total</b>				<b>75.706.393</b>

	30 September 2020 Foreign currency	31 December 2019	30 September 2020 TRY equivalent	31 December 2019
Bills given (EUR)	3.000.000	4.690.000	27.384.300	31.191.314
<b>Total</b>	<b>3.000.000</b>	<b>4.690.000</b>	<b>27.384.300</b>	<b>31.191.314</b>

As at 30 September 2020, mortgages on various tangible assets of the Group amounting to 298.179.231 TRY (31 December 2019: TRY 255.963.700).

### Contingent Asset

	30 September 2020 Foreign currency	31 December 2019	30 September 2020 TRY equivalent	31 December 2019
Letters of Guarantee (TRY)	133.786.000	85.462.000	133.786.000	85.462.000
Letters of Guarantee (USD)	3.275.000	4.075.000	25.571.200	24.206.315
Letters of Guarantee (EUR)	905.000	805.000	8.260.931	5.353.733
Mortgages	111.917.500	96.692.500	111.917.500	96.692.500
Mortgages (Abroad)	2.815.000	2.715.000	18.643.600	14.200.965
<b>Total</b>			<b>298.179.231</b>	<b>225.915.513</b>

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## 20 – SHARE CAPITAL

### 20.1 Paid in Capital

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

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

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

The shareholding structure of the parent company as of 30 September 2020 and 31 December 2019 is as follows;

	30 September 2020		31 December 2019	
	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 <sup>(1)</sup>	117.963.490	78,75%	117.963.490	78,75%
<b>Total</b>	<b>149.798.932</b>		<b>149.798.932</b>	

<sup>(1)</sup> Includes nominal repurchase shares amounting to TL 4.983.112 TL at the rate of 3,33 % stated.

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

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

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

In the profit distribution policies of the partnership:

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

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

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On condition that whether it is in the Articles of incorporation, dividends distributable to privileged shareholders or non-beneficial owner of the shares, members of the board of directors, employees. However, dividends can not be distributed to usufruct shareholders, members of the board of directors, employees and other people without paying cash dividends determined for shareholders. In principle, the Communiqué presumes that the amount to be distributed may be up to ¼ of the profit share distributed to the shareholders, unless a determination is made in the main agreement regarding the amount of the dividends to be paid to the listed persons, except for the preferential shares. If the dividend is to be distributed to people outside the shareholder and payment by installments is in question, the installment amounts shall be paid according to the installments to be paid to the shareholders and according to the same principles.

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

Companies whose shares are quoted in the stock exchange:

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

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

#### Restricted reserves

	30 September 2020	31 December 2019
Legal reserves	13.635.434	9.034.076
Reserves for buy back shares	24.669.498	15.962.307
<b>Total</b>	<b>38.304.932</b>	<b>24.996.383</b>

#### Actuarial gain on severance pay/ loss

	30 September 2020	31 December 2019
Actuarial gain on severance pay/ loss of fund	8.931.559	5.080.937
Deferred tax	(1.863.324)	(1.016.187)
<b>Total</b>	<b>7.068.235</b>	<b>4.064.750</b>

#### Revaluation Fund

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

	30 September 2020	31 December 2019
1 January 2019	78.924.196	78.924.196
Disposals	--	--
Deferred tax	--	--
<b>Total</b>	<b>78.924.196</b>	<b>78.924.196</b>

### Foreign currency conversion differences

Currency conversion differences as of 30 September 2020 and 31 December 2019 are as follows;

	30 September 2020	31 December 2019
1 January 2019	1.199.625	828.537
Addition	425.877	371.088
<b>Total</b>	<b>1.625.502</b>	<b>1.199.625</b>

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

### Buy back shares

As 30 September 2020 and 31 December 2019 buy back shares as following;

	30 September 2020	31 December 2019
Beginning of the period	15.962.307	14.486.269
Buy back shares <sup>(1)</sup>	8.707.191	1.476.038
<b>Total</b>	<b>24.669.498</b>	<b>15.962.307</b>

<sup>(1)</sup> Parent Company is authorised if it is necessary to buy back shares without any approval of the General Assembly, to the decision made in the Board of Directors meeting dated 01.09.2015. The decision is based on the scope of Communiqué on "Buy back shares numbered II-22.1 article 5 preventing "immediate and serious loss" issued by the CMB and it has been determined that there is a significant loss of 20% over the weighted average prices in the share prices of the Parent Company during the one month prior to the decision of the Board of Directors.

In accordance with II-22.1 "Communiqué on Buy Back Shares" issued by the CMB, the Group has purchased the shares quoted in the Exchange Market. As of 30 September 2020, the Group has Purchased 4.983.112 shares amounting to TRY 24.669.498 that is 3,33 % of its total capital and reflected it in the accompanying financial statements under "Buy back shares in Equity". In addition, in accordance with the related communiqué, the amount of buy back shares is reclassified in "restricted reserves".

### Retained Earnings

	30 September 2020	31 December 2019
<b>1 January</b>	<b>70.924.495</b>	<b>1.502.178</b>
Adjustment on errors	(22.089)	(679.723)
Buy-Back Shares	(8.707.191)	(1.476.038)
Transfer From Retained Profit	81.605.202	71.578.078
<b>Total</b>	<b>143.800.417</b>	<b>70.924.495</b>

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## 21 – REVENUE

For the periods ended at 30 September 2020 and 2019, the details of sales are as following;

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Domestic sales	1.825.090.420	831.977.034	1.258.699.210	411.895.745
Export sales	119.660.729	56.397.138	107.414.163	48.551.399
Other sales	6.626.456	3.170.103	7.335.047	2.405.396
<b>Gross Sales</b>	<b>1.951.377.605</b>	<b>891.544.275</b>	<b>1.373.448.420</b>	<b>462.852.540</b>
Sales returns (-)	(46.319.782)	(16.822.367)	(43.217.723)	(15.930.450)
Sales discounts (-)	(783.343.887)	(358.852.756)	(490.263.013)	(163.272.798)
Other discounts (-)	(436.766)	(265.823)	(461.473)	(223.977)
<b>Sales returns and Discounts (-)</b>	<b>(830.100.435)</b>	<b>(375.940.946)</b>	<b>(533.942.209)</b>	<b>(179.427.225)</b>
<b>Net Sales</b>	<b>1.121.277.170</b>	<b>515.603.329</b>	<b>839.506.211</b>	<b>283.425.315</b>

## 22 – COST OF SALES (-)

For the periods ended at 30 September 2020 and 2019, the details of cost of sales are as following;

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Cost of finished goods sold	(590.073.513)	(269.314.587)	(375.251.025)	(85.157.996)
Cost of merchandise	(79.567.644)	(33.759.812)	(105.245.961)	(77.011.526)
Cost of services sold	(22.215.376)	(2.294.709)	(14.649.676)	(5.033.916)
<b>Total</b>	<b>(691.856.533)</b>	<b>(305.369.108)</b>	<b>(495.146.662)</b>	<b>(167.203.438)</b>

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

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
General administrative expenses	39.999.630	16.819.130	42.651.676	16.319.585
Marketing, sales and distribution expenses	234.799.583	99.498.266	197.111.991	69.548.534
Research and development expenses	4.758.595	1.134.653	4.876.222	1.637.607
<b>Total</b>	<b>279.557.808</b>	<b>117.452.049</b>	<b>244.639.889</b>	<b>87.505.726</b>

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**EXPENSES BY NATURE (-)**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Personnel expenses	86.525.762	35.792.666	68.545.310	25.275.543
Transportation expenses	50.031.719	20.527.027	33.874.199	13.711.796
Amortization expenses	43.503.592	20.430.015	14.257.554	5.572.982
Advertising expenses	43.381.773	18.537.348	39.785.825	8.048.269
Retailer opening supports	11.249.776	5.178.933	13.033.270	7.727.098
Rent expenses	9.166.537	4.314.426	33.362.393	14.118.419
Consultancy expenses	6.366.555	1.901.672	3.374.964	1.397.696
Electricity, water, climate expenses	2.987.468	1.151.351	2.829.234	982.107
Retailers common area rent expenses	2.616.565	1.069.701	2.765.372	977.938
Travel and accommodation expenses	2.064.871	535.426	3.708.107	1.221.486
Retirement pay provision expenses	1.998.354	336.580	1.947.157	497.986
Material expenses	1.462.369	575.445	1.785.916	625.889
Maintenance and repair expenses	1.342.340	587.172	1.122.056	406.975
Tax, duties and fee expenses	1.196.679	475.246	9.145.367	3.160.198
Insurance expenses	751.199	214.555	1.023.636	333.402
Communication expenses	557.118	166.857	465.504	158.670
Provision for doubtful receivables expenses	44.961	(252.522)	658.200	--
Other expenses	14.310.170	5.910.151	12.955.825	3.289.272
<b>Total</b>	<b>279.557.808</b>	<b>117.452.049</b>	<b>244.639.889</b>	<b>87.505.726</b>

**24 – OTHER INCOME**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Foreign exchange income	34.214.626	22.478.377	20.616.195	9.780.257
Maturity difference income	14.206.703	7.618.670	17.583.097	2.319.759
Rediscount income	7.806.710	2.737.898	11.251.073	255.603
Rent income	6.324.044	340.864	43.273	14.424
Incentive income	4.433.720	1.177.174	5.348.047	2.123.276
Union incentive income	1.042.568	382.660	1.325.184	522.120
Bank comision income	564.175	277.083	3.302.734	300.578
Reversal of unnecessary provision	209.644	38.834	32.883	(171.903)
Discounts, and premiums	--	--	570.945	--
Other	7.791.160	1.819.652	4.222.465	1.556.123
<b>Total</b>	<b>76.593.350</b>	<b>36.871.212</b>	<b>64.295.896</b>	<b>16.700.237</b>

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**25 – OTHER EXPENSES (-)**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Foreign exchange losses	49.705.286	27.718.695	21.215.240	10.857.786
Maturity difference expenses	8.823.867	5.431.741	12.289.331	3.065.463
Rediscount expenses	3.835.357	(320.697)	10.124.386	686.317
Provision expenses	1.633.535	1.107.652	--	--
Previous periods losses and expenses	862.923	270.261	2.062.632	322.297
Donation expenses	--	--	543.766	23.734
Other expenses	3.192.124	679.490	4.798.073	2.275.523
<b>Total</b>	<b>68.053.092</b>	<b>34.887.142</b>	<b>51.033.428</b>	<b>17.231.120</b>

**26 – INCOME FROM INVESTMENT ACTIVITIES**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Profit on sale of fixed assets	973.803	735.558	461.166	291.909
Fund dividend income	--	--	39.300	39.300
<b>Total</b>	<b>973.803</b>	<b>735.558</b>	<b>500.466</b>	<b>331.209</b>

**27 – INVESTMENT ACTIVITIES EXPENSES (-)**

None (31 December 2019: None).

**28 – FINANCIAL INCOME**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Foreign exchange income	17.770.578	14.863.726	4.657.264	1.033.018
Interest income	3.764.082	2.568.125	553.830	64.854
<b>Total</b>	<b>21.534.660</b>	<b>17.431.851</b>	<b>5.211.094</b>	<b>1.097.872</b>

**29 – FINANCIAL EXPENSES (-)**

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Foreign exchange losses	21.213.512	13.256.662	5.924.141	(7.400.640)
Interest expenses	14.883.506	4.146.901	15.188.139	5.209.038
Bank commission	8.687.598	3.374.973	6.026.273	1.912.901
Lease payables interest accruals	8.446.704	2.943.192	3.343.471	(1.712.640)
Guarantee letter commison expenses	466.186	142.994	361.906	--
Other financial expenses	571.425	165.062	321.198	61.914
<b>Total</b>	<b>54.268.931</b>	<b>24.029.784</b>	<b>31.165.127</b>	<b>(1.929.427)</b>

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### 30 – TAX ASSETS AND LIABILITIES

In Turkey, the corporate tax rate is 22% as of 30 September 2020(31 December 2019: 22%). According to the law "Law on the Amendment of Some Tax Acts and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2019, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of December 31, 2019 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2019, 2019 and 2020.

As of 30 September 2020, provisional tax is payable at the rate of 22% (2019: 22%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this way are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2019, 2019 and 2020.

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

#### Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 30 September 2020. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2019. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made. There are many exceptions to the Corporate Tax Law. The following are the exceptions to the Company regarding these exceptions:

If the property that reflected balance sheet for two years and sold, thier income's 75% as of 30 September 2020 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corporate tax's 75% used exempt. As of 30 September 2020 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

As of 30 September 2020 and 31 December 2019 assets relevant current period tax is as following;

None (31 December 2019: None).

Taxes in balance sheet

	30 September 2020	31 December 2019
Corporation tax	28.564.365	27.412.343
Prepaid taxes and funds (-)	(9.989.442)	(27.412.343)
<b>Total</b>	<b>18.574.923</b>	<b>--</b>



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Dereffred Taxes in balance sheet

	30 September 2020	31 December 2019
Asstes	24.278.182	16.389.931
Liabilities	(29.238.786)	(22.832.632)
<b>Total</b>	<b>(4.960.604)</b>	<b>(6.442.701)</b>

For the periods ended at 30 September 2020 and 2019, the details of tax income / expense are as following;

	1 January – 30 September 2020	1 January – 30 September 2019
Corporation tax	(28.564.365)	(20.263.057)
Deferred taxes in income statement	634.960	(178.131)
<b>Total</b>	<b>(27.929.405)</b>	<b>(20.441.188)</b>

	1 January – 30 September 2020	1 January – 30 September 2019
Recognized in other comprehensive income	847.137	76.653
<b>End of term</b>	<b>847.137</b>	<b>76.653</b>

Accorindg to the law “Law on the Amendment of Some Tax Acts and Some Other Laws” numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of 30 September 2020 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
<b>Deffered taxes:</b>				
Right of use assets	58.738.387	33.575.895	12.922.445	7.386.697
Retirement pay provision	22.898.835	17.049.859	4.656.780	3.409.972
Provisions for doubtful receivables	10.895.920	9.335.397	2.397.102	2.053.788
Maturity diffeence and adjustments on inventories	8.322.671	7.086.939	1.830.987	1.559.127
Interest accruals	3.673.408	1.650.824	808.150	363.181
Capitalized brand cancellations	3.424.305	3.424.305	684.861	684.861
Rediscount on receivables	1.457.442	2.697.444	320.638	593.438
Adjustment of FX gain/loss	1.487.902	--	327.338	--
Fixed asset valuation decrease	500.000	500.000	50.000	50.000
Provision for costs	405.529	405.529	89.216	89.216
Adjustment of investment properties	245.186	216.076	53.941	47.537
Other	621.467	691.429	136.724	152.114
<b>Deffered tax assets</b>	<b>112.671.052</b>	<b>76.633.697</b>	<b>24.278.182</b>	<b>16.389.931</b>
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Lease payables	(50.964.418)	(27.186.685)	(11.212.172)	(5.981.071)
Adjustment of tangible and intangible assets	(45.524.690)	(43.737.269)	(8.008.027)	(7.650.543)
Rediscount on payables	(5.109.266)	(2.377.915)	(1.124.039)	(523.141)
Interest accruals	(3.086.865)	(2.077.462)	(679.112)	(457.042)
Retirement pay provision	(1.113.558)	(1.113.558)	(222.712)	(222.712)
Adjustment on prepaid expenses	(134.850)	(266.337)	(29.667)	(58.597)
Other	(581.432)	(474.470)	(127.914)	(104.383)
<b>Deffered tax liabilities</b>	<b>(184.866.507)</b>	<b>(155.585.124)</b>	<b>(29.238.786)</b>	<b>(22.832.632)</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>(72.195.455)</b>	<b>(78.951.427)</b>	<b>(4.960.604)</b>	<b>(6.442.701)</b>

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*Confirmation of Tax Reserve:*

	1 January – 30 September 2020	1 January – 30 September 2019
Profit before taxation from operating activities	126.642.619	87.528.561
Tax calculated on 22% tax rate	(27.861.376)	(19.256.283)
<i>Tax effects:</i>		
- Effect of unacceptable expenses	(687.062)	(1.082.402)
- Incentives and discounts	214.582	--
- Other	404.451	(102.503)
<b>Income/Expense Tax Reserves in Income Table</b>	<b>(27.929.405)</b>	<b>(20.441.188)</b>

**31 – EARNING PER SHARE**

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

	1 January – 30 September 2020	1 July – 30 September 2020	1 January – 30 September 2019	1 July – 30 September 2019
Net period profit	98.713.214	69.513.831	67.087.373	24.854.602
Weighted average number of shares	149.798.932.000	149.798.932.000	149.798.932.000	149.798.932.000
Earnings per Share (Kr)	0,000659	0,000464	0,000448	0,000166
Earnings per 1000 Share (TRY)	0,659	0,464	0,448	0,166

**32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Financial Instruments**

**Credit risk**

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

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The Group's exposure to credit risk as of 30 September 2020 is as follows:

	Receivables				Bank Deposit	Financial Investment
	Trade receivables		Other receivables			
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	6.964.112	90.677.183	2.827.582	1.864.145	310.659.913	956
- The part of maximum risk under guarantee with collateral	--	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	6.964.112	90.513.288	2.827.582	1.864.145	310.659.913	956
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	163.895	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value amount)	--	16.468.360	--	3.193.689	--	--
- Impairment (-)	--	(16.468.360)	--	(3.193.689)	--	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--
Non overdue (gross book value amount)	--	--	--	--	--	--
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

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

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

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### Liquidity risk

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

As of 30 September 2020 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3- 12 months	Between 1- 5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>	<b>357.378.427</b>	<b>420.587.274</b>	--	<b>31.399.049</b>	<b>99.150.519</b>	<b>268.516.912</b>	<b>21.520.793</b>
Financial liabilities	357.378.427	420.587.274	--	31.399.049	99.150.519	268.516.912	21.520.793

### Expected Maturities

<b>Non-Derivative Financial Liabilities</b>	<b>259.984.769</b>	<b>265.094.035</b>	<b>443.200</b>	<b>237.073.311</b>	<b>27.577.524</b>	--	--
Trade payables	259.123.891	264.233.157	443.200	236.212.433	27.577.524	--	--
Other payables	860.878	860.878	--	860.878	--	--	--
<b>Total</b>	<b>617.363.196</b>	<b>685.681.309</b>	<b>443.200</b>	<b>268.472.360</b>	<b>126.728.043</b>	<b>268.516.912</b>	<b>21.520.793</b>

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

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3- 12 months	Between 1- 5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>	<b>276.668.630</b>	<b>315.261.822</b>	--	<b>72.629.866</b>	<b>100.084.992</b>	<b>131.004.902</b>	<b>11.542.062</b>
Financial liabilities	276.668.630	315.261.822	--	72.629.866	100.084.992	131.004.902	11.542.062

  

Expected Maturities	Book Value	Cash outflow	Overdue	Less than 3 months	Between 3- 12 months	Between 1- 5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>	<b>151.792.898</b>	<b>154.170.813</b>	<b>91.000</b>	<b>144.726.265</b>	<b>9.353.548</b>	--	--
Trade payables	151.410.249	153.788.164	91.000	144.343.616	9.353.548	--	--
Other payables	382.649	382.649	--	382.649	--	--	--
<b>Total</b>	<b>428.461.528</b>	<b>469.432.635</b>	<b>91.000</b>	<b>217.356.131</b>	<b>109.438.540</b>	<b>131.004.902</b>	<b>11.542.062</b>

### Interest rate risk

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

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

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**Interest Rate Risk Sensitivity Analysis**

If the interest rates of the loans with variable interest rates were TRY and all other variables were 100 basis points (1%) higher / lower, the profit before tax for the period would be TRY 1.191.217 at 30 September 2020 due to higher / lower interest expenses it would be lower / higher. (31 December 2019 TRY 1.503.746)

The Group's interest position is as follows;

		30 September 2020	31 December 2019
<b>Fixed-rate financial instrument</b>			
Financial assets			
	-Assets of at fair value through profit or loss	956	956
	-Time Deposits	135.093.854	--
	- Amortised cost	96.193.853	164.532.189
	- Other	192.865.595	97.298.701
Financial liabilities			
	Financial liabilities	329.994.127	257.561.306
	- Amortised cost	259.123.891	151.410.249
	- Other	860.878	382.649
<b>Floating interest financial instrument</b>			
Financial assets		--	--
Financial liabilities		13.103.940	27.384.300

**Capital risk management**

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

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

As of 30 September 2020 and 31 December 2019 net debt / total equity ratio is as follows:

	30 September 2020	31 December 2019
Total debts	810.522.179	544.689.915
Less: Liquid assets	(323.266.722)	(93.242.109)
<b>Net debt</b>	<b>487.255.457</b>	<b>451.447.806</b>
<b>Total capital</b>	<b>963.433.913</b>	<b>841.071.690</b>
<b>Net Debt/Total Equity ratio</b>	<b>51%</b>	<b>54%</b>

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### Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020				
	TRY equivalent functional currency	USD	EUR	GBP	RUB
1. Trade Receivables	75.092.851	4.757.090	3.851.770	--	28.500.000
2a. Monetary Financial Assets (including cash, banks)	150.672.464	6.146.066	11.248.725	448	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	10.607.009	890.407	400.380	--	--
<b>4. Current Assets (1+2+3)</b>	<b>236.372.324</b>	<b>11.793.563</b>	<b>15.500.876</b>	<b>448</b>	<b>28.500.000</b>
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>236.372.324</b>	<b>11.793.563</b>	<b>15.500.876</b>	<b>448</b>	<b>28.500.000</b>
10. Trade Payables	46.140.846	2.409.688	2.991.520	1.805	10.152
11. Financial Liabilities	69.799.247	--	7.646.635	--	--
12a. Other monetary financial liabilities	2.608.296	262.741	61.000	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>118.548.389</b>	<b>2.672.430</b>	<b>10.699.155</b>	<b>1.805</b>	<b>10.152</b>
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	65.966.910	--	7.226.795	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>65.966.910</b>	<b>--</b>	<b>7.226.795</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>184.515.299</b>	<b>2.672.430</b>	<b>17.925.950</b>	<b>1.805</b>	<b>10.152</b>
<b>19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged amount of assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged amount of liabilities position</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net foreign currency position asset / liabilities (9-18+19)</b>	<b>51.857.025</b>	<b>9.121.133</b>	<b>(2.425.075)</b>	<b>(1.358)</b>	<b>28.489.848</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>51.857.025</b>	<b>9.121.133</b>	<b>(2.425.075)</b>	<b>(1.358)</b>	<b>28.489.848</b>

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

Details of the import and export amounts of the Group as of 30 September 2020 and 2019 are as follows;

	1 January – 30 September 2020		1 January – 30 September 2019	
	Import	Export	Import	Export
USD	4.938.678	9.307.769	3.883.950	8.153.925
EUR	6.751.898	5.290.389	2.230.820	5.249.811
TRY	--	940.454	--	901.472
GBP	80.003	--	23.288	--
<b>TRY equivalent</b>	<b>86.317.821</b>	<b>104.230.350</b>	<b>36.461.967</b>	<b>79.915.012</b>

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**Foreign Currency Risk Sensitivity Analysis**

As of 30 September 2020, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

<b>Foreign Currency Risk Sensivity Analysis Table</b>		
<b>30 September 2020</b>		
	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	7.121.781	(7.121.781)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	7.121.781	(7.121.781)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(2.213.632)	2.213.632
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(2.213.632)	2.213.632
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	(1.362)	1.362
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	(1.362)	1.362
In case of appreciation / depreciation of RUB against TRY at 10%		
10-RUB net asset/liability	278.916	(278.916)
11-Part of hedged from RUB risk (-)	--	--
12-RUB net effect (7+8)	278.916	(278.916)
<b>Total (3+6+9+12)</b>	<b>5.185.703</b>	<b>(5.185.703)</b>

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



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

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

#### **Financial Assets**

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

#### **Financial Liabilities**

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

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

#### **Effect of COVID-19 Outbreak on Group Operations**

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

Group management has evaluated the potential effects of COVID-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of September 30, 2020. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and did not anticipate any material impairment loss as of September 30, 2020.

### **NOTE 35 – POST BALANCE SHEET EVENTS**

None. (31 December 2019: None).