ACTIVITY REPORT 2020

DESA

WE DESIGN, PRODUCE AND CREATE VALUE FOR A SMART AND BENEFICIAL FUTURE.

DESA

CONTENTS

“WE DID NOT DEVIATE FROM OUR COURSE TOWARDS OUR AMBITION OF BEING A GLOBAL BRAND DESPITE THE DIFFICULT CONDITIONS,”

Chairman's message

OUR MOST VALUABLE STAKEHOLDERS,

Pressing forward with firm steps throughout its 48-year history, DESA was able to successfully overcome the Covid 19 pandemic which affected the whole world. In this period, when countries imposed lockdowns and the shopping environment largely disappeared, DESA maintained its leading position in the sector backed by the advantages of its investments in technology and its strong financial structure.

DESA has managed to operate its business without interruption, largely thanks to the investments it carried out on its website and other software programs. We achieved a tripling in sales through our online sales platform, www.desa.com.tr, and over the internet, and our e-commerce increased its share in retail sales from 5% to 19%, capturing a share in the growing e-commerce market in this period.

Our company successfully continued its international activities with the difference it has achieved thanks to its attention to digitalization. It realized the virtual showroom which it created in this field, presented its products to buyers in international markets through this showroom and continued to receive its orders with the brand NINETEENSEVENTYTWO DESA.

Also in 2020, as in previous years, DESA continued its investments in R&D and maintained its leadership in its sector, ranking 484th among Turkey's top companies with its R&D Investments.

DESA was once again one of the companies to increase its brand value the most in 2020 and carried its position to 91st place in the list of the companies offering the most valuable brand in Turkey.

In addition to its retail operations, DESA maintained its strength in production and became the solution partner of world-famous brands such as PRADA, FURLA and MIU MIU.

Despite the difficult economic conditions and the challenges brought by the epidemic, DESA has continued its work to improve efficiency without compromising its profitability, and has managed to improve its operating profit margin from 11% to 14%, and its EBITDA margin from 18% to 22%.

In 2021, I believe that we will achieve much more productive work with our strong financial structure, our infrastructure which has taken digitalization to the next stage and our sales and marketing organization spread over a wide variety of sales channels. The DESA brand will continue to take firm steps towards becoming a global brand.

I would like to express my gratitude to all of our employees who have worked shoulder to shoulder with us in achieving this success for 48 years, to our customers who have carried the DESA brand to its current level, to our suppliers and, of course, to our investors for their contributions.

Melih Çelet
Chairman of the Board

The history of DESA

1972

Founded by Mehmet, Melih and Semih Çelet brothers as a collective company.

1974

Opened its first store on Bağdat Caddesi. Introduced the first shoulder bag produced for Turkish women.

1982

DESA

DESA became an Incorporated Company

1983

Samsonite

Became the distributor of the world famous travel products brand, “Samsonite”, in Turkey.

1990

Opened the production facility in Sefaköy which has an indoor area of 15,500 square meters

1999

Ranking 937th in the ISO 1000 list thanks to its business concept which always prioritizes quality, DESA opened the new tannery in Çorlu in the same year in order to further enhance its producing force and improve its cost control to higher levels.

2001

Took a step to continuing its operation with a Global vision, and opened the DESA U.K. office in London.

2002

In recognition of its devotion to quality, DESA was awarded the ISO 9001:2000, Quality certificate. DESA ranked 250th on the ISO 500 list and first in its sector.

2004

Listed on Istanbul Stock Exchange, taking into account the values that inclusion in the capital markets would bring to the company in terms of transparency, reliability and accountability. An incentive certificate was obtained for the investment in Düzce Organized Industrial Zone and an investment of TL 3.2 million was carried out. The online sales store, desa.com.tr, was brought into service for its customers. It became one of the leading brands selling on the internet

2007

A joint venture was established with Samsonite, which it has been distributing for 26 years, owned 40% by DESA and 60% by Samsonite, Collaboration was entered into with Genex, a British brand consultancy firm, to obtain consultancy services for branding in accordance with the goal of being a world brand. For this purpose, important changes were made in logo, corporate identity and store concepts.

2008

Rose to 449th place in the Fortune 500 list. DESA purchased the Çorlu Plant including the building and all fixtures.

2010

DESA took the first steps towards carrying DESA's position as a leading fashion retailer in Turkey to foreign markets with the opening of two new stores in the UK. In 2010, according to figures provided by the Leather and Leather Products Exporters Association, DESA was leading exporter in its sector in Turkey by a wide margin, ranking 210th in the list of the Istanbul Chamber of Industry's second 500 largest Industrial enterprises.

The history of DESA

2011

DESA was proud to become the sector's biggest exporter for a second time. In the same year, the Covent Garden store in London was selected as one of the world's best 60 stores in the VMSD International Store Decoration Competition, in which brands from all over the world compete. DESA was covered extensively in the book named "Retail Spaces / Small Stores", which includes stores which were ranked in the competition.

2012

DESA, which earned the title of leading exporter in the sector for a third time, took serious steps to prove its brand on the international stage. One of these steps was to hire Graeme Black who worked with world giants like John Galliano, Giorgio Armani and Salvatore Ferragamo to become Design Director at DESA to create the AW 12-13 collection.The design director made a difference in this regard and prepared a collection for DESA which competed the global giants on an international platform. DESA once again set itself apart with its double-sided designs in 2012.

2013

The NINETEENSEVENTYTWO DESA collection dedicated to 1972, the year when the first handbag collection was launched and offered for sale in almost 40 luxury boutiques abroad, was exhibited in Milan Fashion Week on 21-23 September 2013 and in the showroom hosted by Ecape Commines as part of Paris Fashion Week on 28 September - 4 October 2013, a proud reflection of a Turkish brand reaching a pinnacle in design and quality with its special collection.

2014

DESA renewed and invested in its online sales outlet which reaches its customers everywhere on a 24/7 basis regardless of their location. The customer experience was enhanced at www.desa.com.tr, where all leather garments, shoes, accessories, textiles and travel collections are just a click away for customers. In July, DESA Deutschland GmbH, based in Düsseldorf / Germany, was established.

2017

Having established a company named NINENTEENSEVENTYTWO Srl in Italy and a company named Leather Fashion Bulgaria EOOD in Bulgaria, DESA started to operate with six companies in three countries in Europe. In 2017, DESA ranked 155th in terms of R&D expenditure in a study conducted by Turkish Time. In recognition of its devotion to quality, DESA was awarded the ISO/IEC 2007: 2013 quality certificate in 2017.

2018

DESA ranked as a leading company in Turkey with its R&D investments which increased by 27% compared to the previous year to TL 2.3 million.

DESA is the only Turkish brand to manage all business processes with its own team and facilities.

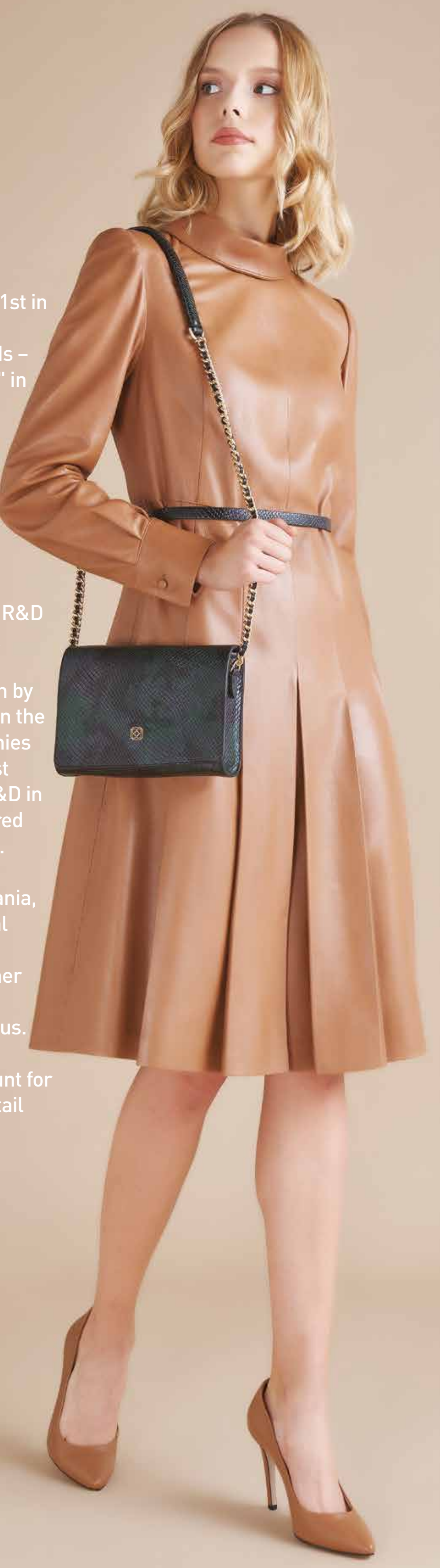
With the opening of its first store in Albania, DESA joined the international retail arena, reflecting its new generation marketing and sales approach with its renewed online outlet at www.desa.com.tr, and achieved a 68% increase in turnover.

2019

Michele Cozzani Ditria, who has directed the design teams of global fashion brands such as Max Mara, Larusmiani and Loro Piana, started to provide design consultancy to DESA to serve the Italian market. The turnover of www.desa.com.tr reached 5% of DESA's retail turnover. The DESA Mobile Application, available on IOS and ANDROID platforms, was launched.

2020

DESA ranked 91st in "Turkey's Most Valuable Brands – the Turkey 100" in 2020 by Brand Finance, the international brand evaluation organization. Thanks to its investments in R&D activities DESA maintained its leading position by ranking 484th in the list of "Companies with the highest spending on R&D in Turkey" prepared by Turkishtime. After the store opening in Albania, its international operations expanded further with a store opened in Cyprus. Internet sales tripled to account for 19% of total retail turnover.



Mission &Vision

To become a fashion brand, with its beating heart in Istanbul but as a global citizen, which elates and excites its customers with the range of products and services which it offers through its expertise in design and leather.

To become a global fashion brand with its heart beating in Istanbul, which elates and excites its customers with the range of products and services with its expertise in design and leather. Having a place in the fashion sector in Turkey and in the world with its high quality, stylish and top value products, providing its

customers with a pleasant shopping environment, maximizing its shareholders' profitability, respecting society, the environment and its employees as well as remaining a leading fashion brand of leather in the mind of consumers.

To serve our customers at every point with e-commerce investments

Our Value Chain

OUR STORES
We bring the shopping experience to the highest level with our modern and attractive stores.

OUR GLOBAL PRESENCE
We expand beyond the national borders with our overseas stores.

OUR MARKETING AND COMMUNICATION ACTIVITIES
We strengthen our brand image and awareness with our effective and innovative communication.

FLEXIBLE SUPPLY CHAIN
We have a supply chain that adapts quickly to changes and implements innovations rapidly.

FLEXIBLE PRODUCTION CAPACITY
We have the production capacity to meet the increasing demand and the growth in the future.

INTEGRATED BUSINESS MODEL
The vertical integration we provide in production saves costs.

BROAD EXPERIENCE
We have an experienced and competent management team that seeks strategic opportunities.

TECHNOLOGY
We have an advanced technological infrastructure that supports our growth. We continue to step up our investments in integration software, which enables us to establish and operate digital platforms that will listen to new customer experiences and meet their needs as well as obtain the data and communication permissions of our customers through stores, online and DESA Mobile Applications.

DESIGN
The unique skill of our designers comes to life in expertly created designs.

OUR HUMAN RESOURCES
We ensure expert craftsmanship meets contemporary design.

OUR BRAND
With our Vertically Integrated Production Model, we can always reveal the brand value.

"GROWING WITHOUT COMPROMISING PRODUCTIVITY AND BECOMING THE LEADER IN EVERY FIELD WE OPERATE"

Our goals

Customer satisfaction

DESA operates in both the production and retail sectors in line with its business model. It aims to provide unconditional customer satisfaction at the pre- and after- sales stage by presenting its high-quality products to its customers with an understanding of perfect service.

Quality

Our product quality, handicraft tradition, modern and functional designs and our brand are our most important capital. We strive to offer our customers a different style, understanding and lifestyle without compromising our quality, beyond just offering clothing products and leather accessories.

Profitability

Profitability is the main resource that DESA uses to finance its new investments and research and development activities. For this reason, the most important criterion we consider when evaluating our company's performance is profitability. Therefore, our goal is to grow profitably in the long term and to become the leader in every field we operate.

Board Members

MELİH ÇELET

CHAIRMAN OF THE BOARD

Mr. Melih ÇELET, who founded DESA in 1972, graduated from Ankara College in 1968 and studied in the Faculty of Pharmacy at Istanbul University. Mr. Melih ÇELET speaks English.

BURAK ÇELET

BOARD MEMBER, GENERAL MANAGER

Mr. Burak Çelet graduated with an undergraduate degree from the Mechanical Engineering Department at Bogaziçi University in 1999 and went on to graduate with a Master's degree in Business Management in the field of finance and investment at Madison Wisconsin University in 2001. He also graduated with a Master of Science Degree in Leather Technology at Northampton College in 2002. Mr. Burak ÇELET is a member of TÜSİAD in addition to his position as General Manager in our company. Mr. Burak Çelet speaks English, Italian and German.

BURÇAK ÇELET

BOARD MEMBER

Mrs. Burçak ÇELET graduated with a bachelor's degree in Industrial Engineering from the Department of Industrial Engineering at Yildiz Technical University in 1999. She worked as the Planning Director at Toys"R"Us between 1999 and 2001. Mrs. Burçak ÇELET completed a Master's degree in Retail Management at the University of Surrey in 2002 and worked as Category Manager of Maxitoys at Joker between 2003 and 2004. Ms. Burçak ÇELET has served as a Board Member in our Company since 22 December 2006. She speaks Italian, Spanish, English and French.

NUMAN EMRE BİLGE

INDEPENDENT BOARD MEMBER

Mr. Numan Emre Bilge graduated from the Department of Finance at Istanbul University in 1987. He completed a Master's degree in Business Management at the City Of London Polytechnic University in London in 1990. He started his professional career at Goodyear Lastikleri A.Ş. in 1992 and worked as the Marketing Manager at Goodyear Great Britain Limited between 1998-2000. He has served as the General Manager and Vice Chairman of the Board of Directors at Zin D Yatırım ve Yönetim Geliştirme A.Ş. since 2007. Mr. BİLGE was elected as an Independent Member of the Board for two years at our company's 2019 Annual General Meeting dated May 8th, 2020.

BAHAR DENİZ EGEMEN

INDEPENDENT BOARD MEMBER

Ms. Bahar Deniz EGEMEN graduated from the Faculty of Mechanical Engineering at Istanbul Technical University in 1999 and completed an MBA from the University of North Carolina - Charlotte in 2002. She started her professional career in 2001 in the USA as a Credit Analyst and worked at Unisource Worldwide Inc. and Staples Inc. until 2005. She started working in the Research Department of Garanti Yatırım Menkul Kıymetler A.Ş. in 2005 and left her post as the Director of Research in 2016. She worked as an Investment Director at SE-AL Yatirim A.Ş. between 2016-2018. Ms. EGEMEN was elected as an Independent Member of the Board for two years at our company's 2019 Annual General Meeting dated May 8th, 2020.

Management Team

AYHAN DİRİBAŞ

DEPUTY GENERAL MANAGER FOR FINANCIAL AFFAIRS

Mr. Ayhan DİRİBAŞ graduated with a Bachelor's degree at the School of Business Administration in Mugla University in 1994 before completing a Pre-MBA degree in business administration at Lasalle University and Marmara University in 2003. Starting his career at the Finance Department of Doğuş Holding in 1992, Mr. DİRİBAŞ served as Internal Auditor at Oger Holding between 1996 and 1998 and the Deputy General Manager of Reysaş Holding A.Ş. between 1999 and 2004. He then worked as the Accounting and Finance Director for the Retail Group at Unitim Holding A.Ş. between 2005 and 2010. Mr. DİRİBAŞ has been serving as the Deputy General Manager for Financial Affairs in our Company since January 2013.

HİLMİ İLKER SÜREK

DEPUTY GENERAL MANAGER FOR SALES AND MARKETING

Mr. Hilmi İlker SÜREK graduated with a Bachelor's degree at the School of Business Administration of Uludağ University in 1989, before enrolling on the Foreign Trade Certification Programme in Bournemouth, UK in 1991. Starting his career as a Foreign Trade Manager at Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş., in 1991. Mr. SÜREK served as the Product Manager at Valeo Otomotiv Dağıtım A.Ş. between 1995 – 1998 and as the General Manager at Tanca Ayakkabıcılık San. ve Tic. Ltd. between 2015 – 2016. He later served as a Foreign Trade Manager, Production Manager, Sales Director and Operation Director at İnci Deri Mamulleri San. ve Tic. A.Ş. between 1998 - 2015. Mr. SÜREK has been serving as the Deputy General Manager of Sales and Marketing at DESA Deri ve Ticaret A.Ş. since April 2016.

DESA at a Glance

FOUNDED AS A FAMILY COMPANY IN 1972, DESA CONTINUES ITS ACTIVITIES AS TURKEY'S TOP PRODUCER OF LEATHER AND LEATHER PRODUCTS, CONTINUING A TRADITION OF GREAT ACHIEVEMENTS WHICH GOES BACK 48 YEARS.

DESA, which has the pride of being the export leader in its field in Turkey in 2010, 2011, 2012 and 2014 and has a unique business model having completed its process of vertical integration, achieved a new success in the sector by single-handedly realizing 76% of the sector exports made to the Italian market in 2019. DESA continues its operations as a prestigious brand in international markets by strengthening its current profile with its high-quality products.

Apart from its leather tannery operations and the production of women's and men's clothing products, bags and accessories in its two factories, DESA operations also include the distribution of these products through wholesale and retail channels. The Company carries out retail operations with a total of 119 stores in Turkey, including 59 DESA, 37 DESA Samsonite, 4 DESA Franchise, 13 Samsonite JV, 2 Tumi and 4 virtual stores. Meanwhile, NINETEENSEVENTYTWO DESA reaches global customers with 72 sales points abroad. DESA has production facilities in Istanbul and Düzce spreading over an area of 25,500m^2 and a tannery in Çorlu with an area of 20,000m^2. The Company serves as an integrated solution provider to many international luxury brands such as Prada, Miu Miu, Tumi, Lipault and Furla.

DESA has further strengthened its international company profile thanks to the initiative it established with Samsonite in 2007 with a 40% - 60% partnership, after 25 years of being the distributor of Samsonite, the world's largest travel products brand.

DESA attaches great importance to high-quality materials and expert craftsmanship which provide its products with superior quality and durability. The Company has also achieved great success in the e-commerce operation it carries out on the www.desa.com.tr portal. In the current period, the online store accounted for 19% of DESA's total retail turnover.

With its understanding of perfectionism in service quality, DESA continuously invests in human resources through design, research and development. The long-term strategic goal of the Company is to increase the sales of DESA branded products both at home and abroad.

DESA is a public company, trading on Borsa Istanbul A.Ş. under the "DESA" ticker since May 2004. DESA's total assets had reached TL 353.8 million as of December 31, 2020 with total revenues of TL 233.4 million. Çelet Holding holds 54.3% of the shares in the Company, with Melih Çelet holding 10.0% and other shareholders holding 0.8% of the shares, with the remaining 34.9% being free float.

ESTABLISHMENT DATE (REGISTERATION)
29.01.1982 - DESA became an Incorporated Company

ISSUED CAPITAL
TL 49,221,969.86

REGISTERED CAPITAL CIELING
TL 150,000,000

COMPANY HEAD OFFICE ADDRESS
HALKALI CAD. NO:208 SEFAKÖY-İSTANBUL

TRADE REGISTERATION OFFICE AND NUMBER
İstanbul / 185047/132561

TAX OFFICE AND NUMBER
Büyük Mükellefler Vergi Dairesi Bşk./ 293 004 8627

BIST TRANSACTION CODE
DESA

WEB SITE
www.desa.com.tr

E-MAIL ADDRESS
desa@desa.com.tr yatirimci.iliskileri@desa.com.tr investor.relations@desa.com.tr

A vertically Integrated Business Model that sets DESA apart

THE ELEMENT THAT SETS DESA APART FROM THE COMPETITION IS THAT THE COMPANY KEEPS ALL STAGES OF THE SERVICE PROCESS PROVIDED TO ITS CUSTOMERS, RIGHT FROM THE PRODUCTION CAPABILITY OF ITS TANNARIES AND ITS LEATHER, HANDBAG AND ACCESSORY PRODUCTION THROUGH TO THE RETAIL SALES POINTS UNDER ITS CONTROL.

DESA, which is the leader in terms of production, exports and retail in its sector, undertakes significant investments in design, R&D, human resources, education, technology and digital transformation in order to increase customer satisfaction with high-quality products and flawless service in line with today's fashion trends.

Raw Material Production

- Leather production in the Çorlu tannery **20,000m²** indoor production area
- Weekly capacity **28,850kg** cattle raw leather processing **170,200kg** small cattle raw leather processing
- Suede, Napa, Fur, Calf leather processing

Production

- Production of leather garments, handbags and accessories
- An International design team
- İstanbul facility **15,500 m²** indoor production area
- Weekly capacity **2,000 leather garments 1,000 textile items 6,000 handbag**
- Düzce facility **10,000 m²** indoor production area
- Weekly capacity **14,000** handbags

Retail Stores

- **119** Stores (total)
- **58** DESA Mono Brand Stores
- **37** DESA Samsonite
- **2** DESA Franchise
- **2** International Franchises , Albania, TRNC
- **4** Online stores
- **72** International Sales Points
- **13** Samsonite Jv Stores
- **2** Tumi Stores
- **15.496 m²** Retail Area
- **1** Digital Showroom
  - 1972 International Airport Stores

Main Information

Sefaköy Factory and Head Office Building with **15,500m²** indoor area

Çorlu Leather Factory and Tanneries with **20,000m²** Indoor Area

Düzce Factory with **10,000 m²** indoor Area

15,496 m² Retail Area

1.512 Personnel

24 years of Distributorship

14th year Partnership (40% DESA – 60% SAMSONİTE)

Export Leader for **4 Years**

19,2%
Share of E-Commerce sales in retail turnover

Online Sales
desa.com.tr
1972desa.com
samsonite.com.tr
tumi.com.tr

119
Total Stores

52
Samsonite Stores

2
Tumi Stores

2
International Franchises
Albania, Northern Cyprus

72
International Sales Points

London
Corporate Office
Building and Showroom

14
Export Markets

52,5
Million TL EBITDA

94,6
Million TL Equity

353,8
Million TL Total Assets

32,1
Million TL Operating Profit

223,4
Million TL Revenues

International Design Team

Solution Provider for International brands

TUMI
Lipault PARIS
Samsonite
PRADA
miu miu
FURLA

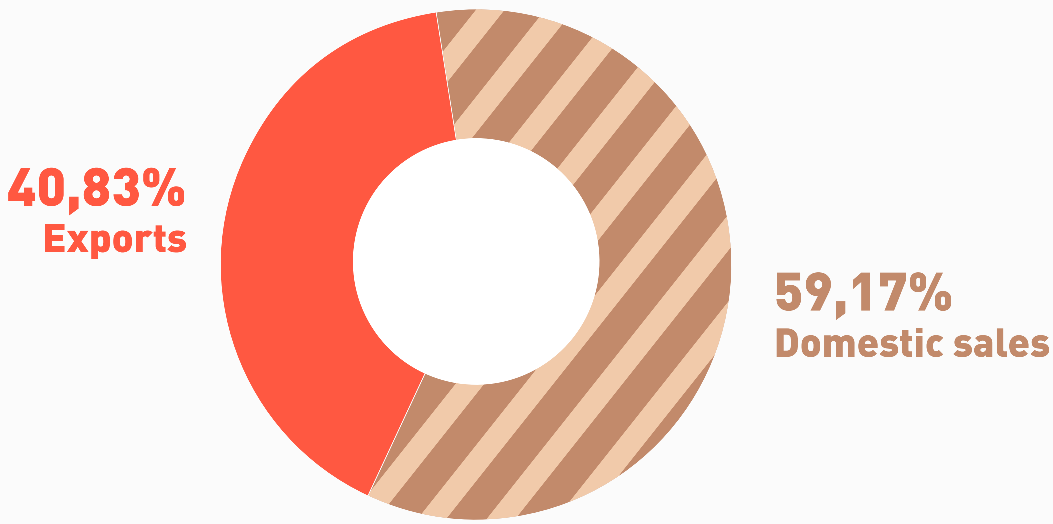
Key Indicators

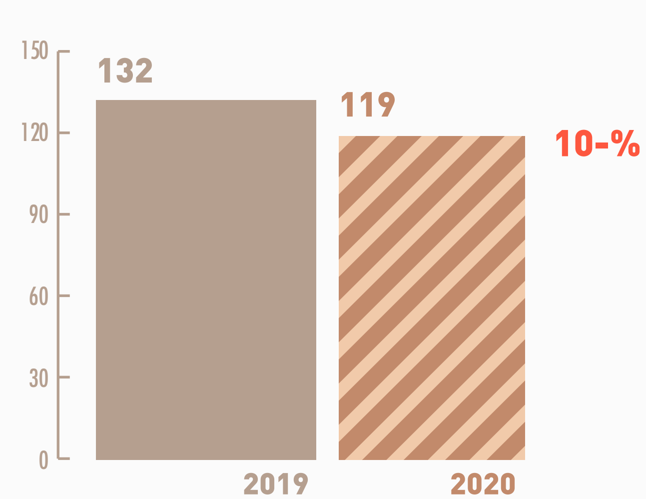
Summary Balance Sheet (TL)

	2019	2020
Current Assets	229.066.067	251.207.428
Fixed Assets	140.137.313	102.659.891
Total Assets	369.203.380	353.866.719
Short Term Liabilities	215.647.070	157.181.691
Long Term Liabilities	59.829.181	102.100.763
Total Financial Liabilities	48.079.970	129.490.159
Net Financial Debt	28.746.984	67.832.193
Shareholder's Equity	**93.727.129**	**94.584.265**

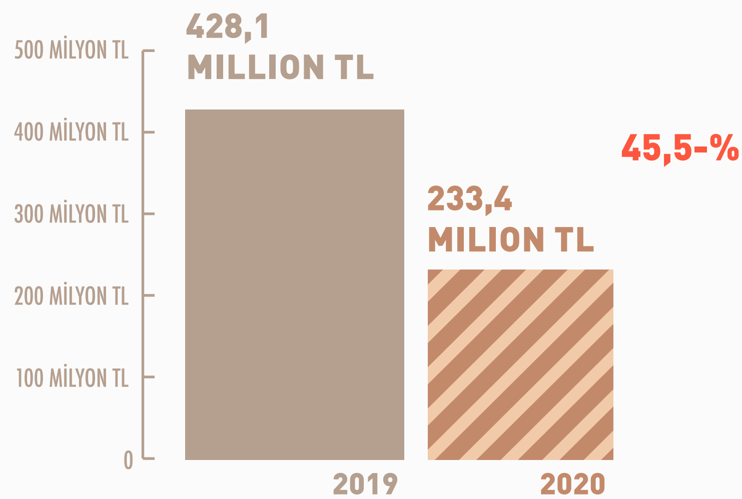
Summary Income Statement (TL)

	2019	2020
Sales Revenues	428.112.815	233.411.672
Gross Profit	161.843.391	115.860.660
Gross Profit Margin	37,80%	49,63%
Operating Profit	48.927.495	30.013.388
Operating Profit Margin	11,43%	12,8%
Net Profit	18.243.268	1.646.934
Net Profit Margin	4,26%	0,07%
EBIDTA	75.805,460	52.474.237
EBIDTA Margin	**17,71%**	**22,48%**

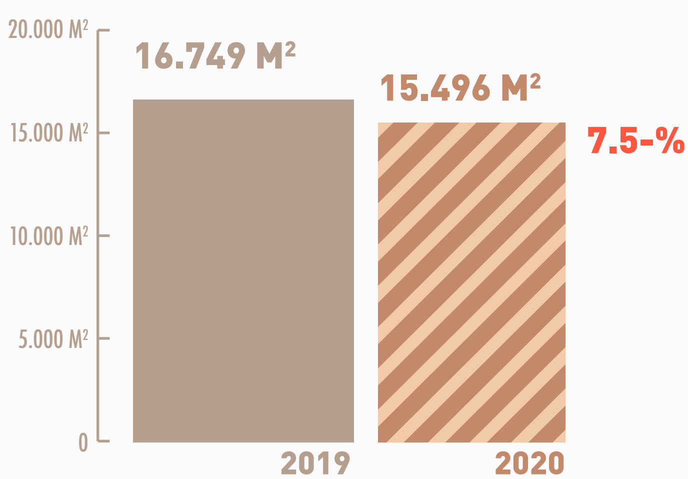




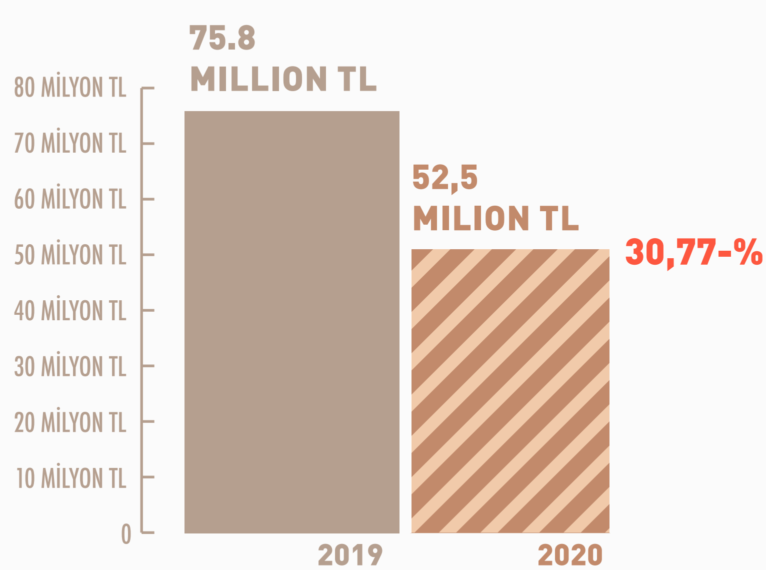
Number of Stores



Revenues



Retail Area



EBITDA

NINETEENSEVENTYTWO DESA

Bringing DESA to World Fashion

DESA, which has gained a well-deserved reputation with its distinguished collections since its establishment, has brought its products to the international stage for the last 15 seasons with the brand name of NINETEENSEVENTYTWO DESA, to mark the year 1972, when it launched its first handbag collection.

Bringing leather to the world with high quality, modern and functional designs, DESA is also taking strong steps to increase brand awareness around the world.

DESA, the first Turkish brand to participate in Milan Fashion Week, keeps its finger on the pulse of world fashion with its NINETEENSEVENTYTWO DESA collection, which is offered at 72 locations around the world, especially in Italy, Germany, France and Japan. DESA participates in showroom organizations and fairs organized in parallel with the Milan and Paris fashion weeks with its own brands.

Along with the 2020-2021 Fall-Winter season, NINETEENSEVENTYTWO DESA, which was brought to customers in the world's fashion capital, the collections for men and women prepared for Italy by the famous designer, Michele Cozzani Ditria, attracted wide acclaim. Fashion collections for both men and women are prepared every season.

The NINETEENSEVENTYTWO DESA bag collection emphasizes the importance of the accessory concept with its sophisticated, innovative and personal style. This special collection, which has not yet been offered for sale in Turkey and has been exhibited in Milan and Paris Fashion Weeks for the last fourteen seasons, adds a new dimension to the luxury concept.

LOOKING AT THE WORLD **FROM DESA**

DESA, THE FIRST TURKISH BRAND TO TAKE PART IN THE OFFICIAL EVENTS AT THE MILAN FASHION WEEK, REACHES FASHION COINESUERS IN 72 LUXURY BOUTIQUES WITH THE COLLECTION PREPARED IN MEMORY OF THE YEAR 1972 WHEN THE FIRST HANDBAG COLLECTION WAS OFFERED TO CUSTOMERS

1972

NINETEENSEVENTYTWO

DESA

Design Director

MICHELE COZZANI DITRIA

Creative Director of the NINETEENSEVENTYTWO DESA brand

Michele launched the "Total Avangard Look" brand in the early 1990s in its most important store in the world. He went on to become the fashion director at Max&Co, the Max Mara Fashion Group, the fashion director at the Anna Moligari Group BLUFIN, entered a creative collaboration with Moncler, was the creative director at Loro Piana, a fashion director at Laurismiani Donna and a fashion creator at Manzoni 24.

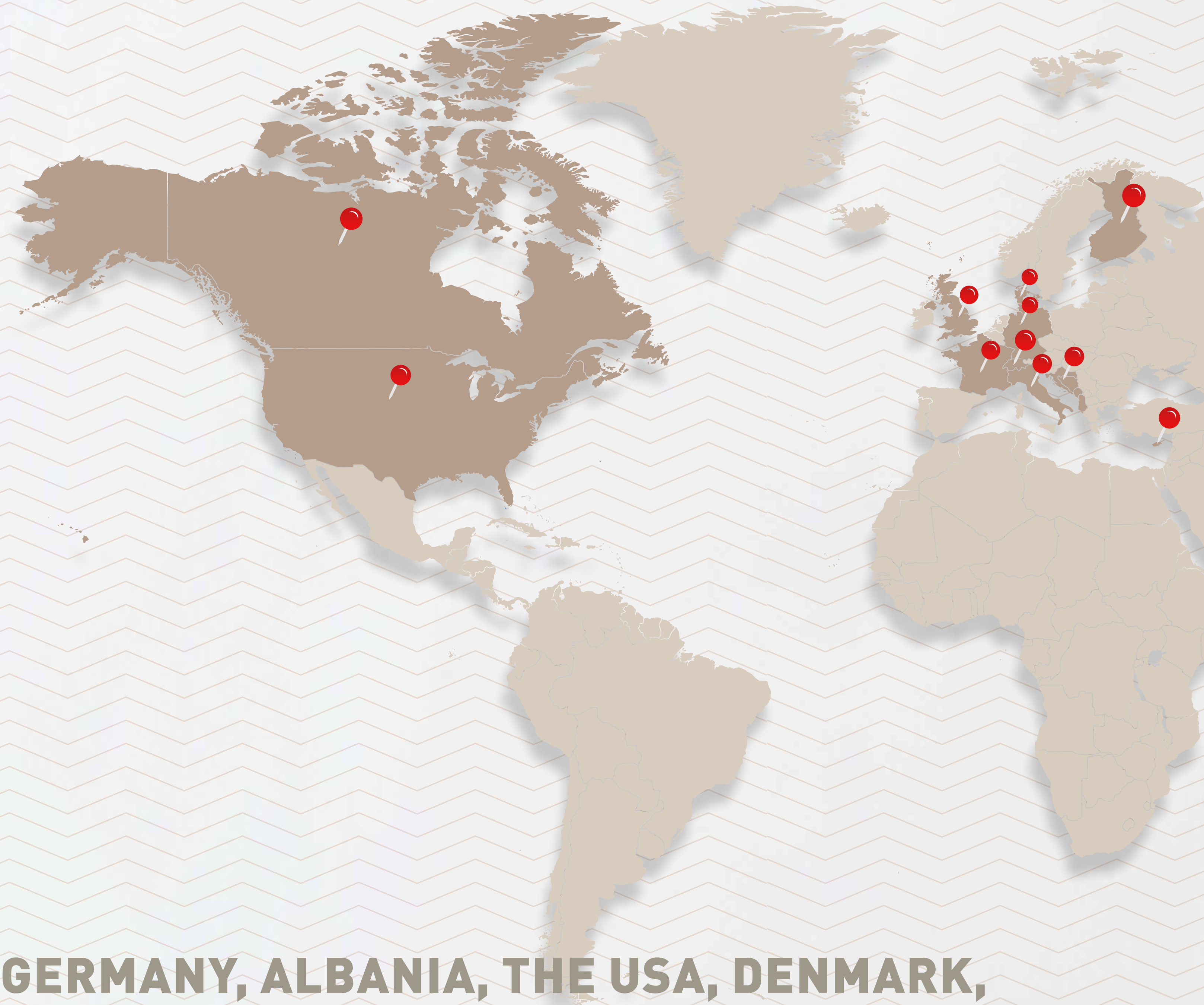
Michele started consulting the NINETEENSEVENTYTWO DESA team in 2019. His modern and visionary approach modernizes leather. It combines the product with patterns with brings a modern flavor to the collection.

NINETEENSEVENTYTWO DESA Sales Points

1423 NAIVEWATER SRL	SEOUL	S KOREA
ADANI	MODENA	ITALY
AMELOT	ATHENS	GREECE
ANTONIA	MILAN	ITALY
ASSELTA BTQ	BARLETTA	ITALY
BABYLON BUS DONNA	PRATO	ITALY
BERNARDELLI	MANTOVA	ITALY
BERNE	BERGAMO	ITALY
BFB BRESCIA/MAGENTA FEMME	BRESCIA	ITALY
BIRBA'S	PORDENONE	ITALY
BOAZ-SOO AESTHTIC	SEOUL	KOREA
BRONX	MILAN	ITALY
BUGATTI DONNA	UDINE	ITALY
BURRESI	FRANKFURT	GERMANY
BUSH	OKAYAMA	JAPAN
CALZATURE MOTTADELLI	VIRANO BRIANZA MILANO	ITALY
CHAPEAU	VALENCIA	SPAIN
CHIRSTINAS	TIMMENDORFER STRAND	GERMANY
CORSO	BOARIO TERME	ITALY
DAEGU	SEOUL	KOREA
DIANA	CREMA	ITALY
DOMANI SRL-POZZILEI	MONZA	ITALY
DOMANI SRL-POZZILEI	TREVIGLIO	ITALY
DOMINI MIMMA NINNI	BARI	ITALY
ELIZABETH	GENEVA	SWITZERLAND
FELU' (GIALLO)	PESCARA	ITALY
FLAB/MAGENTA HOME	BRESCIA	ITALY
FOUR	MILAN	ITALY
FRATELLI VIRNO	SALERNO	ITALY
GALIZIA-ROMA SRL	SALERNO	ITALY
GIALLO SRL	PESCARA	ITALY
HUBERT HUMA GOODS	TURIN	ITALY
IL FARO UOMO	AVELLINO	ITALY
INCONTRI	MILAN	ITALY
JELMOLI	ZURICH	SWITZERLAND
JOSEPH	LONDON	UK

JULIAN FASHION-LUISA	RAVENNA	ITALY
LA BOUTIQUE DI ADANI	MODENA	ITALY
LA TENDA 3	MILAN	ITALY
LCM	TOKIO	JAPAN
LE MARCHE	ATHENS	GREECE
LIDEA	TOKYO	JAPAN
LOSCHI	CONEGLIANO	ITALY
LOSCHI	TREVISO	ITALY
LUISA-JULIANE FASHION SRL	RAVENNA (RIMINI BEFORE)	ITALY
MARCO LONGONI	MILAN	ITALY
MARUBENI-JOURNAL	TOKYO	JAPAN
MERICO	VARESE	ITALY
METROCITY	SEOUL	KOREA
MIDA SRL	BARI	ITALY
MJ GLOBAL	SEOUL	KOREA
MOTTADELLI CALZATURE	VERANO BRIANZA	ITALY
NIDA	CASERTA	ITALY
NUGNES	BARI	ITALY
NUGNES	TRANI	ITALY
O' SRL	PARMA	ITALY
ORENI	BERGAMO	ITALY
OTTO GEMACHER	SALZBURG	AUSTRIA
PENELOPE	BRESCIA	ITALY
PERI.A	LOS ANGELES	USA
PETER OEHLER	BRESSANONE	ITALY
PIERRO DI PIERRO	TARANTO	ITALY
ROMA 3	LECCO	ITALY
ROMA SRL GALIZIA	SALERNO	ITALY
ROMATRE	LECCO	ITALY
SABATIER VOLUME1	SEOUL	KOREA
SAM SRL/TESSABIT	COMO	ITALY
SG GIUGLIANO	NOLA	ITALY
SINAGRA	PALERMO	ITALY
SPINNAKER	ALBENGA	ITALY
VIANASSATRE	LUGANO	SWITZERLAND
ZITA FABIANI	ROME	ITALY

Export Markets



GERMANY, ALBANIA, THE USA, DENMARK, FRANCE, FINLAND, SOUTH KOREA, THE UK, SWITZERLAND, ITALY, JAPAN, CANADA, THE UAE AND THE TURKISH REPUBLIC OF NORTHERN CYPRUS

Export Markets

THE NINETEENSEVENTYTWO DESA BRAND CONTINUES TO TAKE STRONG STRIDES TOWARDS STRENGTHENING ITS PLACE AND INCREASING BRAND AWARENESS IN INTERNATIONAL MARKETS. THE COMPANY CARRIES OUT ITS READYMADE GARMENT COLLECTION SALES TO ITALY, THE UK AND THE USA FIRST OF ALL AND THEN TO DENMARK, FINLAND, JAPAN, SOUTH KOREA AND IN OTHER COUNTRIES THROUGH ITS COOPERATION WITH TOP SHOWROOMS AND SALES AGENTS IN EACH REGIONS.

DESA has strengthened its R&D, design and brand management infrastructure through its activities within the scope of Turquality and branding activities. As an organization which has completed its vertical integration, the company strengthens its brand with its advanced know-how in R&D activities, technology and the quality approach it follows, from the purchase of the leather to the material used.

DESA has fully taken part in the fairs organized in parallel with the Milan and Paris fashion weeks.

The NINETEENSEVENTYTWO DESA brand is positioned toward the Premium segment and is sold at famous, prestigious and popular multi-stage boutiques throughout Europe, the USA and the Far East alongside globally renowned luxury brands at sale points specially prepared for DESA.

1972

NINETEENSEVENTYTWO

DESA

Fashion Weeks

SS20 Berlin Premium
SS20 Paris Tranoi AW19 Paris Tranoi
SS19 Milan Fashion Week
SS19 Paris Fashion Week
FW19 Paris Tranoi Fair
SS18 Milan Fashion Week & La Tenda
Introductory Invitation
SS18 Paris Fashion Week
SS17 Milan Fashion Week & Baglioni Hotel
Introductory Invitation
FW17 Milan Fashion Week
FW17 Paris Fashion Week
FW16 Premium Munich
FW16 Düsseldorf Fashion Week
FW16 Premium Berlin
FW16 Pitti Uomo
FW16 Paris Fashion Week
FW16 Milan Fashion Week
SS16 Supreme Munich
Resort16 Prefall Paris Fashion Week
SS16 Düsseldorf Fashion Week
SS16 Show & Order Berlin
SS16 Paris Fashion Week
SS16 Milan Fashion Week
Resort Presummer 16 Paris Fashion Week
FW15 Paris Fashion Week
FW15 Milano Fashion Week + Palazzo Serbelloni
Introductory Event
SS15 Paris Fashion Week
SS15 Milan Fashion Week + Palazzo Bovara
Introductory Event
Resort Presummer15 Paris Fashion Week
FW14 Milan Fashion Week
SS14 Milan Fashion Week
FW13 Milan Fashion Week

www.desa1972.com

DESA in the world press

COCKTAIL PARTY

Desa Nineteenseventytwo, presentata nuova collezione

Linee essenziali e geometrie. Che virano sul minimal. Il brand turco ha proposto a Roma la collezione autunno/inverno 2014-15 tra shopper black and white, tracolle, borse stile secchiello e zainetti in nappa, struzzo e nabuk

di Michaela K. Bellisario - 17 luglio 2014

Linee pulite, forme attuali, minimalismo geometrico. La collezione A/I 2014-15 di Desa Ninenteenseventytwo si presenta così. Il concept: less is more.

Il brand turco ha presentato a Roma, a margine di AltaRoma AltaModa, le sue nuove proposte: shopper, tracolle, borse stile secchiello e zainetti, declinati tra vari colori come il giallo ambra, il rosso carminio, il talpa e il pumpkin.

L'ispirazione che anima la collezione Desa Ninenteenseventytwo è un lusso essenziale che incontra l'urban più attuale. Tra i pellami utilizzati: nappa, struzzo e nabuk dalla grafica black&white ispirata al minimalismo geometrico di attraversamenti pedonali e segnaletiche urbane.

Tra gli instant-hit: il nuovo modello "Nineteen", la shoulder bag impreziosita di dettagli metallici a motivo esagonale, con flap essenziale e pratica. Lo **zainetto "Fortyfour"** e la borsa stile secchiello **"Eightyeight"** ripercorrono invece la tradizione delle forme originali dei modelli classici in una interpretazione in chiave design. La presentazione nella boutique romana "Degli Effetti" con la presenza tra gli altri del fondatore e chairman di Desa, Melih Celet. Fra gli ospiti, le attrici Claudia Gerini, Valeria Solarino, Anna Falchi, Pilar Abella e Miriam Catania.

Ideazione

DESA NINETEENSEVENTYTWO

Fra heritage e tecnologia

Alchimia di pellami pregiati e linee essenziali per un brand made in Turchia dalle ambizioni internazionali.

Le celeb festeggiano Desa a Roma

PRIMAVERA ESTATE 2015

Milano Moda Haftası'nda Türkiye'yi temsil etti

Desa'nın yurtdışında satışa sunduğu 'Nineteenseventytwo' koleksiyonu, moda dünyasının en önemli platformlarından Milano Moda Haftası'nda bu yıl da Türkiye'yi temsil etti

Desa Nineteenseventytwo, moda dünyasının en önemli etkinlikleri arasında sayılan Milano Moda Haftası, Türkiye'yi tek başına başarılı bir şekilde temsil etti. Milano Moda Haftası Takvimi'nde ikinci kez yer alan Desa, Milano'nun en görkemli saraylarından biri olan Palazzo Serbelloni'de moda dünyasının önemli isimlerini ağırladığı bir davet verdi. Özgün tasarımları ve kalitesiyle dikkat çeken koleksiyonun tanıtıldığı davette, konukları Desa Yönetim Kurulu Başkanı Melih Çelet, Desa Genel Müdürü Burak Çelet ve Desa Kreatif Direktörü Yossi Cohen birlikte ağırladı.

Melih Çelet, Franca Sozzani, Burak Çelet

Santander PRIVATE BANKING una banca per le tue idee

ADVERTORIAL

ROSSO il colore del glamour

Non solo nella moda, nell'automobile e nel design il rosso ha un valore iconico. Anche brand e aziende lo scelgono per comunicare energia e positività attraverso il logo. Come Santander Private Banking.

JULIA ROBERTS E RICHARD GERE NEL FILM PRETTY WOMAN (1990) © ANSA

Il rosso è il colore degli estremi, della passione, dell'amore, della sensualità, del dinamismo, della vitalità, ma anche del pericolo, della rabbia e dell'avventura. Chi lo sceglie denota un carattere ottimista, impulsivo, passionale, estroverso. E' un colore scattante, non a caso il binomio rosso-velocità ha il suo emblema nella Ferrari. Rossa naturalmente. Chi si veste di rosso si fa senza dubbio notare. Per Valentino è il *fil rouge* di tante sue collezioni, anzi il "rosso Valentino" è una sfumatura ben precisa, una tonalità di rosso molto acceso tra il carminio, il porpora ed il rosso di cadmio. Lo stilista ha tratto ispirazione dai vivaci toni cromatici visti durante una vacanza a Barcellona. Anche nel 2014, un anno dominato nella moda dal colore e dalle stampe, il rosso emerge con forza in alcune collezioni, come quelle di Viktor&Rolf o di Comme des Garçons. Calcare il red carpet nelle occasioni di gala, dagli Oscar ai vari Festival del mondo, ma anche le passerelle meno prestigiose di feste e inaugurazioni, è sempre elettrizzante e regala emozioni. Il colore rosso è stato al centro anche del convegno *Dialogare con il colore 2014* organizzato in Triennale da Color Coloris Italia, associazione culturale, appartenente al network internazionale Intercolor, che promuove gli studi sul colore e come muta nella moda e negli oggetti. "Il rosso è un colore archetipo che ha la stessa potenza del bianco e del nero – spiega il presidente dell'associazione Vittorio Giomo – con un forte valore emozionale. E poi c'è il rosso italiano: dal rosso pompeiano a quello della Grande Bellezza, stigmatizzato nel film dalla giacca di Toni Servillo". Quindi un colore trasversale a settori molto diversi fra loro – chi non vorrebbe il divano rosso a forma di bocca ideato da Studio65 nel 1970, un pezzo di arredo diventato un cult - ma sempre legati dal valore emozionale che esso produce nel quotidiano delle persone. In molti Paesi, anche se non in tutti, ha una valenza culturale positiva. In Nepal e in India è propiziatorio, in Cina simboleggia prosperità e rinascita, addirittura è il colore scelto per l'abito del matrimonio.

GLI ACCESSORI RED

VERSACE — RAJOLA — ALBERTO GUARDIANI — DESA NINETEENSEVENTYTWO

QUANDO IL DESIGN SPOSA LA QUALITÀ

MELİH ÇELET, FRANCA SOZZANI, BURAK ÇELET

SARAYDA GÖRKEMLİ DAVET

DESA NINETEENSEVENTYTWO

Milano Moda Haftası takviminde ikinci kez yer alan DESA NINETEENSEVENTYTWO, 1 Mart Pazar günü Milano'nun en görkemli saraylarından biri olan Palazzo Serbelloni'de moda dünyasının önemli isimlerini ağırladığı bir davet verdi.

Türkiye'nin köklü markalarından DESA, yurtdışında satışa sunduğu NINETEENSEVENTYTWO koleksiyonunu Milano Moda Haftası kapsamında tanıttı. ... en çok tanınan eleştirmenlerinden Suzy Menkes tarafından 'arzu nesnesi' olarak tanımlanan koleksiyon; Vogue İtalya Genel Yayın Yönetmeni Franca Sozzani gibi önemli sektör profesyonellerinin yanı sıra Armani ...

Desa Yönetim Kurulu Başkanı Melih Çelet, Franca Sozzani, Burak Çelet

Riccardo Lassi, TV yıldızı Beatrice Ruggeri

Melih Çelet, İtalya Moda Birliği Başkanı Jane Reeve

DESA NINETEENSEVENTYTWO MİLANO'YA ÇIKARMA YAPTI!

DESA'nın yurtdışında satışa sunduğu Nineteenseventytwo koleksiyonu, moda dünyasının en önemli platformlarından Milano Moda Haftası'nda bu yıl da Türkiye'yi temsil etti.

Moda dünyasının en önemli etkinlikleri arasında sayılan Milano Moda Haftası takvimine 2014'te çarpıcı bir giriş yapan Desa'nın Nineteenseventytwo koleksiyonu Türkiye'yi bu yıl da Milano'da başarılı bir şekilde temsil etti. Özgün tasarımları ve kalitesiyle dikkat çeken koleksiyonun tanıtıldığı davette konukları, DESA Yönetim Kurulu Başkanı Melih Çelet, DESA Genel Müdürü Burak Çelet ve DESA Kreatif Direktörü Yossi Cohen birlikte ağırladı. Daha önce sektörün en çok tanınan eleştirmenlerinden Suzy Menkes tarafından 'arzu nesnesi' olarak tanımlanan koleksiyon; Vogue İtalya Genel Yayın Yönetmeni Franca Sozzani, Elle İtalya Genel Yayın Yönetmeni Danda Santini, Marie Claire İtalya Genel Yayın Yönetmeni Antonella Antonelli gibi önemli sektör profesyonellerinin yanı sıra Armani Muse modeli ve Pirelli takvimi yıldızı Antonia Dell'Atte gibi moda ikonlarının da övgülerini topladı. Milano'nun en görkemli saraylarından biri olan Palazzo Serbelloni'nin büyüleyici atmosferinin de etkisiyle kusursuz bir davete ev sahipliği yapan DESA, Nineteenseventytwo koleksiyonunun başarısının yanı sıra misafirperverliğiyle de dünyaca ünlü konuklardan tam not aldı.

Strategie

DESA RILANCIA SU MILANO PER POTERSI ESPANDERE ANCORA

Il marchio turco, dopo aver conquistato 50 dei migliori multibrand nel mondo, sarà protagonista della fashion week

Nasce da un mix fra tradizione, artigianalità e innovazione un marchio che, dalla Turchia, è approdato in Italia da dove è iniziato il suo successo internazionale. Desa Nineteenseventytwo, il primo brand turco che abbia mai partecipato alla fashion week di Milano moda donna dove ha debuttato lo scorso settembre, rappresenta l'immagine di Desa, l'azienda fondata nel 1972 che oggi è leader in Turchia nel design di produzione di pelle e leather goods. Una produzione integrata che parte dalla conceria di proprietà le ha permesso di lanciare sul mercato le borse di alta gamma, disegnate dal direttore creativo Yossi Cohen (ex anima estetica di Ballantyne), conquistando in sole quattro stagioni 50 tra i migliori multimarca del Giappone, Regno Unito, Corea del sud e Stati Uniti. In Italia il brand è presente nelle vetrine di Coin Excelsior e Antonioli di Milano, Degli Effetti di Roma e Luisa Via Roma di Firenze. La nuova collezione per l'autunno-inverno 2015/16 trae ispirazione da un'icona del cinema, l'attrice tedesca Romy Schneider, alla quale Desa ha dedicato il modello Romy, una borsa in tinta unita o a più colori, spaziando anche verso l'arte e il design, concentrandosi su artisti del calibro di Joseph Albers e dell'archistar Charlotte Perriand. La collezione sarà presentata a Palazzo Serbelloni di Milano, il 1° marzo durante la settimana della moda meneghina. (riproduzione riservata)

Michela Zio

Una borsa Desa Nineteenseventytwo

Style | The Topic

FASHION SOCIOLOGY di FRANCO BOLELLI

La donna e la moda: questione di codice genetico

Morbida e forte, brava ragazza e bad girl, la donna affascina per questa doppiezza. E anche nel vestire sa conciliarla al meglio.

"Trovo paradigmatica l'attitudine di quelle donne / personaggi capaci di spaziare fra importanti abiti da grandi occasioni e quotidianità essenziale, dove lo stile personale vince su tutti i modelli e i ruoli".

Jessica Alba in Miu Miu Eyewear e Keira Knightley con orecchini Tiffany Cobblestone all'anteprima del film The Imitation Game

Quel look da brava ragazza

Riservata, a tratti introversa, apparentemente perfetta. Come dice Franco Bolelli, l'attitudine femminile ha un'origine squisitamente biologica, ma anche il guardaroba fa la sua parte.

DESA NINETEENSEVENTYTWO
BORSA IN PELLE A MAXI TRAFORO

COS
MORBIDO CAPPOTTO LUNGO IN COLOR AZZURRO CIELO

LANVIN
BRACCIALE IN ORO GIALLO DELLA COLLEZIONE GIOIELLI

Samsonite

DESA BECAME THE DISTRIBUTOR FOR THE WORLD'S LARGEST TRAVEL PRODUCTS BRAND, SAMSONITE, FOR TURKEY IN 1983

Thanks to this distributorship, DESA has pioneered the development of this sector in our country by offering a range of comfortable and convenient cases to the travel products market. After 24 years of distributorship in Turkey a joint venture was established with Samsonite, which has a strong international profile, which is 40% owned by DESA and 60% by Samsonite. With Samsonite's acquisition of Tumi, 37 of 52 Samsonite stores, two of which are Tumi stores, belong to DESA with the remaining 15 belonging to the joint venture as of the end of 2020 in Turkey

14Year

Partnership
40% DESA-60% Samsonite

24Year

Distributorship
between 1983 – 2007

Total
3.519 m²

Retail Area

Online Sales

samsonite.com.tr
tumi.com.tr

52

Samsonite Stores

37

Stores belong to DESA

13

Stores belong to Samsonite

2

TUMI stores belong to Samsonite

Investing in People

WITH A LABOUR-INTENSIVE BUSINESS MODEL IN THE PRODUCTION AREA, OUR COMPANY HAD A TOTAL OF 1,512 EMPLOYEES AT THE END OF 2020.

We derive our strength, which we have transformed into global success, from our principles which we have strictly adhered to and defined in accordance with our priorities. Unconditional customer satisfaction, flexibility and rapid response to customers have been the most important criteria bringing us to the point we come, without forgetting that people represent our most important foundation and resource and without compromising on quality.

The DESA miracle, which goes back 48 years, is the product of our high performance and the understanding of quality which we show at every point. As our company aims to have competent human resources who think and plan for the future while living in the moment, all our employees also strive to maintain the positive image of our company and our products at home and abroad (locally and internationally).

Our company, which has created a brand of personalized products being guided by these principles and has proven its quality and leadership at home and abroad, offers its employees the privilege of being a part of a global brand. We provide our employees the opportunity to specialize in the sector, to have a career and to be rewarded for their work. Securing its success with its commitment to its principles, DESA plans its future with the awareness that its greatest strength is its human resources. With this approach, our company's philosophy to human resources development can be summarized as follows;

"We will train our human resources at all levels by ourselves."

In accordance with this philosophy, DESA carries out training and development activities on an in-house basis to train and develop its employees.

The DESA Education (Training) System is based on the training and development of its own workforce, taking into account the unique conditions of the sector.

Employee	2019	2020
Male	1.056	832
Female	853	680
Total	**1.909**	**1.512**

Collar Breakdown	2019	2020
Blue Collar	1.199	945
White Collar	710	567

Investor Relations

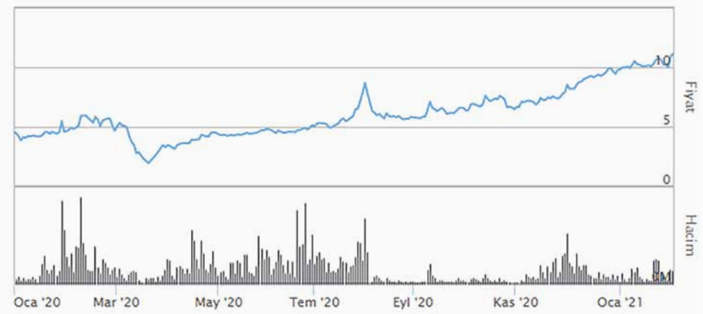
Since the public offering in May 2004, our Investor Relations Department has aimed to establish close relations with our stakeholders, maintain equal distance and provide them with the maximum benefit in line with the principles of honesty, accountability and reliability in parallel with the corporate governance standards adopted by our company. In accordance with the Capital Markets Legislation, a total of 52 material disclosures were made public throughout 2020, and questions by the analysts and investors sent to our investor relations department by phone and by e-mail were answered.

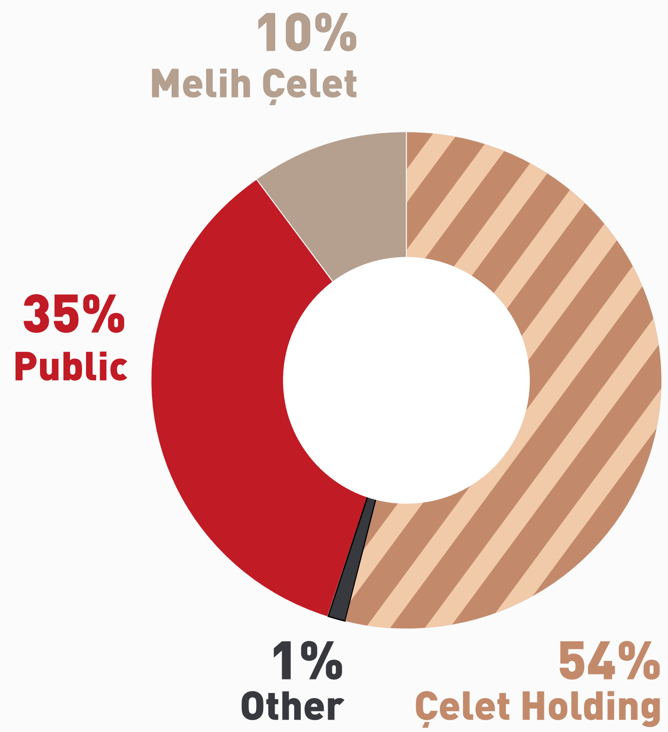
Shareholder	Nominal Value Shares (TL)	(%) Stake
Çelet Holding Anonim Şirketi-1	26,717,682	54%
Melih Çelet-2	4,922,197	10%
Public-3	17,188,315	35%
Other-4	393,780	1%
Total	**49.221.970**	**100.0%**

Stock Performance and Market Value

DESA shares started to trade on the Istanbul Stock Exchange (BIST) with the DESA ticker on May 6th, 2004. The registered capital ceiling of the Company, which switched to the registered capital system in 2007, is TL 150,000,000. In 2021, the necessary permits were obtained from the CMB and the Ministry of Trade to increase the registered capital ceiling to TL 200,000,000 and the Board approved this increase at the 2020 Annual General Meeting. With its paid-in capital, TL 49,221,970 is divided into 4,922,196,986 shares with a nominal value of 1 Kr each. As of December 31, 2020, the market value of DESA stood at TL 482.8 million.

DESA Relative Share Performance in 2020





Share Information

BIST CODE	DESA
REUTERS CODE	DESA.IS
BLOOMBERG CODE	DESA.TI
PUBLIC OFFERING DATE	6.05.2004
MARKET VALUE	482.8 MILLION TL

AS OF 31.12.2020

Corporate Governance Principles Compliance Report

Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), which, are based on the article 8th of the Capital Markets Board's Corporate Governance Notice (II-17.1) under adaptation to Corporate Governance principles title, partaking in the related notice addendum and published in Boards CMB Bulletin with he decision dated 10.01.2019 and numbered 2019/2, and also announced with the decision dated 10.01.2019 and numbered 2/249, are available below the KAP registered electronic mail address presented below.

Corporate Governance Compliance Report (URF):
https://www.kap.org.tr/ tr/Bildirim/913424

Corporate Governance Information Form (KYBF):
https://www.kap.org.tr/ tr/Bildirim/913429

2020 Report on Compliance with Principles of Corporate Governance

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES AND SUSTAINABILITY PRINCIPLES

DESA Deri Sanayi ve Ticaret A,Ș, ("DESA") has determined the principles set out in the Corporate Governance Principles published by the Capital Markets Board as a guide.

In addition to creating value for shareholders with a stable and profitable growth performance, the Company also places tremendous importance on being able to operate at international standards in order to be able to effectively take part in the developing financial markets with the depth formed in financial markets as a result of globalization trends.

Good corporate governance contributes significantly to the sustainability of the company, and to increasing its credibility and reputation in financial and capital markets.

Within the framework of legal and regulatory rules, DESA simultaneously communicates the necessary information to all investors and analysts in a timely, secure, stable and orderly manner. With the information provided in the Investor Relations section on our website, investors and other stakeholders may access historical and up-to-date information regarding DESA simultaneously and in full.

The management of our Company aims to comply with our obligations arising from the Corporate Governance Communiqué numbered II-17,1 published by the Capital Markets Board as a whole and has taken the necessary actions over time for this purpose. The principles mandated for our company within the scope of the Corporate Governance Principles Communiqué are complied with.

PART II- SHAREHOLDERS

1. INVESTOR RELATIONS DEPARTMENT

1.1. INVESTOR RELATIONS DEPARTMENT AND ITS DUTIES

In exercising shareholder rights, legislation and the Articles of Association are complied with and practices are implemented to ensure the use of these rights. From the date of the public offering of DESA Deri San, ve Tic, A.Ș. in 2004, an "Investor Relations" Department was established to handle relations with shareholders. All relations between DESA and shareholders are handled under the responsibility of the "Investor Relations" Department as a result of the joint work carried out with the relevant units according to the following principles.

The Investor Relations Department is responsible for providing regular information on the Company's activities and financial condition, excluding confidential information and trade secrets of shareholders and potential investors, in order to ensure there is no information inequality, and managing the communication between the shareholders and the Company in coordination with the other departments.

In this context, the Investor Relations Department is responsible for:

• Presenting the Company to the existing and potential investors and brokerage institutions, replying to queries from analysts and researchers working in these institutions,

• Answering questions and requests from shareholders,

• Ensuring investor-related databases and records are kept up to date and are orderly,

• Providing a two-way flow of information by acting as a bridge between the shareholders and the Company's senior management and the Board of Directors,

• Reporting to the relevant departments within the Company and senior management with regard to developments in the capital markets and stock performance,

• Providing shareholders with the most accurate, rapid and complete information by regularly updating communication tools such as the website, annual report, investor presentations, investor bulletins and company promotional films where shareholders can obtain information about DESA.

In addition, the Department assists in the execution of General Meetings conducted within the Company in accordance with the legislation in force, the Articles of Association and other internal regulations. Through the minutes of the General Assembly meeting, it is ensured that the voting results are recorded and the minutes of the General Assembly meeting and the relevant reports are submitted to the information of the shareholders by the Investor Relations Department.

The Department fulfills all kinds of public disclosure obligations required by the legislation, such as the disclosure of financial reports and material events prepared by the Accounting Department.

Contact information of the Investor Relations Department is listed below:

Pınar Kaya – Investor Relations Manager
Phone: 0212 473 18 00
Fax: 0212 698 98 12
E- mail: pinar.kaya@desa.com.tr
E- mail: yatirimciiliskileri@desa.com.tr

Bülent Uyarlar – Accounting Manager
Phone: 0212 473 18 00
Fax: 0212 698 98 12
E- mail: bulent.uyarlar@desa.com.tr
E- mail: yatirimciiliskileri@desa.com.tr

The Investor Relations Manager, Pınar Kaya, and the Accounting Manager, Bülent Uyarlar, carry out their duties in a manner affiliated to Ayhan Diribaş, our Company's Executive Vice President of Financial Affairs. The report on investor relations activities carried out in 2020 was submitted to the Board of Directors on 8th February, 2021.

The Investor Relations Manager, Pınar Kaya, holds an Advanced Level Capital Market Activities License and Corporate Governance Rating License. In addition, she was appointed as a Member of the Corporate Governance Committee in line with the Board of Directors' resolution dated 11.05.2020.

1.2. Information on Activities of the Investor Relations Department in 2020

Questions addressed to the investor relations department were answered by telephone or e-mail. The Company's website was regularly updated in order to ensure investors were able to monitor up-to date information. Disclosures deemed to be of importance for investors were posted on the company's website after being announced on the Public Disclosure Platform (PDP).

During 2020, a total of 52 material event announcements were made to the public in accordance with the Capital Market Legislation,

Updates in the investor tools are made on a quarterly basis. Utmost care is taken to comply with the legislation in the fulfillment of investor requests and, to the best of our knowledge, there were no complaints against the Company regarding the exercise of shareholders' rights or administrative and legal proceedings brought against the Company in the last year.

2. SHAREHOLDERS RIGHT TO OBTAIN INFORMATION

2.1. Principles regarding the Exercise of the Right to Obtain and Review Information

There is no discrimination among shareholders in exercising their right to obtain and review information. Apart from information in trade secret nature from the shareholder, all requests are discussed with the relevant departments and shared with the shareholders by telephone or e-mail.

All kinds of information that may be of interest to the shareholders during the year are announced with special circumstances disclosure and the said disclosures are published on the website,

2.2. Right to Request a Private Auditor

Although there is a regulation regarding appointment of a private auditor in the Articles of Association, no request has been received from the shareholders in this direction. The Company's activities are periodically audited by an Independent Auditor and Statutory Auditors determined at the General Assembly. The independent auditor selected in the 2019 Annual General Meeting held on 08.05.2020 was Birleşim Bağımsız Denetim ve YMM Anonim Şirketi.

2.3.3. INFORMATION ON ANNUAL GENERAL MEETINGS
Our Annual General Meetings are held by taking into account the Turkish Commercial Code, the Capital Markets Legislation and the Corporate Governance Principles in a manner which allows shareholders to obtain adequate information and broad participation.

2.3.1. Annual General Meeting for 2020

The Annual General Meeting for 2019, planned to be held on 31.03.2020, was postponed due to the COVID-19 (Coronavirus) pandemic, within the framework of the recommendations for the measures to be taken to prevent the spread of the virus in our country, and the decision was taken to postpone the meeting until 08.05.2020. The Annual General Meeting was held on 08.05.2020 with a quorum of 82.6%, A special period for registration in the share register has not been provided for registered shareholders and the relevant provisions of the Turkish Commercial Code have been applied. The Annual General Meeting was held at the Company's head office in order to facilitate the participation under the supervision of the Commissioner appointed by the Ministry of Industry and Trade. The location where our Annual General Meetings are held is arranged in a manner allowing participation of all shareholders. A separate agenda item on the donations and aids during the year was included in the agenda of the Annual General Meeting. No proposal with respect to the agenda was submitted by the shareholders separately. No representatives from the media participated in the meeting.

The Annual General Meeting for 2020 was held in a manner allowing electronic voting pursuant to the Turkish Commercial Code.

2.3.2. Invitations and Announcements

nvitations to the General Meetings are made by the Board of Directors in accordance with the Turkish Commercial Code (TCC), the Capital Market Law and the provisions of the Company's Articles of Association. As soon as the Board of Directors adopts a resolution for a General Meeting, the necessary announcements are placed via the PDP and the general public is informed.

Announcements of a General Meeting are published in all editions of one of the newspapers published daily in Turkey and on the Trade Registry Gazette to reach the greatest possible number of shareholders within the framework of the necessary legal provisions.

The announcement including information of the date and time of the 2019 Annual General Meeting, the meeting place, the agenda items, the attendance procedure of the Annual General Meeting of the shareholders, the power of attorney sample and information on the issuance procedure thereof were published on Turkish

Trade Registry Gazette numbered 10057 and dated 13.04.2020, and the issue of Hurses gazette numbered 15037 dated 11.04.2020, which is published throughout Turkey.

In the General Meeting announcements, together with the General Assembly Information Document published on the website, the date and time of the meeting, the meeting place, the agenda, the invitation made by the Board of Directors and the shareholders' participation procedure to the General Assembly are explained.
In addition, the total number of shares and voting rights reflecting the shareholding structure of the Company, the number of shares and voting rights representing each of the privileged share group, if there are privileged shares in the Company's capital, any changes and amendments in the management and activities of the Company as well as the prominent affiliates and subsidiaries of the Company in the previous fiscal year or planned to be made in the following fiscal year which shall affect the Company's activities significantly and the reasons of these changes and amendments along with the activity reports and the annual financial statements of the last two fiscal periods of all the corporations subject to these changes, the reasons of dismissals or replacement of the Members of the Board of Directors, if the Agenda of the General Meeting includes dismissal, replacement or election of the Members of the Board of Directors; information pertaining to persons nominated for the Membership of the Board of Directors; along with the resolution of the Board of Directors on the amendment of the Articles of Association taking place in the agenda, the previous and the new versions of the Articles of Association amendments; the curriculum vitae of the persons to be nominated for the Memberships of the Board of Directors, their duties within the last ten years and reasons for departure from these positions, quality and significance level of their relations with the Company and the Company's related parties and whether they have the qualification of independence as well as information on the similar topics which might affect the Company's activities in the event that they are elected as the Members of the Board of Directors were disclosed to the public within 1 week of the date of the announcement of the General Assembly.

Announcements related to the General Assembly, along with procedures stipulated by the legislation, have been published, both at the Company's Head Office and on the website (www.desa.com.tr) in a manner which reaches a majority of the shareholders not later than 21 days before the General Meeting.

There were no questions which could not be answered during the General Assembly meeting but were answered later by the Investor Relations Department in writing.

2.3.3. Methods of Voting

For the shareholders who will be represented by proxy at the General Assembly meeting, a sample proxy is made available to the shareholders on our website and through a newspaper advertisement.

2.3.4. Principles for Participating in the Annual General Meeting

In our company, Group A shares are registered to the name and Group B shares are bearer. In the 2019 Annual General Meeting of the Company held on 08.05.2020, among our shareholders who keep their shares in the investor accounts under the Intermediary Institutions at the Central Registry Agency, and who wish to attend the Annual General Meeting, their records in the Book of Shares have been taken into consideration within the framework of the provisions of the Central Registry Agency A..Ş. regulating the "General Assembly" procedures. These shareholders may attend the general meetings themselves or they appoint a third person to attend the general meeting as their representative. The representative is not required to be a shareholder.
The shareholders may themselves be represented by other shareholders or by a proxy to be appointed externally in the general meetings in accordance with the Capital Markets Board regulations on voting by proxy. Representatives, who are shareholders of the Company, are also authorized to vote on behalf of the shareholders whom they represent, as well as their own votes.

2.3.5. Meeting Minutes

Meeting minutes are available at www.kap. gov.tr and www.desa.com.tr immediately after the end of the meeting. In addition, these minutes are available for review by the shareholders at the Company's headquarters and are shared with investors who request access to these minutes.

2.4. VOTING RIGHTS AND MINORITY RIGHTS
2.4.1. Exercise of Voting Rights

The Company avoids practices which render the exercise of voting rights difficult and provides all shareholders with the opportunity for equal, easy and convenient voting. Non-preferential shareholders with the right to vote in the Company may vote themselves as well as through a third party who is not a shareholder. No provision preventing a non-shareholder from voting by proxy as a representative for unprivileged shares exists in the Articles of Association.

With the decision taken by our Board of Directors dated 06.01.2016, for the purpose of complying with the Turkish Commercial Code numbered 6102, an application shall be made to the Capital Markets Board in order to amend article 20 entitled "General Assembly" and the sub clause entitled "Voting and Proxy Appointment" of our Company's Articles of Association. The application for the amendment of the Articles of Association was approved by the Capital Markets Board's letter dated 15.01.2016 and numbered 29833736-110.03.02-E, 520. In addition, the amendment draft was approved by the Ministry of Customs and Trade, General Directorate of Domestic Trade, with the letter dated 26.01.2016 and numbered 67300147 –431.02. The text of the amendment was submitted for approval and adopted by the shareholders in our Company's Annual General Meeting for 2015 dated 31.03.2016.

According to the said amendment of the Articles of Association, A group shareholders have 15 (fifteen) votes for 1 (one) share, and non-A group shareholders have 1 (one) vote for 1 (one) share in ordinary and extraordinary General Assembly meetings.

2.4.2. Minority Rights

The Company pays attention to the use of minority rights. No criticism or complaint was received in this regard in 2019. Since we have privileged shares in our voting rights, cumulative voting is not regulated.

Group A shareholders have the right to determine 4 out of the 5 board members. There is no company with which we have mutual participation. The cumulative voting method is not included in the Company's Articles of Association.

There is no provision in the Articles of Association related to determining the minority rights in a manner less than one twentieth of the capital.

2.5. DIVIDEND DISTRIBUTION POLICY AND TIME OF DISTRIBUTION

2.5.1.Dividend Distribution Policy

DESA Deri Sanayi Ve Ticaret A.S. carries out its dividend distribution in accordance with CMB regulations. The Company unanimously resolved to follow a well-balanced and prudent dividend policy by taking into consideration the need to utilize internal and external investment opportunities as well as considering the benefit of its shareholders and the Company's interests when undertaking additional investments abroad and preventing the possible effects of a global economic crisis in line with the targets of growing and developing the "DESA" brand and being a global company with a strong financial structure in accordance with the Corporate Governance Principles of the Capital Markets Board. The mentioned dividend distribution policy is set out in the annual report and on Company's official website. There is no privilege regarding participation in the profit of the Company.

2.5.2. Dividend Period

The approval of the General Assembly and the determined legal periods are observed regarding dividend based on the provisions of the Turkish Commercial Code, the Capital Market Board regulations and the provisions of the Company's Articles of Association.

2.6. TRANSFER OF SHARES

In our Articles of Association, there are no provisions which would present difficulty for public Group B shareholders to freely transfer their shares and restrict the transfer of shares. Bearer shares shall be transferred and assigned in accordance with the provisions of the Turkish Commercial Code and other relevant legislation. For non-public Group A shares owned by a controlling shareholder, other Group A shareholders hold pre-emptive rights in proportion to their shares before the Company according to Article 9 of the Articles of Association.

Part III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. CORPORATE WEBSITE AND ITS CONTENT

The official website of DESA Deri San. Ve Tic. A.S. (www.desa.com.tr) is periodically updated and the official website includes retroactive information. The necessary information is published on the Company's website in accordance with the CMB's Corporate Governance Principles. The Company's Annual Reports are published both in English and Turkish. Our investors are informed regularly on the following matters including the issues specified by the Corporate Governance Principles in the investor relations section of the website to provide the existing and potential investors and intermediaries with a more comprehensive flow of information.

•The Company's Articles of Association

•Trade registry information

• Financial Data

• Audit Reports
• Annual Reports
• Corporate Governance Practices and Compliance Report
• Duties and Working Principles of Corporate Governance Committee

• Material Disclosures

• Agenda of the General Assembly

• Minutes of the General Meetings

• Attendance Sheet

• Partnership Structure

• Company Policies

• Board Members

• Power of attorney sample • Frequently asked questions

• Contact

3.2. ANNUAL REPORT

Annual reports are prepared in a manner to allow our shareholders, the public and all other stakeholders to obtain full and accurate information about the activities of the Company and with details stipulated in Turkish Commercial Code as well as Capital Markets Legislation.

Part IV- STAKEHOLDERS

4.1. DISCLOSURES TO STAKEHOLDERS

Stakeholders are informed on the matters that concern them through the press, material disclosures, and press and analyst meetings and in electronic media in line with the Company's disclosure policy.

Participation in the management requires to be elected to the Board of Directors; however, employees are encouraged to participate in the management with various business processes. There is no restriction for the stakeholders to transmit the Company's actions that are contrary to the legislation and unethical to the Company's Corporate Governance Committee and the Audit Committee. Ensuring compliance with the legal regulations as well as supervision thereof is under the responsibility of the Audit Committee and examining as well as settling the complaints from shareholders and stakeholders about the matters related with the corporate governance is under the responsibility of the Corporate Governance Committee.

4.2. PARTICIPATION OF STAKEHOLDERS IN MANAGEMENTI

No model has been created for stakeholders to take part in the management of the company. On the other hand, the requests and the proposals conveyed during the meetings with the employees and the other stakeholders are evaluated by management and the related policies and practices are developed.

4.3.HUMAN RESOURCES POLICY

We summarize the human resources policy of our company, which aims to have the necessary human resources for the future while living today, without forgetting the fact that our most important resource is human, as follows: "We will train our human resources at all levels, by ourselves".

In order to train and develop DESA employees in accordance with this philosophy, we carry out training and development activities within our own structure. Furthermore, for the success of this policy, we choose visionary people with career expectancy, to ensure that the qualifications we look for in the personnel we will recruit are suitable for the job to be done. We clearly explain their duties and responsibilities to all of the personnel employed in our company during job interview, and provide them with orientation training after employment and deliver their job definitions in writing.

A "joint working committee" has been established in order to increase motivation within the business, to bring corporate and personal goals in parallel with each other, to ensure that problems are transferred to the management systematically in order to resolve problems faced by the employees, to evaluate the demands of the employees within the framework of the social responsibility standard and to share their demands with the management. This committee is constituted of representatives elected by our personnel from each department with their own votes and carries out its activities in accordance with its written regulations.

There have been no complaints with respect to discrimination in our company and no complaints flagged up in the social responsibility audits regularly carried out by independent auditors regularly carried out at the request of our customers. In addition, there is a "social responsibility policy" in place which all employees can see within the enterprise.

The Company had a total of 1,512 employees as of 31.12.2020.

4.4. CODES OF CONDUCT AND SOCIAL RESPONSIBILITY

Codes of conduct have been created for the Company and employees, and these determined codes of conduct have been disclosed to the employees with the Human Resources Manual and to the public in accordance with the disclosure policy. The culture of honesty, respect, ethical behavior and compliance with laws and regulatory rules has always been at the forefront throughout DESA's 48-year history.
Aiming to offer healthy development, universal quality and high standards of products and services by ensuring customer satisfaction together with its employees and, accordingly, becoming a symbol of credibility, continuity and prestige in the eyes of the country, its customers, shareholders, and the companies to which it exports, the values of DESA shed light on the path to be followed to achieve these objectives, and are shared with general public through its website.
The most important values which DESA draws on to achieve its current success and reach its goals are its ethical values.
DESA has been attaching importance to supporting social and cultural activities since its foundation. For this purpose, the Company undertakes sponsorship in various activities.

DESA operates in line with the system it has established within the framework of the Labor Law, Social Security Law, Occupational Health and Safety, Law on the Protection of Personal Data, ISO-9000, and ISO 27001. DESA also enlists accredited companies to carry out ETI BASE CODE inspections and all reports are uploaded to the Sedex system. Audits are carried out on various issues including quality, the environment, management system, OHS and social responsibility. Quality Management System ISO9001: 2015 certification is valid until January 2024, Information Security Management System ISO / ICE-27001: 2013 certification until June 2023, Customer Satisfaction Management System ISO10002: 2018 certification until January 2024. The Company also provided the Customs Trade Partnership Against Terrorism (C-TPAT) document between 20.02.2020-19.02.2021.

The Company observes the industry-specific norms on the environment in production under the Environmental Policy and System created by the Company itself. No lawsuit was filed against the Company for damage to the environment during the period. The Company's codes of conduct are available on our website (www. desa.com.tr).

PART V- BOARD OF DIRECTORS

5.1. STRUCTURE AND FORMATION OF BOARD OF DIRECTORS

In the election of members of the Board of Directors, actions are taken within the framework of Turkish Commercial Code, CMB legislation and Corporate Governance Principles. The Board of Directors consists of five members, two of which are independent members.

Melih ÇELET
Executive Member – Chairman of Board

Burak ÇELET

Executive Member – General Manager

Burçak ÇELET
Non-Executive Board Member - Corporate Governance Committee Member

Bahar Deniz EGEMEN

Non-Executive Independent Member

Numan Emre BİLGE
Non-Executive Independent Member

As of the relevant activity period, no situation has arisen which would eliminate the independence of the Independent Board Members. The independence statements of the independent board members are as follows:

Since I have been elected as an "Independent Member" of the Board of Directors in the Annual General Meeting dated 08.05.2020, I hereby submit the following to inform our Board of Directors', our shareholders' and all other stakeholders pursuant to the regulations of the Capital Markets Board regarding corporate governance;
• No direct or indirect relationship in terms of employment, capital or other important trading activities has been formed by myself, my spouse or my blood or affinity relatives up to a third degree and any of DESA Deri San. Ve Tic. A.Ş's related parties or legal entities which have a management or capital relationship

with shareholders holding 5% or more of the capital of DESA Deri directly or indirectly within last five years,
• I have not been employed in a company, primarily serving as an auditing, consulting and rating company, which undertakes full or partial activities or organization of DESA Deri under an agreement or held any position in such a company as a member of the board of directors within the last five years,
• I have not been a partner, employee or a member of the board of directors of a company providing a significant level of services and products to DESA Deri within the last five years,
• I possess the required professional training, knowledge and experience to perform the duties which I would assume properly in my capacity as an independent member of the board of directors,
• I am not a full-time employer of any public institution or organization,
• I am considered a resident in Turkey in accordance with the Income Tax Law,
• I possess strong standards in ethics, Professional reputation and experience for adding a positive contribution in activities of DESA Deri, for securing my independency
• In respect to subjects in relation with the conflicts of shareholders and for reaching independent decisions with taking into account of stakeholders' rights,
• I am able to allocate necessary time for businesses of the company at a level sufficient for monitoring the processes and the activities of DESA Deri as well as fulfilling the requirements of my duties.
The resumes of the members of the Board of Directors are as follows:

Melih ÇELET
Chairman of the Board
Mr. Melih ÇELET, founded DESA in 1972, graduated from Ankara College in 1968 and studied at the Faculty of Pharmacy at Istanbul University. Mr. Melih ÇELET speaks English.

Burak ÇELET
Board Member - General Manager
Mr. Burak Çelet graduated with an undergraduate degree from the Mechanical Engineering Department at Bogaziçi University in 1999 and went on to graduate with a Master's degree in Business Management in the field of finance and investment at Madison Wisconsin University in 2001. He also graduated with a Master of Science Degree in Leather Technology at Northampton College in 2002. Mr. Burak ÇELET is a member of TÜSİAD in addition to his position as General Manager in our company. Mr. Burak Çelet speaks English, Italian and German.

Burçak ÇELET
Board Member
Mrs. Burçak ÇELET graduated with a bachelor's degree in Industrial Engineering from the Department of Industrial Engineering at Yildiz Technical University in 1999. She worked as the Planning Director at Toys"R"Us between 1999 and 2001. Mrs. Burçak ÇELET completed a Master's degree in Retail Management at the University of Surrey in 2002 and worked as Category Manager of Maxitoys at Joker between 2003 and 2004. Ms. Burçak ÇELET has served as a Board Member in our Company since 22 December 2006. She speaks Italian, Spanish, English and French.

Bahar Deniz Egemen
Independent Board Member
Ms. Bahar Deniz EGEMEN graduated from the Faculty of Mechanical Engineering at Istanbul Technical University in 1999 and completed an MBA from the University of North Carolina - Charlotte in 2002. She started her professional career in 2001 in the USA as a Credit Analyst and worked at Unisource Worldwide Inc. and Staples Inc. until 2005. She started working in the Research Department of Garanti Yatırım Menkul Kıymetler A.Ş. in 2005 and left her post as the Director of Research in 2016. She worked as an Investment Director at SE-AL Yatirim A.Ş. between 2016-2018. Ms. EGEMEN was elected as an Independent Member of the Board for two years at our company's 2019 Annual General Meeting dated May 8th, 2020.

Numan Emre Bilge
Independent Board Member
Mr. Numan Emre Bilge graduated from the Department of Finance at Istanbul University in 1987. He completed a Master's degree in Business Management at the City Of London Polytechnic University in London in 1990. He started his professional career at Goodyear Lastikleri A.Ş. in 1992 and worked as the Marketing Manager at Goodyear Great Britain Limited between 1998-2000. He has served as the General Manager and Vice Chairman of the Board of Directors at Zin D Yatırım ve Yönetim Geliştirme A.Ş. since 2007. Mr. BİLGE was elected as an Independent Member of the Board for two years at our company's 2019 Annual General Meeting dated May 8th, 2020.

Our independent Members of the Board of Directors have submitted their Declarations of Independence to the Corporate Management Committee, also executing the duty of the Nomination Committee. The Corporate Management Committee submitted the nominating report prepared for the independent candidate members of the Board of Directors to the Board of Directors on 09.03.2020. In the Annual General Meeting dated 08.05.2020, Ms. Bahar Deniz Egemen and Mr. Numan Emre Bilge were elected in the capacity of an "Independent Member" to the Board of Directors for 2 (two) years. The members of the Board of Directors are not bound by a rule not to take other duties outside the company, and Mr. Numan Emre Bilge, who is one of the members, is the General Manager and the Vice Chairman of the Board of Directors at Zin D Investment and Management Development Inc.

There are two female members in the current Board of Directors of our Company.

5.2. PRINCIPLES FOR ACTIVITIES OF BOARD OF DIRECTORS

Activities of the Board of Directors are carried out under the provisions of the Turkish Commercial Code and the Articles of Association. Board of Directors convenes as much as the work required. The number of resolutions taken by the Board of Directors increased to 51 with the resolutions taken within the framework of the paragraph 4 of Article 390 of the Turkish Commercial Code numbered 6102 in 2019. The members of the Board do not have the right to cast a vote and each member is entitled to one vote.

Votes are announced as accepted or rejected at the meetings of the Board of Directors. Those who have a counter vote shall write the justification of the decision and sign. However, no public disclosure has recently been made in this regard as no such opposition or differences of opinion were declared. Board Members pay attention to participation in the meeting of the Company's Board of Directors in person. Any damage to the Company which may be caused through the fault of Board

Members during the performance of their duties have not yet been insured.

5.3. NUMBER, STRUCTURE and INDEPENDENCY of COMMITTEES ESTABLISHED IN THE BOARD OF DIRECTORS

Work on Corporate Governance started in 2005. The Audit Committee acting under the Board of Directors was established with decision of the board of directors numbered 18, dated May 26th, 2004. The Corporate Governance Committee was established with the decision number 22 of the board of directors, dated June 19th, 2012 within the framework of the Principles of Corporate Governance in the activity period of the year 2012. The duties and responsibilities for the Candidate Nomination Committee and the Committee for Early Detection of Risk and Remuneration Committee were assigned to the established committee. The Committee for Early Detection of Risk was established with decision number 16 of the board of directors, dated May 20th, 2013. With the decision number 24 dated 11.05.2020, Numan Emre Bilge was elected as the Chairman of the Committee and Burçak Çelet as the member of committee.

5.3.1. Audit Committee

The Audit Committee fulfills the duties stipulated for the audit committee in the Capital Market Legislation. In this context, the Company's accounting system performs disclosure of the financial information to the public, independent audit and supervision of the operation and effectiveness of the internal control system of the partnership.

Selection of the independent auditing company, preparation of independent audit contracts and initiation of independent audit process and activities of the independent auditing organization at each step take place under the supervision of the audit committee.

The Audit Committee must submit the annual and interim financial statements to be disclosed to the public to the Board of Directors in writing with its own evaluations by obtaining the views of the responsible executives and independent auditors of the partnership regarding the compliance of the statements with the accounting principles of the partnership, the truth and accuracy, and shall convene at least four times in a year and more frequently if necessary.

The Audit Committee together with the Company's management are responsible for maintaining the internal and external auditing carefully and ensuring compliance of the records, procedures and reports with the relevant laws, rules and regulations as well as the principles of the CMB and IFRS. This committee consists of non-executive independent members.

Members of the Audit Committee: Chairman: Numan Emre **Bilge Member:** Bahar Deniz Egemen

5.3.2. Corporate Governance Committee

The Corporate Governance Committee works to support and assist the board of directors by conducting studies on the company's compliance with corporate governance principles, determination of board members and senior managers, remuneration, reward and performance evaluation, career planning, investor relations and public disclosure. The reason why Mr. Numan Emre Bilge, one of our independent members, takes part in both committees is that our two independent members take part in the audit committee due to the requirement that the audit committee must consist of independent members. As the members of the Corporate Governance Committee should consist of non-executive members, he carries out these duties.

Corporate Governance Committee Members:
Chairman: BAHAR DENİZ EGEMEN
Member: BURÇAK ÇELET
Member: Pınar KAYA

5.3.3. The Early Detection of Risk Committee

The duties of the Early Detection of Risk Committee are to determine the fields which may create administrative risks and weaknesses and to receive opinions of the management and the related parties on the plans for correcting the deficiencies. The committee is engaged in the early detection of the risks which may endanger the existence, development and continuity of the Company and to apply the necessary precautions with regard to the determined risks and to perform work on risk management. It also reviews risk management systems at least once a year, examines significant complaints regarding the administration received by the Company, provides resolutions to the problems and ensures that employees' notices on these subjects are transmitted to the administration within the framework of principle of confidentiality.

Members of the Early Detection of Risk Committee:
Chairman: NUMAN EMRE BİLGE
Member: BURÇAK ÇELET

5.4. RISK MANAGEMENT and INTERNAL CONTROL MECHANISM

The Company's Risk management includes examining the financial risks, market risks and operational risks periodically. Internal Audit activities evaluate the sufficiency and efficiency of the controls including the management and activities of the company and information systems depending on the results of the risk assessments. These evaluations involve financial and operational information reliability, efficiency and productivity of the activities, protection of assets and compliance with laws, regulations and agreements. Tuncay Erol is the specialist responsible for Internal Audit at our Company.

5.5. COMPANY'S STRATEGIC TARGETS

esa's mission, vision, targets and ethical values are added to the corporate identity file and published on the Company's website.

The Board of Directors attends and approves the creation of strategic objectives prepared by the managers. Activities are assessed on a monthly, quarterly, semi-annual, 9-monthly and annual basis. The strategic objectives for the year 2020 have been established and the review of the sale-marketing and production targets has got underway. Work to rollout the targets is ongoing and the planning process for the next 5-year strategic period has begun.
The actual situation for the year 2020 has been determined by setting financial, customers, processes and learning, development targets for all of the departments, and the forecast

for the year 2021 has been created.

5.6.FINANCIAL RIGHTS

The rights, benefits and compensation provided to the members of the Board of Directors are implemented depending on the decisions taken at the General Assembly. No benefit, such as debt, surety, credit and etc., was provided to the Board Members during the operating period. The financial rights provided to the Board of Directors in the field of remuneration are discussed at the General Assembly and the public is informed through the meeting minutes.

The determined rights are informed not on individual basis, but according to whether they are executive members or have the status of independent membership. The principles with respect to remuneration of the members of the board of directors and the manager having administrative responsibilities have been adopted with decision number 15 of the board of directors, dated May 20th 2013 and posted in investor relations section of the Company's website. The policy was also submitted for the information of shareholders in the Annual General Meeting for 2013.

PART VI - SUSTAINABILITY PRINCIPLES

Our Sustainability Approach

DESA targets 100% compliance with the Sustainability Principles Compliance Framework, which was prepared in line with the amendment dated 02.10.2020 of the Capital Markets Board's Corporate Governance Communiqué, and in addition, taking into account the benefits of all stakeholders, especially shareholders, plans to continue improving its compliance with these mandatory principles.

In addition to its business operations, DESA focuses on creating value for the present and the future and value added production as required by its corporate responsibility. In this context, it takes steps that will lead to meaningful changes in society on issues such as transparency, gender equality, environmental awareness, employee health, responsible resource use.
The Company prioritizes fulfilling its responsibilities to its employees, their families and other stakeholders in order to improve the quality of life of the society in which it lives.

DESA continued to work on the economical use of natural resources, energy efficiency, waste management and waste recycling in 2020 for environmental sustainability. Within the scope of energy saving activities, the Company transformed existing lighting fixtures into LED lighting by undertaking additional investments in the Sefaköy factory and the stores, and achieved energy savings of up to 60% in energy consumption; lighting systems of newly opened or renovated stores continue to be transformed into LED lighting systems. In 2020, the electronic waste generated in our organization were directed to recycling and reused as a resource.

The industrial waste arising from use during production in the DÜZCE and ÇORLU facilities are collected in the Temporary Waste Storage Area, transported by waste transportation vehicles and disposed of in Licensed Disposal facilities. Accordingly, an annual average of 200-250 tonnes of industrial waste was disposed of, preventing any harm to the natural environment. The domestic wastewater used in our Düzce facility is transferred to the treatment systems of the authorized municipalities. Chimney Emission measurements of natural gas systems used for heating are carried out periodically.

An "Industrial Waste Management Plan" is in place at our Çorlu Facility. Based on the letter dated 17.05.2019 and numbered 13070673-145.01-E. 10114 from the Tekirdağ Provincial Directorate of the Environment and Urbanization, the Industrial Waste Management Plan covering the dates 19.04.2019 - 19.04.2022, is valid until 17.05.2022. Process and domestic wastewater at the Çorlu Production Facility is transferred to the treatment facilities of Çorlu Deri and Karma Organize Sanayi. The natural gas systems used for production and heating in Çorlu are periodically checked with the chimney and the emission measurements originating from the process.

The use of plastic bags in our retail stores has been discontinued with paper packaging being used. In all units of our company, paper wastes are separated from other wastes and recycled. The Company also minimized the use of paper by digitizing most of its business processes.

Sustainability Principles Compliance Framework Assessment

The "Sustainability Principles Compliance Framework" determined by the Capital Markets Board ("CMB") contains the basic principles expected to be disclosed by public companies while conducting their Environmental, Social and Corporate Governance ("ESG") activities.

Although the implementation of these principles is voluntary, reporting on whether or not they are implemented under the principle of "Comply or Explain" is obligatory.

Our Company, which is considered to be within the scope of the paragraph 5 of the article 1 of the Corporate Governance Communiqué of the CMB numbered II-17.1, has included the "Sustainability Principles Compliance Framework" in its annual report as of 2021, including the data for the year 2020.

A. GENERAL PRINCIPLES

1. Strategy, Policy and Goals

The Board of Directors works to identify ESG material issues, risks and opportunities that apply to the Company. In the upcoming period, the Company has made plans to establish ESG policies suitable for its activities and to determine its short and long-term targets within this framework.

2. Implementation / Monitoring

The Corporate Governance Committee is considered to be responsible for the execution of ESG policies. The Corporate Governance Committee will formulate and publicly disclose implementation and action plans in line with the short- and long- term goals. ESG Key Performance Indicators ("KPI") to be determined within this scope will be presented comparatively and by reference to generally accepted standards whenever possible. All constructive activities on this subject will be shared with stakeholders.

3. Reporting

The Company will transparently report its activities within the scope of the ESGs, taking into account generally accepted standard presentations. No lawsuits were filed and / or concluded against the Company within the scope of ESG during the period.

4. Verification

The Company will report its activities within the scope of ESG each year in a transparent manner, taking into account the generally accepted standard presentations, and will undertake the best effort to subject the report prepared to independent audit within possibilities.

B. ENVIRONMENTAL PRINCIPLES

Environmental impact of the Company's activities as of the current situation are limited and comply with environmental laws and other relevant regulations. Company activities are not subject to any carbon pricing and not involved in the system of Carbon liability accumulated or purchased during the reporting period.

C. SOCIAL PRINCIPLES

1. Human Rights and Employee Rights

Employee complaints and conflict resolution are approached sensitively, and conflict resolution processes are tried to be managed in the best way possible. Maximum attention is paid to comply with all legal obligations regarding Occupational Health and Safety.

2. Stakeholders, International Standards and Initiatives

The Company carries out its activities by taking into account the needs and priorities of all stakeholders. In this sense, it undertakes to be in constant communication with the stakeholders. Efforts are taken to improve customer satisfaction regarding the management and resolution of customer complaints.

The Company is not a member of any international institution or initiative on sustainability.

D. CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee continues to strive to improve our corporate governance practices by prioritizing sustainability issues. In the activity period of the Company ending 31.12.2020, all "mandatory" principles were complied with under the Communiqué and the Regulations and Decisions of the CMB. Maximum care is taken to comply with principles which are not compulsory, and it was assessed that no significant conflict of interest would arise from the current situation in matters that have not yet been fully complied with.

ANNUAL REPORT OF THE BOARD OF DIRECTORS AND INDEPENDENT AUDITOR'S OPINION

BİRLEŞİM BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Kadıköy V.D. 178 025 1903
İstanbul Ticaret Odası Tic. Sic. No: 450329
Mersis No: 0178025190300017

TO THE GENERAL ASSEMBLY OF DESA DERİ SANAYİ VE TİCARET A,S,

1) Limited Positive Opinion

Since we have audited the full set financial statements of DESA Deri Sanayi ve Ticaret A.Ş. (the "Company") for the 1 January - 31 December 2020 accounting period, we have also audited the annual report for this accounting period.

In our opinion, with the exception of the subject specified in the Basis of Limited Positive Opinion, the financial information included in the annual report of the Board of Directors and the Board of Directors' discussion regarding the Company's situation is consistent with the full set of financial statements audited in all important aspects and the information we have obtained during the independent audit and reflects the truth.

2) The Basis of the Limited Positive Opinion

As explained in details in the Financial Investments postscript (Note: 4 Shares in Other Entities), the Company should present its affiliate, that should be measured by reflecting fair value change to the profit or loss, over cost prices in accordance with the TFRS 9 Financial Instruments Standard and by consolidating in financial statements in accordance with the TFRS 10 Consolidated Financial Statements Standard, and show the subsidiaries under its control, as a financial asset over cost prices. The Company had not performed an impairment study for these financial assets as of the year-end. If the aforementioned liabilities are accounted for in the financial statements dated 31 December 2020, we cannot undertake with conviction to declare whether or not there is a need to revise the impact of this information on the statement of the financial position.

Our independent audit has been performed in accordance with the Independent Auditing Standards published by the Capital Markets Board and the Independent Auditing Standards (BDS) that are part of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (KGK). Our responsibilities within the scope of these Standards are set out in detail in the section of Responsibilities of the Independent Auditor for Independent Audit of the Annual Report of our report. We hereby declare that we are independent of the Company in accordance with the Codes of Conducts for Independent Auditors (Codes of Conduct) issued by the KGK and the ethical provisions in the legislation relating to independent auditing. Other responsibilities regarding the Code of Conducts and the ethics within the scope of the legislation have also been fulfilled by us. We believe that the independent audit evidence we have obtained during our independent audit is sufficient and appropriate basis to build our limited unqualified opinion.

3) Our Auditor Opinion For Full Set Financial Statements

Due to the matters in the paragraph of the Basis of Limited Positive Opinion, we have provided a limited positive opinion in our auditor's report dated 26 February 2021 about the full set financial statements of the Company for the 1 January - 31 December 2020 accounting period.

4) Responsibility of the Board of Directors For the Annual Report

The Company Management is responsible for the following relating to the annual report according to Articles 514 and 516 of the Turkish Commercial Code No.6102 ("TCC") and Communiqué on Principles ("Communiqué") Regarding Financial Reporting in the Capital Markets No. II-14.1 of the Capital Markets Board

("CMB").

a) To prepare the annual report in the first three months following the balance sheet day and submit it to the General Assembly.

b) To prepare the annual activity report in a manner which reflects the Company's financial status accurately, completely, straightforwardly, truthfully and honestly in all aspects with the flow of its activities for that year. In this report, the financial position is evaluated according to the financial statements. The report also indicates the Company's development and potential risks. The Board's evaluation is also included in the report.

c) The annual report also includes the following:

- Events which occur within the group after the end of the activity year and have particular importance,
- Company's research and development activities,
- Financial benefits such as wages, premiums, bonuses, allowances, travel, accommodation and representation expenses, in-kind and in-cash facilities, insurance and similar guarantees paid to the board members and senior executives.

The Board of Directors also takes into account the secondary legislative arrangements set out by the Ministry of Customs and Trade and related institutions while preparing the annual report.

5) Independent Auditor's Responsibility for the Independent Auditing of the Annual Report

Under the provisions of the TCC and the Communiqué, our purpose is to provide an opinion about whether the financial information included in the annual report and the Board of Directors' discussion is consistent with the audited financial statements of the Company and the information we obtained during the independent audit and whether they reflect the truth and to issue a report containing our opinion.
The audit we carried out was conducted in accordance with the Independent Auditing Standards issued by the Capital Markets Board and the BDSs. These standards require that the independent audit should be conducted in compliance with ethical requirements by planning to obtain reasonable assurance as to whether financial information included in the annual report and the Board of Directors' discussion is consistent with the financial statements and the information obtained during the independent audit and whether it reflects the truth.

The cap auditor who conducted and concluded this independent audit is Ergun Şenlik.

Istanbul, February 26th, 2021

BİRLEŞİM BAĞIMSIZ DENETİM VE YMM A.Ş.
Ergun ŞENLİK
Sorumlu Denetçi

INDEPENDENT AUDITOR'S REPORT

DESA DERİ SANAYİ VE TİCARET A.Ş.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT PERTAINING TO THE ACCOUNTING PERIOD ENDING 31ST DECEMBER 2020

**FINANCIAL STATEMENTS AND
ANNUAL REPORT APPROVED BY
THE BOARD OF DIRECTORS
RESOLUTION DATE: 26 / 02 / 2021
RESOLUTION NO: 13 / 2021**

OUR DECLARATION AS PER ARTICLE 9 OF THE SECOND PART OF THE COMMUNIQUÉ NO: II-14,1 OF THE CAPITAL MARKETS BOARD,

1- We have reviewed the independently audited Financial Statements and Annual Report of our Company for the period 01.01.2020 – 31.12.2020.

2- Within the framework of the information we have in our field of duty and responsibility within the Company, the Financial Statements and Annual Reports do not contain inaccurate statements on material matters or any shortcomings that may result in misleading as of the date of disclosure.

3. According to information to which we have access as a part of our duties and responsibilities within the Company, the Financial Statements, which have been prepared in accordance with the Financial Reporting Standards in force, reflect the truth relating to the assets, liabilities, financial standing as well as profits and losses of the Company fairly and the Annual Report faithfully reflects the development and performance of the business and the financial standing of the Company along with the risks and uncertainties that it is facing.

CHAIRMAN OF THE BOARD	**GENERAL MANAGER**	**VICE GENERAL MANAGER**
MELİH ÇELET	BURAK ÇELET	AYHAN DİRİBAŞ

To the General Assembly of DESA Deri Sanayi ve Ticaret A.Ş.

A. Independent Audit of the Financial Statements

1. Limited Positive Opinion

We have audited the financial statements including the footnotes to the financial statements regarding DESA Deri Sanayi ve Ticaret A.Ş. ("Company"), which comprise the statement of financial position dated 31st December 2020, the statement of profit or loss and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the accounting period ended on the same date, and also the summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31st December 2020, and its financial performance and its cash flows for the accounting period ended on the same date in accordance with Turkish Accounting Standards ("TASs") except for the effects of matters mentioned on section of Basis for Limited Positive Opinion.

2. Basis for Limited Positive Opinion

As detailed in the Financial Investments foot note (Note: 4 Shares in Other Entities), the Company recognizes its affiliate, of which fair value change should be reflected to the profit or loss pursuant to TFRS 9 Financial Instruments Standard and its subsidiaries it controls, which it is obliged to present by consolidating in its financial statements pursuant to TFRS10 Consolidated Financial Statements Standard, as a financial asset at cost. An impairment study was not carried out for these financial assets by the Company at the end of the period.

If such liabilities are recognized in the financial statement dated 31st December 2020, we are not able to express an opinion on whether there is a need to revise the impact of this information on the items of the statement of financial position.
We conducted our audit in accordance with Independent Auditing Standards (IASs) which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the independent audit evidences we have obtained during the independent audit are sufficient and appropriate to provide a basis for our limited positive opinion.

3. Key Audit Matters

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

Recording The Revenue In Fınancial Statements	How The Matter Was Addressed In The Audit
Revenue recording; the Company generated sales revenue of TL 233,411,672 in the period between January 1st, 2020 and December 31st, 2020. Note 2.i As stated in the Summary of Significant Accounting Policies; sales revenue should be recognized at fair value when it can be measured reliably and economic benefits arising from the transactions are acquired by the Company. Revenue represents one of the most significant amounts in the Company's statement of profit or loss and contains an important aspect in terms of our audit procedures as it has a weighted effect on the Company's key performance indicators. The Company started to apply the TFRS 15 "Revenue from Contracts with Customers" standard as of January 1st, 2018. For the reasons mentioned above, the recognition of said sales is an important issue in terms of our audit.	The auditing procedure we applied with respect to this matter in brief as follows; - Understanding the recognition process relating to the revenue, - Assessing accuracy and completeness of the amounts constituting basis for the calculations, assessing whether the amount reflected in the financial statements as provision is a liability arising from events taken place in previous periods and assessing the possibility regarding outflow of resources embodying economic benefits from the Company.
Revaluation In Tangible Fixed Assets	**How The Matter Was Addressed In The Audit**
Land and buildings reported under tangible fixed assets in the Company's financial statements are recognized at their re-appraised value. Fair values of land and buildings have been determined by the appraisers of TSKB Gayrimenkul Değerleme A.Ş. licensed by the CMB. Accordingly, the value appraised for the land is TL 11,025,000 and the value appraised for the buildings is TL 27,940,000. The revaluation of the said land and buildings present a significant influence on the financial statements.	Within the scope of the audit work carried out, sufficiency of revaluation performed by the appraisers of the independent appraisal company, expedience and reasonability of findings and conclusions obtained by the appraisers as well as consistency of these findings and conclusions with other audit evidence was assessed. Reconciliation of value determined by the appraisers for the real estate as specified in revaluation reports with the values explained in footnote 12 has been checked. No significant findings were discovered in the study which we carried out in connection with the revaluation in tangible fixed assets.
Inventory Valuation Method	**How The Matter Was Addressed In The Audit**
Inventories are one of the significant assets in the financial statements of the Company. "The valuation method of inventories" has been determined as the key subject of the audit since it is significant in terms of the financial statements for the accounting period ended on December 31st, 2020. The Company recognizes its inventories of raw leather, processed leather and other textile materials with the lower of the cost or net realizable value in accordance with the TAS 2 Inventories Standard. The company supplies raw materials from domestic and foreign markets. In our audit work, we have focused on this issue for the following reasons: The inventory cost calculation method is the process costing and this system contains complex calculations and assumptions. - The existing stock amounts which are based on the costing studies are calculated by the experts employed within the Company. Explanations regarding the Company's accounting policies and amounts related to inventories are provided in note 9.	During our audit, the following audit procedures were applied in connection with the inventory valuation method: - Analytical evaluations and detail tests related to the recording and valuation process of inventories have been carried out. - The Physical presence of inventories has been confirmed by the stocktaking carried out under supervision of experts employed within the Company. - The technical competence and capability of the expert utilized during the stocktaking have been evaluated. - The mathematical conformity of the data used in the valuation study has been tested. - Inventory valuation methods, technical data and components they contain have been evaluated and tested for their suitability. - The relevance of the significant estimates used in the valuation has been evaluated and it has been concluded that it is within an acceptable range. As a result of our studies on inventory valuation method, did not identify any significant findings.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with TASs and for such internal control as management determines is necessary to enable the preparation thereof in a manner free from material misstatement, whether due to fraud or error.

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

5. Independent Auditor's Responsibilities for the Independent Audit of the Financial Statements

Responsibilities of auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance provided as a result of an independent audit conducted in accordance with the IASs is a high level of assurance, but is not a guarantee that an existing significant misstatement would be discovered in any case. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a requirement of an independent audit conducted in accordance with the IASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

· Identify and assess the risks of "material misstatement" of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
(The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to provide an opinion other than a positive one. Our conclusions are based on the audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the independent audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the independent audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Legal and Regulatory Requirements

1. Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 26.02.2021.

2. Pursuant to the fourth paragraph of Article 402 of the TCC no.6102; no significant matter has come to our attention that causes us to believe that for the period of January 1st - December 31st, 2020, the Company's bookkeeping activities and financial statements are not in compliance with the Law and provisions of the Company's articles of association in relation to financial reporting.

3. Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

The cap auditor who has conducted and concluded this independent audit is Ergun ŞENLİK.

İstanbul, February 26th, 2021
BİRLEŞİM BAĞIMSIZ DENETİM VE YMM A.Ş.
Ergun Şenlik

BİRLEŞİM BAĞIMSIZ DENETİM VE YMM A.Ş.
Ergun ŞENLİK
Sorumlu Denetçi

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ FINANCIAL POSITION STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31st DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note References	Current Period 31.12.2020	Previous Period 31.12.2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	40	61.657.966	19.332.986
Trade Receivables	7	25.993.919	35.711.999
Trade Receivables from Related Parties	6	20.163.497	28.986.834
Trade Receivables from Non-Related Parties	7	5.830.422	6.725.165
Other Receivables	8	4.242.670	2.348.049
Other Receivables from Related Parties	6	3.911.796	2.112.057
Other Receivables from Non-Related Parties	8	330.874	235.992
Inventories	9	145.517.135	161.176.661
Prepaid Expenses	10	9.902.602	4.482.568
Prepaid Expenses to Related Parties	6	10.095	10.095
Prepaid Expenses to Non-Related Parties	10	9.892.507	4.472.473
Assets Related to Current Period Tax	31	572.394	2.726.057
Other Current Assets		548.465	515.470
Other Current Assets to Non-Related Parties	23	548.465	515.470
Fixed assets classified for sale	30	2.772.277	2.772.277
TOTAL CURRENT ASSETS		**251.207.428**	**229.066.067**
Fixed Assets			
Financial Investments	4	7.724.212	7.724.212
Financial Assets Measured with Amortised Cost		7.724.212	7.724.212
Other Receivables	8	381.811	278.187
Other Receivables from Non-Related Parties		381.811	278.187
Investments Valued by Equity Method	4	9.763.400	11.935.938
Right of use Assets	2	28.347.479	59.832.183
Tangible Fixed Assets	12	48.211.049	51.649.629
Intangible Fixed Assets	13	593.359	643.891
Deferred Tax Assets	31	7.637.981	8.073.273
TOTAL FIXED ASSETS		**102.659.291**	**140.137.313**
TOTAL ASSETS		**353.866.719**	**369.203.380**

The accompanying footnotes constitute an integral part of these financial statements.

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ FINANCIAL POSITION STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note References	Current Period 31.12.2020	Previous Period 31.12.2019
LIABILITIES			
Short Term Liabilities			
Short Term Financial Liabilities	34	46.088.055	43.110.899
Bank Loans		33.390.433	21.449.859
Short Term Contractual Lease Liabilities		12.676.122	21.635.792
Other Short Term Financial Liabilities		21.500	25.248
Short Term Parts of Long Term Financial Liabilities	34	20.731.167	15.545.778
Bank Loans		20.731.167	15.545.778
Trade Payables	7	68.828.820	125.579.239
Trade Payables to Related Parties	6	23.562.056	30.277.313
Trade Payables to Non-Related Parties	7	45.266.764	95.301.926
Payables within the Scope of Benefits to Employees	21	2.879.229	6.289.965
Other Payables	8	8.055.506	9.927.242
Other Payables to Related Parties	6	2.506.262	3.820.442
Other Payables to Non-Related Parties	8	5.549.244	6.106.800
Deferred Income	10	4.239.439	7.098.732
Deferred Income from Related Parties	6	1.936.582	4.948.367
Deferred Income to Non-Related Parties	10	2.302.857	2.150.365
Tax liability on profit for the period	31	1.166.500	3.639.435
Short Term Provisions		5.192.975	4.455.780
Short Term Provisions for Benefits to Employees	19	3.577.862	2.953.257
Other Short-Term Provisions	19	1.615.113	1.502.523
TOTAL SHORT-TERM LIABILITIES		**157.181.691**	**215.647.070**
Long Term Liabilities		102.100.763	59.829.181
Long Term Financial Liabilities	34	88.659.574	47.088.863
Bank Loans		75.368.559	11.084.333
Short Term Contractual Lease Liabilities		13.291.015	36.004.530
Long Term Provisions		5.482.097	4.152.893
Long-Term Provisions for Benefits to Employees	19	5.482.097	4.152.893
Deferred Tax Liability	31	7.959.092	8.587.425
TOTAL LONG-TERM LIABILITIES		**102.100.763**	**59.829.181**
SHAREHOLDER'S EQUITY			
Shareholder's Equity of Parent Company		**94.584.265**	**93.727.129**
Paid in capital	24	49.221.970	49.221.970
Capital Adjustment Distinction	24	5.500.255	5.500.255
Other Accumulated Comprehensive Incomes or Expenses not to be Reclassified as Profit or Loss		24.292.545	25.264.311
-Revaluation and Evaluation Earnings/Losses	24	26.853.380	27.549.294
-Actuarial (Loss) / Earning for Benefits to Employees	24	(2.560.835)	(2.284.983)
Reserves on Retained Earnings	24	1.035.614	960.423
Accumulated Profits / (Losses)	24	12.886.947	(5.463.098)

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ FINANCIAL POSITION STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note References	Current Period 31.12.2020	Previous Period 31.12.2019
Net profit / (loss) for the period	24	1.646.934	18.243.268
TOTAL SHAREHOLDER'S EQUITY		**94.584.265**	**93.727.129**
TOTAL EQUITY AND LIABILITIES		**353.866.719**	**369.203.380**

The accompanying footnotes constitute an integral part of these financial statements.

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ PROFIT OR LOSS STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note References	Current Period 01.01.- 31.12.2020	Previous Period 01.01.- 31.12.2019
PROFIT OR LOSS PART			
Revenue	25	233.411.672	428.112.815
Cost of Sales (-)	25	(117.551.012)	(266.269.424)
GROSS PROFIT		**115.860.660**	**161.843.391**
GROSS PROFIT		**115.860.660**	**161.843.391**
General Administrative Expenses (-)	26	(12.651.561)	(16.989.682)
Marketing Expenses (-)	26	(66.771.297)	(100.930.218)
Research and Development Expenses (-)	26	(1.363.212)	(1.566.956)
Other Incomes from Operating Activities	27	27.502.821	31.031.239
Other Expenses of Operating Activities (-)	27	(30.416.237)	(26.013.241)
OPERATING PROFIT		**32.161.174**	**47.374.533**
Incomes from Investing Activities	28	24.752	60.471
Expenses from Investing Activities (-)	28	-	-
Profit / (Loss) Share on Investments Valued by Equity Method	4	(2.172.538)	1.492.491
OPERATING PROFIT/LOSS BEFORE FINANCING INCOME (EXPENSE)		**30.013.388**	**48.927.495**
Financing Incomes	29	11.495.405	1.272.675
Financing Expenses (-)	29	(38.724.584)	(27.855.174)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX		**2.784.209**	**22.344.996**
Continuing Operations Tax Expense/Income		**(1.137.275)**	**(4.101.728)**
Tax Expense/Income for the period	31	(1.166.500)	(3.639.435)
Deferred Tax Expense/Income	31	29.225	(462.293)
CONTINUING OPERATIONS PROFIT/LOSS FOR THE PERIOD		**1.646.934**	**18.243.268**
PROFIT/LOSS FOR THE PERIOD		**1.646.934**	**18.243.268**
Distribution of profit / loss for the period		**1.646.934**	**18.243.268**
Non-controlling interests		-	-
Parent Company's shares		-	-
Earnings per Share		**-**	**-**
Earnings per Share from Continuing Operations		**0,00033**	**0,0037**

The accompanying footnotes constitute an integral part of these financial statement.

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ OTHER COMPREHENSIVE INCOME STATEMENT PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated			
	Independently Audited		Independently Audited
	Note References	Current Period 01.01.- 31.12.2020	Previous Period 01.01.- 31.12.2019
PROFIT/LOSS FOR THE PERIOD		**1.646.934**	**18.243.268**
OTHER COMPREHENSIVE INCOME			
Items not to be Reclassified in Profit or Loss		**(971.766)**	**(1.333.545)**
Items not to be Reclassified in Profit or Loss		(1.135.582)	(1.599.402)
Revaluation Increase (Decrease) of Tangible Assets	24	(781.926)	(781.926)
Defined Benefit Plans Recalculation Gains / (Losses)	19	(353.656)	(817.476)
Taxes Relating to Other Comprehensive Income not to be Reclassified in Profit or Loss		163.816	265.857
- Revaluation Increase (Decrease) of Tangible Assets, Tax Effect	24	86.012	86.012
- Defined Benefit Plans Recalculation Gains / (Losses), Tax Effect	24	77.804	179.845
OTHER COMPREHENSIVE INCOME (AFTER TAX)		**(971.766)**	**(1.333.545)**
TOTAL COMPREHENSIVE INCOME		**675.168**	**16.909.723**

The accompanying footnotes constitute an integral part of these financial statement.

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ STATEMENT OF CHANGES IN EQUITY PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020				
			Accumulated Other Comprehensive Incomes and Expenses not to be Reclassified in Profit or Loss	
	Paid in Capital	Distinction from Share Capital Adjustment	Tangible Fixed Assets Revaluation Earnings / Losses	Defined Benefit Plans Recalculation Gains / Losses
Balances of 1st JANUARY 2019	**49.221.970**	**5.500.255**	**28.245.208**	**(1.647.352)**
Transfers	-	-	-	-
Total Comprehensive Income (Expense)	-	-	(695.914)	(637.631)
Impact due to Other Changes	-	-	-	-
Net profit /(loss) for the period	-	-	-	-
Balances of DECEMBER 31st 2019	**49.221.970**	**5.500.255**	**27.549.294**	**(2.284.983)**
Balances of JANUARY 1st 2020	**49.221.970**	**5.500.255**	**27.549.294**	**(2.284.983)**
Transfers	-	-	-	-
Total Comprehensive Income (Expense)	-	-	(695.914)	(275.852)
Impact due to Other Changes	-	-	-	-
Net profit /(loss) for the period	-	-	-	-
Balances of DECEMBER 31st 2020	**49.221.970**	**5.500.255**	**26.853.380**	**(2.560.835)**

Accumulated Other Comprehensive Incomes and Expenses to be Reclassified in Profit or Loss		Retained Earnings		
Cash Flow Hedge Gains / Losses	**Restricted Profit Reserves**	**Accumulated Profits Losses**	**Net Profit / Loss for the Period**	**Total Shareholders' Equity**
(1.324.671)	**960.423**	**(13.841.654)**	**8.378.556**	**75.492.735**
-	-	8.378.556	(8.378.556)	-
1.324.671	-	-	-	(8.874)
-	-	-	-	-
-	-	-	18.243.268	18.243.268
-	**960.423**	**(5.463.098)**	**18.243.268**	**93.727.129**
-	**960.423**	**(5.463.098)**	**18.243.268**	**93.727.129**
-	75.191	18.168.077	(18.243.268)	-
-	-	-	-	(971.766)
-	-	181.968	-	181.968
-	-	-	1.646.934	1.646.934
-	**1.035.614**	**12.886.947**	**1.646.934**	**94.584.265**

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ CASH FLOW STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note Reference	Current Period 01.01.-31.12.2020	Previous Period 01.01.-31.12.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(19.894.978)**	**63.140.578**
PROFIT / (LOSS) FOR THE PERIOD		**1.646.934**	**18.243.268**
Profit / Loss for the Period from continuing operations		**1.646.934**	**18.243.268**
Adjustments relating to Profit/Loss Reconciliation for the Period:		**24.071.622**	**27.690.726**
Adjustments relating to Depreciation and Amortization Expenses	22	22.460.849	26.877.965
Adjustments Relating to Impairment (Cancellation)		(900.746)	1.399.883
- Adjustments Relating to Impairment (Cancellation) of Tangible Assets	24	(695.914)	(695.914)
- Adjustments Relating to Impairment (Cancellation) of Receivables	27	(204.832)	2.095.797
Adjustments relating to Provisions		1.816.814	(1.243.279)
- Adjustments relating to Provisions for Benefits to Employees	19	1.756.156	(1.084.758)
- Adjustments relating to case and/or punishment provisions (cancellation)	19	60.658	(158.521)
Adjustments relating to Interest Incomes and Expenses		(1.284.589)	422.190
-Deferred financing expenses from forward purchases	7	(1.025.697)	1.204.625
-Unearned financing incomes from forward sales	7	(258.892)	(782.435)
Adjustments Relating to Income from Governmental Incentives	27	(182.171)	252.286
Adjustments Relating to Retained Profits of Investments Made by Equity Method		2.172.538	(1.492.491)
- Adjustments relating to the Undistributed Earnings of Affiliates	4	2.172.538	(1.492.491)
Adjustments relating to Tax (Income)Expense	31	(193.041)	1.474.172
Other Adjustments relating to Profit (Loss) Reconciliation	24	181.968	-
Changes Realized in Operating Capital		**(45.294.262)**	**17.206.584**
Adjustments relating to Increase (Decrease) in Trade Receivables		**10.181.804**	**(13.266.785)**
- Decrease (Increase) in Trade Receivables from Related Parties	6	9.041.471	(10.864.763)
- Decrease (Increase) in Trade Receivables from Non-Related Parties	7	1.140.333	(2.402.022)
Adjustments relating to Decrease (Increase) in Other Receivables relating to Activities		**(1.998.245)**	**491.767**
- Decrease (Increase) in Other Receivables from Related Parties relating to Activities	6	(1.799.739)	547.429
-Decrease (Increase) in Other Receivables from Non-Related Parties relating to Activities	8	(198.506)	(55.662)
-Adjustments relating to Decrease (Increase) in Inventories	9	15.659.526	6.168.950
Decrease (Increase) in Prepaid Expenses	10	(5.420.034)	(70.105)
Adjustments relating to Increase (Decrease) in Trade Payables		**(55.724.722)**	**12.437.927**
- Increase (Decrease) in Trade Payables to Related Parties	6	(6.715.257)	-
- Increase (Decrease) in Trade Payables to Non-Related Parties	7	(49.009.465)	12.437.927
Increase (Decrease) in Payables under Benefits to Employees	21	(3.410.736)	-
Adjustments relating to Increase (Decrease) in Other Payables relating to Activities		**(1.871.738)**	**10.008.746**

DESA DERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ CASH FLOW STATEMENTS PERTAINING TO THE ACCOUNTING PERIOD ENDING ON 31ST DECEMBER 2020 (All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)			
	Independently Audited		Independently Audited
	Note Reference	Current Period 01.01.-31.12.2020	Previous Period 01.01.-31.12.2019
-Increase (Decrease) in Other Payables to Related Parties relating to Activities	6	(1.314.180)	7.840.136
- Increase (Decrease) in Other Payables to Non-Related Parties relating to Activities	8	(557.558)	2.168.610
Increase (Decrease) in Deferred Income	10	(2.859.293)	1.436.084
Adjustments related with other increases (decreases) in working capital		**149.176**	-
- Decrease (Increase) in Other Assets relating to Activities	23	149.176	-
Cash Flows from Operations		**(19.575.706)**	**63.140.578**
Tax Returns (Payments)	31	(319.272)	-
B) CASH FLOWS FROM INVESTMENT OPERATIONS		**(1.767.680)**	**(3.575.446)**
Cash Inflows from Sale of Tangible and Intangible Fixed Assets		10.932	26.040
- Cash Inflows from Sale of Tangible Fixed Assets	12	10.932	26.040
Cash Outflows from Purchase of Tangible and Intangible Fixed Assets		(1.778.612)	(3.601.486)
- Cash Outflows from Purchase of Tangible Fixed Assets	12	(1.702.237)	(3.525.981)
- Cash Outflows from Purchase of Intangible Fixed Assets	13	(76.375)	(75.505)
C) CASH FLOWS FROM FINANCIAL OPERATIONS		**63.987.638**	**(40.553.006)**
Cash Inflows from Borrowings		155.074.258	54.741.610
- Cash Inflows from Loans	34	155.074.258	54.741.610
Cash Outflows relating to payments of Debt		(71.938.430)	(66.454.737)
- Cash Outflows from Loan Repayments	34	(71.938.430)	(66.454.737)
Cash Outflows relating to payments of Debt from Lease Contracts	2	(14.153.615)	(24.198.691)
Interest paid	29	(4.994.575)	(4.267.563)
Cash Inflows and Outflows from Derivative Instruments		-	(373.625)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY CONVERSION ADJUSTMENTS		**42.324.980**	**19.012.126**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**40**	**42.324.980**	**19.012.126**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**40**	**19.332.986**	**320.860**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**40**	**61.657.966**	**19.332.986**

The accompanying footnotes constitute an integral part of these financial statements.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

1. COMPANY'S ORGANIZATION AND SUBJECT OF ACTIVITY

1.1 Subject of Activity

DESA Deri Sanayi ve Ticaret A.Ş. ("Company") was established on January 29th, 1982 and is engaged in the manufacture, sales, import and export of leather ready-to-wear, bags, shoes and a variety of leather craft products.

The Company's registered office is located at the address of Halkalı Cad. No: 208 Sefaköy- Küçükçekmece / İstanbul. The Company has three factories, one of which is located at the address of its registered office and the others in Ergene and Düzce at the following addresses:

İstanbul Factory:İnönü Mahallesi Halkalı Cad,208 Sefaköy Küçükçekmece/İstanbul
Ergene Factory: Sağlık Mahallesi Kuzey Caddesi No: 14-24 Ergene / Tekirdağ
Düzce Factory: Organize Sanayi Bölgesi 9, Ada 4-5 Parsel Beyköy/ Düzce

The Company's contact information is as follows.
Telephone: 0090 212 473 18 00
Fax: 0090 212 698 98 12
Web: www.desa.com.tr

The Company's shares were offered to the public on April 29-30th, 6 May 2004 and 34.92% of the shares were traded on the Istanbul Stock Exchange ("BİST") as of December 31st, 2020. The Company had 1,512 employees as of December 31st, 2020 (December 31st, 2019 – 1,909 employees)

1.2 Capital Structure

The Company shifted to a registered capital system in 2007 and its registered authorized stock amounts to TL 150,000,000. Necessary permissions will be obtained to increase the Company's registered capital ceiling from TL 150,000,000 to TL 200,000,000, and the Registered Capital Ceiling and amendments to the Articles of Association will be submitted to the approval of the shareholders in the first Annual General Meeting to be held. The Company's paid-in capital stood at TL 49,221,970 as of December 31st, 2020 (December 31st, 2019: TL 49,221,970) and has been divided into 4,922,196,986 (December 31st, 2019: 4,922,196,986) shares each of which has a nominal value of 1 Kr. As of December 31st, 2020 and December 31st, 2019, the issued and paid-in capital amounts at their carrying value were as follows:

	31.12.2020		31.12.2019	
Name Surname / Title	Share Percentage	Share Amount	Share Percentage	Share Amount
Çelet Holding A,Ş,	54,28%	26.717.682	54,28%	26.717.682
Melih Çelet	10,00%	4.922.197	10,00%	4.922.197
Free Float (*)	34,92%	17.188.312	34,92%	17.188.312
Other	0,80%	393.779	0,80%	393.779
TOTAL	**100%**	**49.221.970**	**100%**	**49.221.970**

(*) Shares with a nominal value of TL 4,129,566 representing 8.39% of the share capital in the free float belonged to Çelet Holding A.Ş. and shares with a nominal value of TL 4,153,569 representing 8.44% of the share capital belonged to Melih Çelet as of 31.12.2020.

(*) Shares with a nominal value of TL 4,129,566 representing 8.39% of the share capital in the free float belonged to Çelet Holding A.Ş. and shares with a nominal value of TL 4,103,569 representing 8.34% of the share capital belonged to Melih Çelet as of 31.12.2019

1.3. AFFILIATES AND SUBSIDIARIES

Titles, subjects of activity and the headquarters of the Company's affiliates and subsidiaries are as follows:

	Field of Activity	Headquarter	31.12.2020 Participation Rate %	31.12.2019 Participation Rate %
Affiliate				
Marfar Deri San, ve Tic, LTD, Şti,	Tekstil	İstanbul-Türkiye	50%	50%
Samsonite Seyahat Ür, A,Ş,	Tekstil	İstanbul-Türkiye	40%	40%
Subsidiary				
Leather Fashion Limited	Tekstil	Moskova-Rusya	100%	100%
DESA International	Tekstil	Londra-İngiltere	100%	100%
DESA SMS LTD,	Tekstil	Londra-İngiltere	100%	100%
DESA International (UK) LTD,	Tekstil	Londra-İngiltere	100%	100%
DESA Deutschland GmbH	Tekstil	Düsseldorf-Almanya	100%	100%
Leather Fashion Bulgaria EOOD	Tekstil	Sofya-Bulgaristan	100%	100%
NINETEENSEVENTYTWO DESA SRL Italy	Tekstil	Milano-İtalya	100%	100%

The December 31st, 2020 dated financial statements of Samsonite Seyahat Ürünleri A.Ş., which is one of the affiliates of the Company, have been consolidated with the Company's financial statements of the same term through the equity method.

Other subsidiaries and affiliates are shown as financial assets at their cost value in the financial statements.
(Note 4)

1.4. Approval of Financial Statements

The Company's financial statements were approved on 26.02.2020 by the Board of Directors. The General Assembly and certain regulatory boards are entitled to amend the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a. Basis for Presentation of Financial Statements Applied Financial Reporting Standards

The accompanying financial statements pertaining to the accounting period of January 1st - December 31st , 2020 have been prepared in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in Capital Market" serial II, No: 14.1 of the Capital Markets Board published in official gazette issue no 28676 dated June 13th, 2013 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and annexes and comments regarding to them have been based on pursuant to the Article 5 of the Communiqué.

The financial statements have been presented in accordance with the 2019 TMS taxonomy announced on April 15th, 2019 and issued by the POA in accordance with the Statutory Decree ("KHK") No.660 article 9 paragraph (b).

Under its resolution adopted on March 17th, 2005, the CMB has announced that the application of inflation accounting was not required for publicly traded companies operating in Turkey from January 1st, 2005. Therefore, the Company's financial statements have been prepared in accordance with this resolution.

The Company and its subsidiaries in Turkey comply with principles and rules issued by the Capital Markets Board ("the CMB"), the Turkish Commercial Code ("the TCC"), tax legislation and rules for the Uniform Accounting Plan issued by the Ministry of Finance in maintaining their books of account and preparing their statutory financial statements. Financial statements are prepared by taking land, buildings, underground and overland plants, machinery, facilities and devices from tangible fixed assets group shown with their fair values, biological assets carried with their fair values and historical

cost principle besides financial asset and liabilities, shown with their fair values as the basis, designed by reflecting necessary corrections and classifications to make an accurate presentation to the legal records pursuant to TFRS, measured and submitted in Turkish Liras ("TL") which is the functional currency of the Company.

Currency Measurement Unit and Reporting Unit

The accompanying financial statements have been presented in the functional currency of the primary economic environment in which the entity operates. The results and the financial position of the Company have been expressed in Turkish Lira ("TL").

Netting / Offsetting

Financial assets and liabilities are shown in the financial status table with their net values if there is right of netting legally, paid as net or possible to be collected or obtaining asset and fulfilling liability are possible to be performed synchronically

Going Concern

The financial statements have been prepared on the basis of going concern under the assumption that the Company will benefit from its assets and fulfill its obligations in the coming year and in the ordinary course of its activities.

2.b. Declaration of Conformity with TAS

The Company prepared its financial statements for the year ended on December 31st, 2020 in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this Communiqué. The financial statements and notes are presented in accordance with the formats recommended by the CMB and by including the compulsory disclosures.

The Company's financial statements dated December 31st, 2020, were approved at the meeting of the Board of Directors dated February 26th, 2021. The General Assembly is authorized to amend the financial statements.

2.c. Restatement of Financial Statements in High Inflation Periods

Since the CMB announced under its resolution adopted on March 17th, 2005 that the application of inflation accounting is not required for publicly traded companies operating in Turkey, and given that the Company would prepare its financial statements in accordance with the CMB Accounting Standards from January 1st, 2005, it terminated the practice of preparing and presenting the financial statements in accordance with the International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" effective as of that date.

**2.d. Comparative Information and R
estatement of Previous Period Financial Statements**

The financial statements of the Company are prepared comparatively with the previous period in order to enable a determination of the financial position and performance evaluations. In order to maintain comparability when the presentation or classification of the financial statement items changes, the previous period financial statements are also reclassified accordingly:

The Company has prepared its statement of financial position for the year ended on December 31st , 2020 comparatively with its statement of financial position dated 31 2019 and its profit or loss and other comprehensive income statement, cash flow statement and statement of changes in equity the period between January 1st - December 31st 2020 comparatively with the period between January 1st and
December 31st , 2019.

2.e. Significant Accounting Valuation Estimates and Assumptions

The preparation of the financial statements in accordance with TAS requires the management to make decisions, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates. The assumptions and the assumptions underlying the estimates are continuously reviewed. Updates in accounting estimates are recognized in the period in which they are updated and in subsequent periods affected by these updates.

The interpretations which may have a significant impact on the amounts reflected in the financial statements and the assumptions made by considering the main sources of the estimates already available on the date of the statement of financial position or the future estimates are as follows:

a) Severance pay and termination indemnity liability related to the Employee Benefits is determined by using the actuarial assumptions (discount rates, future salary increases and employee turnover rate). (Footnote 19)

b) The Company has depreciated its tangible and intangible assets on a straight-line basis over their useful lives. The estimated useful life residual value and depreciation method are reviewed every year for the potential effects of the changes in the estimates and are recognized prospectively, if there is a change in the estimates. (Footnote 12,13)

2.f. Changes and Errors in Accounting Policies

Changes are made in accounting policies, if they are necessary or if they have the nature which would result in a more appropriate and reliable presentation of the effects of transactions and events on the Company's financial position, performance or cash flows in the financial statements. If the changes in accounting policies affect the previous periods, the policy is applied also retrospectively in the financial statements as if it were always in use. In the current period, there has been no significant change in the accounting policies of the Company except for the impact of TFRS 9 Financial Instruments standard and TFRS 16 Leasings standard.

TFRS 9 Financial Instruments

The Company began to apply TFRS 9 Financial Instruments Standard as of January 1st, 2018. TFRS 9 is applied retrospectively as of the effective date. The Company has applied this standard retrospectively, but by choosing the simplified application in accordance with the application exemption thereof. In other words, the Company has applied the standard by choosing the approach of presenting the previous period's effect of the transition to the new application to the retained earnings as a record of the change without need for presenting the balance sheets of three periods which contain the opening balance sheets of the current period in which the application has been made, the previous period and the period before that pursuant to TAS 8.

The Company has evaluated the management models which are applicable for financial assets at the date
of the first application of TFRS 9 (January 1st 2018) and has

classified its financial instruments according to the appropriate TFRS 9 categories. The classification and measurement effect arising from this new reclassification has realized upon cancellation of such measurement exception of assets, which are not traded on the stock exchange and of which the fair value cannot be measured reliably and therefore, which are permitted to be carried at cost in accordance with TAS 39, pursuant to TFRS 9 as well as upon measurement of fair values of these assets by valuation techniques. Apart from this, the measurement and classification of financial assets have not changed.
In addition, the Company has applied the TFRS 7 Financial Instruments:

The TFRS 9 disclosures standard for the comparative periods introduced new conditions for the following:

1) Classification and measurement of financial assets and liabilities.

2) Impairment of financial assets.

3) General hedge accounting.
The details of these new conditions and their impact on the financial statements of the Company are explained below. The Company has applied TFRS 9 in accordance with the provisions regarding transition stipulated in TFRS 9.

TFRS 9 regulates the provisions regarding recognition and measurement of financial assets and financial liabilities. This standard supersedes the TAS 39 Financial Instruments: Recognition and Measurement standard. The details of new significant accounting policies as well as the impact and nature of changes in previous accounting policies are specified hereunder.

i) Classification and Measurement of Financial Assets and Financial Liabilities

TFRS 9 substantially protects the provisions of TAS 39 with respect to classification and measurement of financial liabilities. However, the previous TAS 39 classification categories have been abrogated for financial assets, loans and receivables held to maturity as well as available-for-sale financial assets.
The application of TFRS 9 has not had a significant impact on the Company's accounting policies related to its financial liabilities and derivative financial instruments. The impact of TFRS 9 on the classification and measurement of financial assets is specified hereunder.

According to TFRS 9, at initial recognition of a financial asset in financial statements, it is classified as measured at amortized cost, measured at fair value through other comprehensive income (debt instruments), measured at fair value through other comprehensive income (equity instruments) or measured at fair value through profit or loss.

The classification of financial assets in accordance with IFRS 9 is generally based on the business model used by the entity for the management of financial assets and the contractual cash flows characteristics of the financial asset.

Assets Measured at Amortized Cost

A financial asset is measured at amortized cost, if both the following conditions are met and it is not classified as Fair Value Through Profit or Loss:

1. The financial asset is held within a business model whose objective is to collect contractual cash flows and
2. 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

Assets Measured at Fair Value Through Other Comprehensive Income

A debt instrument is measured at Fair Value Through Other Comprehensive Income, if both the following conditions are met and it is not classified as Fair Value Through Profit or Loss:

1. The financial asset is held within a business model whose objective is to collect contractual cash flows and to sell the financials and
2. 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.

At initial recognition of the investments in equity instruments, which are not held for trading, in financial statements, it is possible to make an irrevocable election to present the subsequent changes in fair value in other comprehensive income.

Assets Measured at Fair Value Through Other Comprehensive Income

All financial assets which are not measured at amortized cost or at fair value through other comprehensive income as mentioned above, are measured at fair value through profit or loss. These include all derivative financial assets as well. Upon initial recognition of the financial assets in the financial statements, a financial asset can be irrevocably designated as the fair value through profit or loss on condition that any accounting mismatch which would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases is removed or significantly reduced.

Upon initial measurement of financial assets other than those measured at fair value through profit or loss (except for trade receivables measured at the transaction cost and not having an important financing component at initial recognition thereof), the transaction costs directly attributable to the acquisition or issuance thereof are also measured by being added to the fair value.

The following accounting policies apply to subsequent measurement of financial assets.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Financial assets measured at fair value through profit/ loss	These assets are measured at fair value in their subsequent measurements. Net gains or losses related thereto, including any interest or dividend income, are recognized in profit or loss.
Financial assets measured at amortized cost	These assets are measured at amortized cost using the effective interest method in their subsequent measurements. Their amortized costs are reduced by the amount of impairment losses, if any. Interest incomes, foreign currency gains and losses and impairment losses are recognized in profit or loss. Gains or losses arising from derecognition thereof from the statement of financial position are recognized in profit or loss.
Debt instruments measured at fair value through other comprehensive income	These assets are measured at fair value in subsequent periods. Interest incomes, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are excluded from the statement of financial position, the gains or losses recognized in other comprehensive income previously are reclassified to profit or loss.
Equity instruments measured at fair value through other comprehensive income	These assets are measured at fair value in subsequent periods. Dividends are recognized in profit or loss unless it is expressly intended to recover part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and cannot be reclassified to profit or loss.

The effect of the application of TFRS 39 on the carrying values of financial assets as of January 1st , 2018 stems only from the new provisions regarding impairment as explained hereunder in more detail. The following table and accompanying notes describe the original measurement categories under TAS 39 and the categories of new measurement made according to TFRS 9 for each class of the Company's financial assets at January 1st , 2018.

Financial Assets	Original classification as per TFRS 39	New classification as per TFRS 9	Original carrying value as per TAS 39	New carrying value as per TFRS 9
Cash and cash equivalents	Credit and receivables	Amortized cost	61.657.966	61.654.470
Trade and Other Receivables	Credit and receivables	Amortized cost	32.414.271	32.296.158
Financial Investments	Held for sale	Assets measured at fair value through profit/loss	17.487.612	17.487.612
Total Financial Assets			**111.559.849**	**111.438.240**

Financial Liabilities	Original classification as per TFRS 39	New classification as per TFRS 9	Original carrying value as per TAS 39	New carrying value as per TFRS 9
Loans	Credit and receivables	Amortized cost	155.478.796	155.478.796
Derivative Instruments	Credit and receivables	Assets Measured Through Revenue		
Total Financial Liabilities			**155.478.796**	**155.478.796**

ii. Impairment of Financial Assets

Upon implementation of TFRS 9, "Expected Credit Loss" (ECL) model has superseded "Incurred Loss" model in TAS 39. The new impairment model is applicable to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but not applied for investments in equity instruments.

Financial assets measured at amortized cost consist of trade receivables, cash and cash equivalents and private sector debt instruments.

Under TFRS 9, provisions for loss are measured by any of the following:

- 12-month ECLs: are the part which represents the expected credit losses that result from possible default event within 12 months after the reporting date.

- Lifetime ECLs: are the expected credit losses that result from all possible default events over the expected life of the financial instrument

In determining whether the credit risk of a financial asset has

increased substantially since the initial recognition thereof and in estimating its ECLs, the Company considers reasonable and supportable information that is relevant to the estimation of expected credit losses, including the effects of expected prepayments, and that may be obtained without incurring excessive costs or efforts. This information includes quantitative and qualitative information and analysis basing on the Company's past credit loss experience and containing prospective information. The Company assumes that the credit risk on a financial asset is significantly increased if it is 30 days past due. The Company considers a financial asset as in default, if:
- -the debtor does not fully fulfill its credit obligation without resorting to any transactions such as the use of collateral (if any) by the Company or
- the financial instrument is 90 days past due.

In order to determine whether a financial instrument has a low credit risk, the entity may use internal credit risk ratings or other methodologies that are consistent with a globally accepted definition of low credit risk and take into account the type and risks of the evaluated financial instruments.

An external rating in form of "Investment score" may indicate that the financial instrument has a low credit risk.

Measurement of ECLs

ECLs are a weighted estimate of the probability of credit losses over the expected life of the financial instrument. In another saying, it is the credit losses that are measured at the present value of all cash deficits (for example, the difference between the cash inflows to the entity and the cash flows that the entity expects to deserve).

The cash deficit is the difference between the cash flows required to be made to and the cash flows expected to be received by the entity. Since the amount and the timing of the payments are considered in expected credit losses, a credit loss takes place, even if the entity expects to receive the full payment later than the maturity specified in the contract. ECLs are discounted at the effective interest rate of the financial asset.

Credit impairment of financial assets

At the end of each reporting period, the Company evaluates whether the financial assets measured at amortized cost and the debt instruments measured at fair value through other comprehensive income are impaired. When one or more events that adversely affect the future cash flows of a financial asset take place, the financial asset is impaired.

Presentation of Impairment

Ehe provisions for losses in connection with the financial assets measured at amortized cost are deducted from the gross carrying value of the assets.

The provisions for losses in connection with the debt instruments measured at fair value through other comprehensive income are reflected in the other comprehensive income instead of decreasing the carrying value of the financial asset in the statement of financial position.

Impairment losses related to trade and other receivables, including the contractual assets, are presented separately in the statement of profit or loss.

Impairment losses on other financial assets are presented under "the financing costs" in a manner similar to the presentation in TAS 39 and are not shown separately in the statement of profit or loss, taking into account their significance.

Effect of new impairment model

Impairment losses are expected to increase and become more variable for the assets under the TFRS 9 impairment model. Transition to TFRS 9 has no material impact on retained earnings/losses. As of December 31st, 2020, the expected credit loss amounted to TL 3,496 (Note 40)

TFRS 16 Leasing

The Company – As a Lessee

The Company evaluates in the beginning of an agreement whether the agreement has a nature of leasing or involves a leasing transaction. In case the agreement transfers the right of control of the use of a defined asset against a fee for a specific period of time, then this agreement bears a leasing nature or involves a leasing transaction.

While evaluating whether an agreement transfers the right of control of the use of a defined asset for a specific period of time, the Company takes the following conditions into consideration:
1) An agreement involving a defined asset; an asset is generally defined explicitly or implicitly in an agreement.
2) A functional part of an asset being physically separate or represent almost the whole capacity of the asset. In case the supplier has a principal right for substituting an asset and achieves economic benefit from this, then the asset is not defined.
3) Having the right to obtain almost all of the economic benefits to be provided from the use of the defined asset
4) Having the right to manage the use of a defined asset. The Company evaluates the right of use of the asset it has in case decisions on how and what for the asset shall be used are determined before. The Company has the right of manage the use of an asset in the following conditions:
i.The Company having the operating right of the asset during the usage period (or directing the asset to others to operate as it has determined) and the supplier not having the right to change these operating instructions or
ii.The Company having the asset (or specific properties of the asset) designed in a way to determine beforehand how and for what the asset shall be used during the usage period.

Company subjects its right of use asset to depreciation, from the date leasing has initiated actually to the shorter of the subject asset's useful life or leasing period.
The Company applies TAS 36 Impairment in Assets standard to determine whether right of use asset has been exposed to impairment and to account any determined impairment loss.

Right of Use Asset

Right of use asset is first accounted by cost method and includes the following:

a) First measuring amount of the lease liability,
b) The amount obtained by deducting all leasing incentives received from all lease payments made on the date the leasing has commenced or before,
c) All direct costs in the beginning borne by the Company an

While applying the cost method, the Company measures the right of use asset over the cost which
a) accumulated depreciation and accumulated impairment losses are deducted from an
b) is corrected according to the remeasuring of lease liability.
The Company applies the provisions of depreciation in Turkish Accounting Standards (TAS) 16 Tangible Fixed Assets standard while subjecting right of use asset to depreciation. In case the Supplier transfers ownership of the underlying asset to the Company in the end of the leasing period or shows that the right of use asset cost shall use the Company's option to purchase, the Company subjects its right of use asset to depreciation from the date leasing has initiated actually to the end of the underlying asset's useful life. In other situations, the Company subjects its right of use asset to depreciation, from the date leasing has initiated actually to the shorter of the subject asset's useful life or leasing period.

The Company applies TAS 36 Impairment in Assets standard to determine whether right of use asset has been exposed to impairment and to account any determined impairment loss

Lease Liability

On the date leasing has actually commenced, the Company calculates its lease liability over the current value of the lease payments unpaid on that date. Lease payments are discounted by using implicit interest rate in leasing if this rate is easily determined. Unless this rate is determined easily, the Company uses the Company's incremental borrowing rate of interest.

Lease payments included in calculation of lease liability on the date leasing has actually commenced are composed of the following payments to be made for right of use of the underlying asset during the leasing period and unpaid on the date leasing has actually commenced:

a) The amount obtained by deducting all kinds of leasing incentive receivables from fixed payments,
b) Variable lease payments depending on an index or ratio and their first evaluation is made on the date leasing has actually commenced by using an index or ratio,
c) In case the Company is reasonably sure that it shall use option to purchase, price of use of this option and
d) In case leasing period shows that the Company shall use an option to end the leasing, penalty payments on ending leasing.
After the date leasing has actually commenced, the Company evaluates lease liability as the following:
a) Increases Book value to reflect the interest in lease liability,
b) Reduces Book value to reflect the lease payments made and
c) Recalculates Book value in a way to reflect reassessments and restructurings or in a way to reflect fixed lease payments as of their revised essence.

In case it is easily determined, the periodical rate of interest is the implicit interest rate in leasing. In case this ratio is not determined easily, the Company uses the Company's incremental borrowing rate of interest. After the date on which leasing has actually commenced, the Company recalculates the lease liability in a way to reflect changes in the lease payments. The Company reflects the new calculation amount of the lease liability on financial statements as a correction in right of use asset.

In cases when one of the following situations occur, the Company recalculates the lease liability by reducing the revised lease payments over a revised rate of discount:

a) A change to occur in the leasing period. The Company determines the revised lease payments on the basis of a revised leasing period.
b) A change to occur in evaluating of an option relevant to purchasing an underlying asset. The Company determines revised lease payments in a way to reflect the change in the amounts to be paid within the scope of option to purchase.

The Company determines the revised rate of discount for the remaining part of the leasing period as the implicit interest rate in the leasing if it is easily determined or as the incremental borrowing rate of interest of the Company on the date the reevaluation is made if not determined easily.

In case one of the followings occurs, the Company reassesses lease liability by reducing revised lease payments:

a) A change to occur in the amounts expected to be paid within the scope of residual value commitment. The Company determines revised lease payments in a way to reflect change in the amounts expected to be paid within the scope of residual value commitment.

b) A change to occur in these payments as a result of a change in an index or ratio used in determining future lease payments. The Company measures again the lease liability to reflect the subject revised lease payments only when there is a change in cash flows.

The Company determines revised lease payments on the remaining leasing period in accordance with the payments associated with the revised agreement. The Company in such case uses an unchanged rate of discount.

The Company accounts the restructuring of the leasing as a separate leasing in case both of the conditions below are provided:

a) Restructuring to extend the scope of leasing by adding right of use of one or more underlying assets and
b) Leasing fee to increase as much as the proper corrections made in the subject sole price to reflect the sole price of the increase in the scope and conditions of the relevant agreement.

The Company – As a Lessor

All of the leases of the Company as a lessor are operational leases. In operational leases, leased assets are classified under investment properties, tangible fixed assets or other current assets in consolidated balance sheet and rental incomes obtained are reflected in consolidated income statement in equal amounts during leasing period.

Rental incomes are reflected in consolidated income statement during the lease period by a straight-line method. For an agreement including a component having one or more additional leasing quality or not along with a leasing component, the Company distributes the fee stated in the agreement by applying TFRS 15, "Revenue arising from agreements concluded with the customer" standard.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

TFRS 16 First Transition to Leases Standard

The Company has applied TFRS 16 "Leases" standard taking the place of TAS 17 "Leasing Transactions" as of January 1st , 2019 which is the first application date. The Company has not rearranged the comparable amounts for the previous year by using simplified transition application.

By this method, all right of use assets are assessed over the amount of leasing debts at the transition to the application (corrected according to leasing costs which advance payment of is made or accrued).

During the first application, the Company has recorded leasing liability relevant to leases classified as operational leasing previously in compliance with TAS 17. These liabilities are assessed over the current value discounted by using alternative borrowing rate of interest of remaining lease payments.

Asset right of use and liability of leases classified as financial leasing previously is assessed over the value carried before transition if the subject assets exist.

	Stores	Vehicles	Office	Total
Increase within the period	44.847.937	1.485.524	-	46.333.461
Depreciation within the period	(17.489.747)	(496.235)	-	(17.985.982)
	27.358.190	**989.289**	**-**	**28.347.479**

The Company's interest expenses in leasing liabilities are TL10,048,388.

Extension and termination optionsı

Leasing liability is being determined by considering extension and termination options in agreements. Majority of extension and early termination options in contracts are composed of options which may be applied jointly by the lessor. The lessor determines the leasing period by including the subject extension and early termination options if they are under the initiative of the Lessor according to the contract and use of options is reasonably definite.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 Revenue from Contracts with Customers standard provides a single and comprehensive model and guide for recognition of revenue and superseded TAS 18 Revenue standard. The standard has entered into force on January 1st , 2018 and it has no material impact on the financial statements of the Company.

2.g. Changes and Errors in Accounting Estimates

Accounting estimates are made basing on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances under which the estimation has been made, obtaining new information or emergence of additional developments. If the impact of the change in accounting estimate is related to only one period, it
is reflected in the financial statements in the current period in which the change is made, if it is related to the future periods, both in the period in which the change is made and in the future periods, for being considered in determining the period profit or loss prospectively.

The nature and amount of a change in the accounting estimate which has impact on the outcome of the current period or is expected to have an impact, on the subsequent periods is disclosed in financial statements except for the cases in which the effect of future periods' impact cannot be estimated. There is no change in the accounting estimates expected to have an impact on the results of operations in the current period.

2.h. Amendments in Turkish Financial Reporting Standards

a) New standards in effect since December 31st , 2020 and changes brought in the existing previous standards and comments:

- TFRS 9, "Changes in Financial Instruments"

Valid on January 1st , 2019 or in annual reporting periods starting after this date. This amendment confirms that when a financial liability evaluated at amortized cost is changed without resulting to be left out of the financial statement directly in profit or loss. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that unlike TAS 39, the difference is not possible to be accounted by spreading over the remaining life of the instrument.

The comment guides in the case of a single payment/receipt and in the case of multiple payments/receipt. The purpose of this guidance is to reduce diversity in practice.

- TFRS 28, "Changes in Investments in Affiliates and Business Partnerships""

Valid on January 1st , 2019 or in annual reporting periods starting after this date. It has clarified that the Companies may account their investments subject to long-term participation or joint management where they do not apply equity method by using TFRS 9.

- TFRS 16, "Leasing Transactions"

Valid on January 1st , 2019 or in annual reporting periods starting after this date. By TFRS 15, 'Revenue from customer agreements' standard, early application is allowed. This new standard substitutes the existing TAS 17 guidance and makes a radical change in their accounting in terms of special lessors. According to the current TAS 17 rules, when the lessors are a party of a leasing transaction, they have to differentiate financial leasing (within balance sheet) or activity leasing (out of balance sheet) for this transaction. However, according to TFRS 16, from now on, the lessors shall have to enter leasing liabilities they shall pay in the future for almost all agreements and a right of use of asset against this in their balance sheets. IASC has stipulated an exception for short term leasing transactions and low-value assets, however, this exception may only be applied in terms of the lessors. For the lessors, accounting remains almost the same. However, due to the change of definition of leasing transactions by IASC, (as it has changed the guidance in combining or decomposition of contents in the agreements) the lessors shall also be affected from this new standard. In this case, new accounting model is expected to cause some evaluations between lessors and lessees.

According to TFRS 16, if an agreement involves right of use of an asset and right to control that asset for a specific period of time against a specific amount, then, that agreement is a leasing agreement or involves a leasing transaction.

- TFRS Comment 23, "Uncertainties in Tax Applications"

Valid on January 1st , 2019 or in annual reporting periods starting after this date. This comment clarifies some uncertainties in applications of TAS 12 Income Taxes standard. IFRS Comment Committee has clarified previously that in case there is any uncertainty in tax applications, TAS 37 'Provisions, Contingent Liabilities and Contingent Assets' standard should be applied, TFRS Comment 23 brings an explanation relevant to how a deferred tax calculation shall be evaluated and accounted in case of uncertainties in income taxes. Uncertainty of tax application arises when it is not known whether a tax application made by a company is accepted or not by tax authorities. For example, specifically when a tax relevant to an expense to be accepted as a discount or whether a specific item to be included in a returnable tax calculation or not is uncertain in law. TFRS Comment 23 is effective in any situation where tax applications of an item are uncertain; including tax base amounts of taxable income, expense, asset or liability, tax expense, receivable and tax rates.

-2015-2017 Annual Improvements

Valid for January 1st 2019 and annual reporting periods after this date. These improvements include the following changes:

• TFRS 3 'Business Combinations', business enterprise ensuring control reevaluates the share it has acquired previously in joint activity.
• TFRS 11 'Joint Agreements', business enterprise ensuring joint control does not reevaluate the share it has acquired previously in joint activity.
• TMS 12 'Income Taxes', business enterprise accounts income tax effects of dividends in the same way.
• TMS 23 "Borrowing Costs" consider each borrowing made to make a qualifying asset ready for its intended use or sale as part of the general borrowing.

- TAS 19 'Benefits Provided for the Employees',

Change, improvements relevant to downsizing or execution made in the Plan; Valid for January 1st, 2019 and annual reporting periods after this date. These improvements require the following changes:

• For the period after a change, improvements relevant to downsizing or execution made in the Plan; using current assumptions to determine current service cost and net interest;
• As a part of the service cost for the previous period, accounting in profit or loss, or even if not included in financial statements with the effect arising from asset ceiling, including any decrease in excess value, a profit or loss in execution in financial statements.

- TAS 1 and TAS 8, "Changes in the Materiality Definition"

Changes in TAS 1 "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes and Errors in Accounting Policies" and changes in other TFRS' in connection with these changes are as the following:

i) Using materiality definition consistent with TFRS and financial reporting frame
ii) Clarifying explanation of materiality definition and
iii) Relevant to information which are not significant, including some guidance in TAS 1

- TFRS 3, "Changes in Business Description"

POA published amendments regarding the business definition included in TFRS 3 'Business Combinations' standard in May 2019. The purpose of this change is to assist companies in eliminating the question marks regarding business definition. The changes are as follows:

- Clarification of the minimum requirements for the business;
-Eliminating the assessment that market participants complete the missing elements;
- Adding an application guide to help businesses assess whether an acquired process is important;
- Limitation of business and output definitions; and
- Introducing a fair value test (density test) to be applied optionally,

The change will apply for annual periods beginning on and after January 1, 2020. The change does not apply to the Company and has not had an impact on the Company's financial position or performance.

- TFRS 9, TMS 39 and TFRS 7, "Benchmark Interest Rate Reform"

Valid for January 1st, 2020 and annual reporting periods after this date. These changes provide certain facilitating practices in relation to benchmark interest rate reform. These practices relate to hedge accounting, and the effect of the IBOR reform should generally not lead to the end of hedge accounting.

However, any hedging ineffectiveness should continue to be recorded in the income statement. Given the prevalence of hedge accounting in IBOR-based contracts, these facilitating practices will affect all relevant companies.

The effects of these changes on the financial status and performance of the Company are evaluated.

- TFRS 16, "Concessions granted in lease payments in relation to Covid-19"

On June 5, 2020, the POA made changes to the TFRS 16 Leases standard in order to provide an exemption to the lease concessions granted to tenants due to the COVID-19 pandemic, to assess whether there was a change in the lease. Lessees benefiting from this exemption are required to account for any change in lease payments in accordance with the provisions of the Standard that apply unless the change is made in the lease. The application will only be applicable for concessions in lease payments recognized due to the COVID-19 outbreak and only if all the following conditions are met:

• A change in lease payments causes the rental price to be revised, and the revised price is significantly the same or lower than the rental price immediately prior to the change,

• Any reduction in rent payments affects only payments that are normally due on or before June 30, 2021, and

• No significant change in other terms and conditions of the lease,

The effects of these changes on the Company's financial position and performance are evaluated.

b) Standards and changes issued as of December 31st , 2019 but not put into effect yet:

TFRS 17, "Insurance Agreements"

In February 2019, the POA published TFRS 17, a comprehensive new accounting standard covering accounting and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that enables both the measurement of liabilities arising from insurance contracts with current balance sheet values and the recognition of profit during the period in which the services are provided. TFRS 17 will be applied for annual accounting periods starting from 1 January 2023 and after. Early implementation is allowed. The Company shall evaluate effects of abovementioned changes on its operations and shall apply as of the effective date.

TAS 1, "Classification of Liabilities as Short and Long Term"

On March 12, 2020, KGK made changes in the standard of "TMS 1 Presentation of Financial Statements". These amendments, which are valid for the annual reporting periods starting on or after January 1, 2023, bring explanations to the criteria for long and short term classification of liabilities.

The changes should be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early implementation is allowed.The effects of the said change on the financial status and performance of the Company are evaluated,

TFRS 3, " Change Regarding the Citations Made to the Conceptual Framework"

However, a new paragraph has been added to TFRS 3 to define contingent assets that do not meet the registration criteria at the date of acquisition. The amendment will be applied prospectively for the annual accounting periods starting from January 1, 2022 and after. If the entity implements all changes in TFRS standards referring to the Conceptual Framework (March 2018) at the same time or at an earlier date, early application is permitted. The effects of the change in question on the financial status and performance of the Company are being evaluated.

TAS 16 , " Tangible Fixed Assets - Intended Pre-Use Earnings"

POA made changes in TMS 16 Tangible Assets standard in July 2020. With the amendment, companies do not allow the deduction of the revenues from the sale of manufactured products from the cost of the tangible fixed asset item while making a tangible fixed asset suitable for its intended use. Companies will now recognize such sales revenue and related costs in profit or loss. The amendment will be applied for the annual accounting periods starting from 1 January 2022 and after. The amendments can be applied retrospectively only to tangible fixed asset items that are made available at the beginning or after the earliest period in which the company presented the change in comparison with the first accounting period. There is no exemption for those who will apply TFRS for the first time. The effects of these changes on the financial status and performance of the Company are being evaluated.

TAS 37, " Economically Disadvantaged Contracts - Contract Fulfillment Costs"

POA made changes in TAS 37 Provisions, Contingent Liabilities and Contingent Assets standard in July 2020. The amendment to TAS 37, which will be applied for the annual accounting periods starting from 1 January 2022 and after, has been made to determine the costs to be taken into account when evaluating whether a contract is economically "disadvantaged" or "losing" and it includes the implementation of the "direct related costs" inclusion approach. Changes must be applied retrospectively for contracts in which the entity does not fulfill all its obligations at the beginning of the annual reporting period (initial application date) when the changes are first applied, Early application is allowed.

- 2018-2020 Annual Improvements

"Annual Improvements to TFRS standards / 2018-2020 Period" was published by the POA in July 2020, including the following changes:

• TFRS 1- First Implementation of International Financial Reporting Standards - Subsidiary as the first practitioner: The amendment allows a subsidiary to measure accumulated foreign currency translation differences using amounts reported by the parent company. The amendment also applies to the affiliate or joint venture.

• TFRS 9 Financial Instruments- Fees considered in the 10% test for derecognition of financial liabilities: The amendment clarifies the fees that an entity takes into account when assessing whether new or changed financial liability terms differ materially from original financial liability terms. These fees include only fees paid or received between the debtor and the lender, including the fees paid by the parties on behalf of each other.

• **TAS 41 Agricultural Activities –** Taxes in determining the fair value: The amendment removed the provision in Paragraph 22 of IAS 41 that the companies do not take into account cash flows for taxation in determining the fair value of their assets under TAS 41. All improvements will be implemented for annual accounting periods starting on and after January 1, 2022, Early application is allowed. The effects of these changes / improvements on the Company's financial position and performance are being evaluated.

2i. Summary of Significant Accounting Policies

The important accounting policies applied during the preparation of the accompanying financial statements are as follows:

Cash and Cash Equivalents

Cash and cash equivalents include cash assets in the safe, cash at banks and term deposits with a maturity of less than three months. Cash and cash equivalents are assets with high liquidity, can be easily converted into cash, short-term with a maturity of not more than three months and with no risk of losing value. Cash and cash equivalents are shown with the sum of acquisition costs and accrued interests. Bank balances denominated in foreign currencies have been translated at year-end exchange rates. (Note: 42).

Related Parties

Within the scope of this report, the shareholders of the Company or the subsidiaries and affiliates and subsidiaries with which they have a management relationship, who are directly or indirectly authorized and responsible for the planning, execution and supervision of the Company's activities, administrative personnel such as are members of the Company's board of directors, general manager, close family members of these persons and companies that are under direct or indirect control of these persons are considered as related parties. As of 31 December 2020, its related parties are as follows;

Name & Surname – Title of Related Parties	Relation
Çelet Holding A.Ş.	Shareholder
Melih Çelet	Shareholder- Board Member
Nihal Çelet	Shareholder
Burak Çelet	Shareholder- Board Member
Burcu Özden	Shareholder
İlgin Özden	Shareholder
Geza Ümit Erwin Dologh	Shareholder
Burçak Çelet	Board Member
Bahar Deniz Egemen	Board Member - Independent
Numan Emre Bilge	Board Member - Independent
GSD Holding A.Ş.	Affiliated Company
Marfar Deri San. ve Tic. LTD. Şti.	Affiliated Company
Samsonite Seyahat Ürünleri A.Ş.	Affiliated Company
Leather Fashion Limited	Subsidiary
DESA International LTD.	Subsidiary
DESA SMS LTD.	Subsidiary
DESA International (UK) LTD.	Subsidiary
DESA Deutschland GMBH	Subsidiary
Leather Fashion Bulgaria EOOD	Subsidiary
DESA Nineteenseventytwo SRL Italy	Subsidiary
Adesa Mağ.Teks. ve Der.San. Tic.A.Ş.	Melih Çelet - Shareholder- Board Member
Serga Deri Mam.San.ve Tic.A.Ş.	Melih Çelet- Shareholder- Board Member
Yapı Enerji Ürt.Sat.İnş.San.ve Tic. A.Ş.	Melih Çelet - Shareholder- Board Member

Financial Instruments

TFRS 9 "Financial Instruments" standard arranges provisions relevant to accounting and measuring of financial assets and financial liabilities. This standard has substituted TAS 39 Financial Instruments: Accounting and Measuring standard. Details of important new accounting policies and effects and nature of the changes in the previous accounting policies are given below.

Classification and Assessment of Financial Assets and Liabilities

TFRS 9 substantially protects existing provisions in TAS 39 for classification and measuring of financial liabilities. However, previous TAS 39 classification categories are revoked for financial assets, credits and receivables to be held until maturity and financial assets ready to be sold. Application of TFRS 9 has not have a significant effect on the accounting policies relevant to financial debts of the Company. Detailed information on how the Company classified, measured financial assets and how it accounts relevant income and expenses according to TFRS 9 are given below.

(i) Financial Assets

According to TFRS 9, during a financial asset is entered in financial statements for the first time; is classified as measured over amortized cost; fair value ("FV") difference is measured by reflecting on other extensive income – debt instruments; FV difference is measured by reflecting on other extensive income – equity instruments or FV difference is measured by reflecting on profit or loss.

Classification of financial assets within the scope of TFRS 9 depends generally on the business model the enterprise uses for management of financial assets and features of contractual cash flows of financial asset. Obligation of separating embedded derivative within standard scope from financial asset is revoked and should be evaluated how a hybrid agreement should be classified as a whole.
A financial asset is measured over amortized cost if both conditions below are provided and FV difference is not classified as measured by reflecting on profit or loss:

- financial asset being held within the scope of a business model aiming collection of contractual cash flows and
- Agreement conditions relevant to financial asset causing cash flows including only principal and interest payments arising from balance of principal on specific dates

A debt instrument is measured by reflecting FV difference on other extensive income if both conditions below are provided and is not classified as FV difference measured by reflecting on profit or loss:

- Financial asset being held within the scope of a business model aiming collection of contractual cash flows and business model aiming financial assets to be sold and
- Agreement conditions relevant to financial asset causing cash flows including only principal and interest payments arising from balance of principal on specific dates.

All financial assets which are not measured over the abovementioned amortized cost or FV difference by reflecting on other extensive income are measured by reflecting FV difference on profit or loss.

These also include all derivative financial assets. During financial assets are entered in financial statements for the first time, irrevocable fair value change of a financial asset may be defined as measured by reflect on profit or loss provided that accounting unconformity to arise from measuring financial assets differently and their relevant profits or losses being entered in financial statements differently shall be recovered or significantly reduced.

In the first measuring of financial assets other than those which their fair value changes are reflected on profit or loss (besides trade receivables measured over transaction fee during entering in financial statements for the first time and do not have a significant finance component), they are measured by adding also transaction costs directly associated with their acquiring or export to fair value.
The following accounting policies are valid for the subsequent measurements of financial assets,

Financial assets measured by FV difference being reflected on profit/loss:

These assets are measured over fair values in the subsequent measurements. Including any interest or dividend income, net profits and losses relevant to these are accounted in the income statement.

Financial assets measured over amortized cost:

These assets are measured over their amortized cost by using effective interest method in their subsequent measuring. If there are amortized costs, they are reduced in the amount equal to impairment losses. Interest incomes, foreign currency profits and losses and impairments are accounted on profit or loss. Profits or losses arising from leaving these out of the financial status table are accounted in profit or loss.

The Company's financial assets consist of trade receivables, other receivables and cash and cash equivalents. While these financial assets are classified as credits and receivables according to TAS 39, they are classified as financial assets over amortized cost according to TFRS 9.

Impairment in Financial Assets

TFRS 9, changes "loss occurred" model in TAS 39 with "expected credit losses" model. New impairment model is applied to financial assets measured from their amortized cost and agreement assets; however, it is not applied on investments made on equity instruments. Financial assets measured from amortized cost consist of trade receivables, other receivables and cash and cash equivalents.

The Company takes expected credit loss provision in its records for the items stated below within the scope of TFRS 9:

- Financial assets measured over amortized cost; the Company calculates provision for loss from an amount equal to lifelong expected credit losses for those other than the below items measured from provision for loss 12-month expected credit losses.

- Bank balances with credit risks which have not significantly increased since they are taken in financial statements for the first time.

Loss provisions for trade receivables, other receivables, other assets and agreement assets are always measured over an amount equal to lifelong expected credit losses. While determining whether credit risk in a financial asset has increased significantly since they are taken in financial statements for the first time and estimating expected credit losses, reasonable and supportable information which may be obtained without excess cost or effort are taken into consideration. These include qualitative and quantitative information and analyses based on previous experiences of the Company and conscious credit evaluations and prospective information. The Company accepts that there is a significant increase in credit risk of financial assets with 30 days overdue.

The Company accepts that there is default in financial assets in the following conditions:

If it is not possible for the Debtor to fulfill its liabilities to the Company completely before the Company attempts for actions as liquidating collaterals (if there are collaterals); or if the financial asset is overdue for more than 90 days. The Company accepts that in case risk rating of bank balances are equal to "investment note" with international definition, they shall have low credit risk.

Lifelong expected credit losses are a result of default conditions of a financial instrument expected to occur possibly lifelong.

12-month expected credit losses are the part representing expected credit losses arising from default conditions possible to occur within 12 months after the reporting date. Maximum period which expected credit losses shall be measured is the maximum agreement period the Company is exposed to credit risk.

The Company evaluates every reporting period whether financial assets measured from amortized cost is credit – impairment. When one or more events affecting negatively the future estimated cash flows of a financial asset occur the subject financial asset is exposed to credit - impairment.

Observable data relevant to the following incidents are evidences showing that the financial asset is exposed to credit - impairment:

- The Debtor being in a significant financial difficulty;
- An agreement violation to occur due to default;
- The creditor to bestow privilege to the debtor due to financial difficulty the debtor is suffering for reasons relevant to economy or agreement and which it does not consider bestowing in normal conditions;
- If it's possible for the Debtor to be in bankruptcy or in any other financial restructuring; or
- active market relevant to this financial asset to disappear due to financial difficulties.

(ii) Financial Liabilities

Financial liabilities are accounted in the following periods over cost amount amortized by using effective interest method, with interest expense calculated over effective rate of interest. Financial liabilities are classified as financial liabilities which their fair value difference is reflected on profit or loss or other financial liabilities.

Financial liabilities are accounted at amortized cost using the effective interest method together with the interest expense calculated over the effective interest rate in the following periods.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Financial Liabilities which Fair Value Difference is Reflected on Profit or Loss

Financial liabilities which fair value difference is reflected on profit or loss are recorded with their fair value and in each reporting period, they are evaluated with the fair value on the reporting date. Change in fair values is accounted in the income statement. Net profits or losses accounted in profit or loss table includes the interest amount paid for the subject financial liability.

(iii) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognized at their fair value as of the date of entry into force of the related derivative contract and are valued at their fair value also for the following periods. Derivative financial instruments are classified as assets, if their fair values are positive and as liabilities, if their fair values are negative. The method of recognizing for gains and losses related to derivative financial instruments varies depending on whether the derivative financial instrument is hedged or not and on the type of hedged instrument. At the transaction date, the Company associates the relationship between the hedging instrument and the hedged item together with the Company's risk management objectives and strategies for hedging transactions. In addition, the Company also regularly evaluates that the derivative transactions used for hedging can effectively offset the changes in the fair value or cash flows of the hedged item.

Derivative Financial Instruments for Trading

The Company's derivative financial instruments for trading consist of forward foreign currency purchase and sale contracts. While these derivative financial instruments provide effective protection against risks for the Company economically, they are generally recognized as derivative financial instruments for trading in financial statements since they do not meet the requirements for risk accounting.

All gains and losses arising from changes in the fair value of such derivative financial instruments are recognized as financial income / expense in the income statement.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Cash Flow Hedging

The effective portion of the changes in the fair value of derivatives designated as cash flow hedges are recognized within the hedging fund in equity. Income and expenses related to the ineffective portion are immediately classified as financial income / expense and recognized in the statement of comprehensive income. The amounts accumulated in the hedging fund are associated with the income statement in the periods when the hedged items affect the income statement (e.g. realization of estimated cash flows that are hedged). In case that cash flow hedge accounting cannot be continued due to the expiration, realization or sale of the hedging instrument or effectiveness test related thereto fails, the amounts recognized under equity are transferred to the profit / loss accounts when the cash flows for the hedged item are realized. Based on this, some derivative contracts made by the Company have been evaluated and recognized as hedging derivative instruments since they meet the necessary conditions for risk accounting stipulated in TFRS 9

Trade Receivables

The Company-induced trade receivables which are created by providing goods or services directly to a debtor have been valued at discounted cost using the effective interest method. Short- term trade receivables with no stated interest rate have been valued at original invoice amount, if the effect of interest accrual is insignificant. (Note: 7)

A risk provision for trade receivables is established, if there is a situation which indicates that the Company will not be able to collect all amounts due. The amount of this provision is the difference between the carrying value of the receivable and the recoverable amount. The recoverable amount is the value of all cash flows, including amounts recoverable from guarantees and collaterals, discounted based on the original effective interest rate of the trade receivable. (Note: 7)

If the amount of impairment decreases due to a situation that occurs after the write-down, the mentioned amount is reflected in the other incomes in the current period.

Trade payables

Trade and other payables are presented in records at discounted cost value representing the fair value of the invoiced or uninvoiced amount to be incurred in the future regarding the purchase of goods and services.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs, which include some of the fixed and variable production overheads, are valued in accordance with the method to which the inventories are based. The Company uses the weighted moving average method in cost calculations. Net realizable value is calculated by deducting the total of the estimated costs of completion and the estimated costs required to make the sale from the estimated selling price in the ordinary course of business.

When the net realizable value of the inventories falls below their costs, the inventories are reduced to their net realizable value and reflected to the income statement as an expense in the year in which the impairment occurs. In cases where the conditions that previously caused the inventories to be reduced to net realizable value have become invalid or it has been proved that there is an increase in the net realizable value due to changing economic conditions, the provision for impairment is canceled. The amount canceled is limited to the amount of the impairment reserved previously. (Note 9)

Tangible Assets

Tangible assets are reported in the financial statements with their values determined after deduction of the accumulated depreciation and permanent impairment, if any, at their adjusted acquisition costs expressed in terms of purchasing power of TL on December 31st , 2004 for the items acquired before January 1st , 2005 and at their acquisition costs for the items acquired after January 1st , 2005. Depreciation is calculated at inflation-adjusted amounts in accordance with the straight-line depreciation method that reflects the economic useful lives of the tangible assets mentioned hereunder. Lands have not been depreciated since their economic useful lives are considered infinite.

The estimated useful lives of such assets are as follows:

	Amortisman Süreleri
Buidings	40 yıl
Machinery & Equipment	5-10 yıl
Fixtures	5-10 yıl
Transport Vehicles	5-10 yıl
Leasehold improvements	5-10 yıl

If the carrying value of an asset is higher than the recoverable amount thereof, its carrying value is reduced to its recoverable amount. The recoverable amount is the higher of the asset's net selling price or value in use. Net selling price is determined by deducting the costs to be incurred in order to realize the sale from the fair value of the asset. Value in use is determined by adding residual values to estimated amounts of cash flows expected to be obtained in the future as of the balance sheet date by continuing to use the related asset.

Profit or loss on disposals of tangible assets are determined by comparing the adjusted amounts and the amounts collected and reflected to the related income and expense accounts in the current period. Maintenance and repair expenses of tangible assets are normally recognized as expense. However, in exceptional cases, if maintenance and repair results in expansion or substantial improvement in assets, such costs can be capitalized and depreciated over the remaining useful life of the related asset. (Note:12)

Intangible Assets

Intangible assets comprise acquired information systems, concession rights, computer software and development costs. Intangible assets are recognized at their acquisition costs and depreciated by using the straight-line method over their estimated useful lives for a period not exceeding 15 years from the date of acquisition. There is no depreciation for the brands due to their unlimited lives. In case of impairment, the carrying value of the intangible assets is reduced to their recoverable amount. (Note: 13)

a) Research and Development Expenses

Research expenses are recognized as expense in the period in which they are incurred. Development costs are recognized as intangible assets resulting from development (or from the development stage of a project carried out within the entity), all of the following conditions are met;
• Completion of the intangible asset in order to be ready for use or sale is technically feasible;
• The entity intends to complete the intangible asset and use or sell such asset;
• There is possibility for using or selling intangible asset;
• How the intangible asset is likely to generate future economic benefit is certain;
• Sufficient technical, financial and other resources are available to complete the development phase and to use or sell the intangible asset; and
• Expenses on intangible assets in the development process are measurable reliably.
Otherwise, development expenses are recognized as expense as they are incurred. In projects where it is difficult to separate the research and development stages, the relevant project is considered at the research stage and recognized as expense as incurred.

b) Rights and Other Intangible Assets

Rights and other intangible assets comprise acquired information systems, information system development costs, purchased technology and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and amortized on a straight-line basis over their estimated useful lives not exceeding five years.

The depreciation periods of such assets determined according to their estimated useful lives are as follows:

	Depreciation Periods
Rights	3-5-13 yıl
Other Intangible Assets	3-5-13-24 yıl

Fixed Assets Held for Sale and Discontinued Operations

Fixed assets held for sale are classified as fixed assets held for sale and amortization is discontinued, if their carrying values are recovered as a result of a sales transaction, rather than by use and the depreciation is stopped. Fixed assets held for sale are valued at the lower of their carrying value and fair value less costs to sell.

Income and expenses arising from discontinued operations are classified separately in the comprehensive income statement.

Investment Properties

Land or buildings, or any part of a building or both which is held (by its owner or lessee named in lease contract) for the purpose of being used in production or supply of goods and services or for administrative purposes or for the purpose of earning rental income or value increase gain or both during the normal course of business instead of being sold are classified as investment properties.

An investment property is recognized as an asset, if it is probable that the future economic benefits associated with the property will be provided for the entity and the cost of the investment property can be reliably measured.

The Company has changed its accounting policy related with its buildings held for investment and has adopted the fair value method. Differences arising from the fair value method have been recognized in profit / (loss) statement under investment properties appreciation adjustment under the income from investment activities account group.

Borrowing Costs

The Company reflects the borrowing costs to the profit / loss statement as a finance cost over the loan period. Financing costs arising from loans are recognized in the profit/loss statement when they occur. Borrowing costs directly attributable to acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the qualifying asset, if they can be measured reliably and are likely to provide future economic benefits to the entity. Borrowing costs directly attributable to acquisition, construction or production of a qualifying asset are the borrowing costs that will not arise if the expenditure associated with a qualifying asset has not been made.

If an entity is borrowed particularly for the purpose of acquiring a qualifying asset, then the borrowing cost to be capitalized is determined by deducting the incomes from temporary accretion of these funds from the borrowing costs incurred for such borrowing during the relevant period. In cases where some of the funds borrowed by an entity as a general purpose are used for the financing of a qualifying asset, the amount of borrowing costs that can be capitalized is determined with the help of an activation ratio to be applied to the expenses related to the asset.

This capitalization rate is the weighted average of the borrowing costs of all current liabilities of the entity during the relevant period, excluding borrowings made for the purchase of qualifying assets. The amount of borrowing costs capitalized over a period may not exceed the amount of borrowing costs incurred during the relevant period.

When all transactions necessary to prepare an asset ready for its intended use or sale are completed virtually, capitalization of borrowing costs is ceased. In cases where the construction of a qualifying asset is completed in parts and each part can be used while other parts are under construction, the capitalization of the borrowing costs related to the respective part is ceased upon the virtually completion of all transactions necessary for the preparation of a particular part for the intended use or sale.

Bank loans

Loans are recognized at the proceeds received on loan date, net of transaction costs incurred. Loans are reported at cost value using the effective interest method, if the difference between the discounted value and the first recognized value is significant. Any difference between proceeds, net of transaction costs, and the discounted value is recognized as financing cost in the income statement over the loan period. Financing cost arising from loans is recognized in the income statement when it is incurred.

Impairment of Assets

In case of occurrence of events or changes indicating that the carrying values of assets cannot be realized, it is examined whether there is any impairment. In case of having such indications or if the carried values exceed the realizable value, the assets are reduced to their realizable value. Impairment provision expense is recognized in the income statement when the carrying value of assets exceeds the realizable value.

The amount convertible into cash is the higher of the asset's net selling price and its net carrying value in use. If the amount convertible into cash can be determined, it is estimated for each asset and if it cannot be determined, it is estimated for the cash generating unit to which the asset is included. However, the increase in the carrying value of the asset as a result of reversal of the provision for impairment is recognized on condition that it does not exceed the value to be determined if no impairment amount loss is reserved for such asset in previous periods.

Leasing Transactions

Financial Leasing Transactions

The tangible asset acquired under finance leases is capitalized at the lower of the fair value of the asset net of less the tax benefits or incentives at the beginning of the lease term or of the reduced value of the minimum lease payments at that date. Principal lease payments are reported as liabilities and reduced as they are paid. Interest payments are recognized in the income statement as expense during the financial leasing period. The tangible assets acquired under finance leases are depreciated over the useful life of the asset.

Operational Leasing Transactions

Lease contracts where the lessor owns all the risks and benefits of the property are called operational leases. The Company is a party to the operational leasing transactions both as a lessor and as a lessee. The rental amounts paid as a result of the operational leases are recognized as an expense in accordance with ordinary method during the lease term. The rental income collected as a lessor is recognized as income during the lease term.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

In cases where the Company has an existing liability arising from past events, outflow of resources containing economic benefits from the entity in order to meet such liability is probable and the amount of the liability can be estimated reliably, the related liability is recognized in the financial statements as provision.

Contingent liabilities are continuously valuated in order to determine whether the possibility of an outflow of resources containing economic benefits is probable. If the possibility of an outflow of resources containing economic benefits in future becomes probable for the items transacted as contingent liability, such contingent liability is recognized in the financial statements of the period in which the change in the probability arises, except for the cases where a reliable estimate is not made.

Contingent Liabilities and Assets

Transactions giving rise to commitments and contingent liabilities refer to cases of which the occurrence is dependent on the results of one or more events in the future. Therefore, some transactions are recognized as off-balance sheet items in terms of possible losses, risks or uncertainties. If an estimate is made for possible liabilities or losses that may occur in the future, these liabilities are considered as expense and debt for the Company. However, the revenues and the profits which are likely to occur in the future are reflected in the financial statements.

In cases where it is expected that all or part of the economic benefits used for the payment of the provision will be covered by third parties, the amount to be collected is recognized as an asset, if the repayment of this amount is certain and the amount is calculated reliably.

Employee Benefits

Defined Benefit Plan

Provision for severance pays and termination indemnities is recognized based on actuarial studies in accordance with TAS 19 "Employee Benefits". Severance pay and termination indemnity liability represents the value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees in accordance with the Turkish Labor Law or the termination of the employment contract due to reasons specified by the relevant law on the date of statement of financial position.

The Company calculates and recognizes severance pay and termination indemnities based on information arising from Company's own experience regarding resignation of personnel or termination of their employment as well as estimating recognition of entitled benefits at reduced net value.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Defined Contribution Plans

The Company pays social security premiums to the Social Security Institution on a mandatory basis. The Group has no other liability as long as it pays these premiums. These premiums are reflected to personnel expenses in the period they accrue.

Employee Benefits/ Severance Pay

Severance Pay and Termination Indemnity

The Company is obliged to pay a certain amount of severance pay or termination indemnity to personnel who have resigned due to retirement or have been dismissed due to reasons other than resignation and misconduct after servicing for a minimum period of one year, pursuant to the applicable labor law. Such payments are calculated on the basis of 30 days' total gross pay and other benefits limited to a maximum of TL 7,117,17 (December 31st, 2019:TL 6,379,86) for each year of employment, as of December 31st, 2020

The Company calculated the provisions for Severance Pay and Termination Indemnity in the accompanying financial statements by using "Projection Method" and based on the Company's experiences gained in previous years in terms of personnel's completion of service period and entitlement to retirement pay and has discounted the same by earning ratio of government bonds at the balance sheet date. All calculated gains and losses are reflected in the income statement.

The ratios of the underlying assumptions used in the balance sheet date are as follows:

	31.12.2020	31.12.2019
Interest rate	13.13%	11.11%
Inflation rate	9.30%	8.90%
Discount Rate	3.50%	2.03%

Social Security Premiums

The Company pays social security premiums to the Social Security Institution on a mandatory basis. The Company has no other liability as long as it pays these premiums. These premiums are reported as personnel expenses in the period they are incurred.

Other Balance Sheet Items

Other Balance Sheet Items are reflected on a basic basis with their registered values

Capital and Dividends

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded by deducting from the profits accumulated in the period they are declared. The received dividends are recorded as revenue on the date the right of collection reveals (Note 24),

Earnings Per Share

Earnings per share disclosed in the income statement are calculated by dividing the net profit by the weighted average number of shares that have been outstanding during the year. In case of capital increase from internal sources within the period, when calculating the weighted average of the number of shares, the new value is assumed to be valid at the beginning of the period.

The matter is discussed in TAS 33 as follows:

Ordinary shares can be issued or the number of ordinary shares outstanding can be reduced without any change in the resources.

For example:
a) Capitalization or issuance of bonus shares (sometimes referred to as share dividends)
b) The existence of a bonus element in any other issue; for example, a bonus element in an issuance transaction which includes new rights to existing shareholders
c) Share split and
d) Consolidation of shares by increasing the nominal value (consolidation of shares).

In case of a capitalization or issuance of bonus shares or share split, ordinary shares are issued to existing shareholders without requiring an additional payment. Therefore, the number of ordinary shares outstanding increases without an increase in resources. The number of ordinary shares outstanding prior to the said transaction shall be adjusted in accordance with the proportional change in the number of ordinary shares outstanding, if the transaction would have been realized at the beginning of the earliest period.

Operating Income / (Loss), Revenue
In recognition of revenue, the Company has begun to use the following five-step model in accordance with TFRS 15 "Revenue from contracts with customers".

- Identification of contracts entered into with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Allocation of transaction price to performance obligations
- Recognition of revenue

The Company recognizes a contract entered into with the customer as revenue only if all of the following conditions are met:

The parties to the contract have approved the contract (in accordance with written, oral or other commercial practices) and undertakes to fulfil their own obligations,
b) The Company can identify the rights of each party related to the goods or services to be transferred,
c) The Company can identify the payment terms for the goods or services to be transferred,
d) The contract has commercial substance;
e) It is probable that the Company will collect the consideration to which it is entitled for the goods or services to be transferred to the customer.

When assessing whether the collectability of a consideration is probable or not, the Company considers only the client's ability and intention to carry out the payment at the due date. The consideration, which the Company will be entitled to collect, may be lower than the price specified in the contract, as it offers a price advantage to its customer.

Revenues are recognized on an accrual basis at the fair value of the consideration received or receivable on account of the reliable determination of the revenue amount and the probable economic benefits associated with the transaction. Net sales have been calculated by deducting the sales returns and the sales discounts from the sales of goods.

Sale of Goods:

Revenue from the sale of goods is recognized when the following conditions are met:

- The Company transfers all significant risks and rewards in connection with the ownership to the buyer,
- The Company does not have an ongoing administrative involvement associated with the property and an effective control over the goods sold;
- The amount of revenues is measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs resulting from the transaction are measured reliably.

Service Sales:

In cases where the outcome of a transaction in connection with the provision of services can be estimated reliably, the revenue related to the transaction is reflected in the financial statements by taking the level of completion as of the balance sheet date into consideration.

In the case of the existence of all of the following conditions, the results of the transaction can be estimated reliably:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will be acquired by the entity;
- The level of completion of the transaction as of the balance sheet date can be measured reliably; and
- Costs incurred for the transaction and the costs required to complete the transaction can be measured reliably.

Dividend and Interest Income:

Interest income is accrued in the related period at the effective interest rate which reduces the remaining principal amount and the estimated cash inflows from the respective financial asset during the expected life thereof to the carrying value of the said asset.

Dividend income earned from equity investments is recognized when the shareholders' right to receive dividends arises.

Other incomes are recognized on an accrual basis at the fair value of the consideration received or receivable upon service delivery or revenue realization, transfer of risks and benefits, reliable determination of the amount of revenue and the probable economic benefits to be transferred to the Company.

Foreign Currency Assets and Liabilities

Foreign currency transactions are recognized at current exchange rates applicable on transaction date. The assets and liabilities recorded in foreign currency are subject to valuation on the basis of exchange rates applicable at the end of the period. Exchange differences arising from the valuation process are recognized in the income statement as foreign exchange gain or loss.

Taxes Calculated over Corporate Earnings

Income tax expense consists of the sum of corporate tax and deferred tax expense.

Corporation Tax

Corporate tax is calculated over the taxable portion of the period's profit. Taxable profit differs from profit reported in the income statement, since it excludes items that are taxable or deductible in following years and items that are not taxable or deductible. The Company's corporate tax liability has been calculated using tax rates that have been legalized as of the balance sheet date.

Deferred Tax

Deferred tax asset and liability is determined by calculating the impacts of the temporary differences between the amounts of assets and liabilities reported in the financial statements and the amounts based on in calculation of the statutory tax base in accordance with the balance sheet method by considering the legalized tax rates.

When calculating the deferred tax liabilities for all taxable temporary differences, the deferred tax assets consisting of deductible temporary differences are recognized on condition that it is strongly probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Such assets and liabilities are not recognized, if the temporary difference, in connection with a transaction which does not affect the commercial or financial profit/loss, arises from initial recognition of goodwill or other assets and liabilities in financial statements (other than business combinations).

Deferred tax liabilities are calculated for all taxable temporary differences associated with the investments in subsidiaries and affiliates as well as the shares in joint ventures, except for the cases where the Company is able to control the removal of temporary differences and in the near future it is unlikely that such difference will be removed. Deferred tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable to benefit from such differences by earning sufficient taxable profit in near future and to remove these differences in future.

The carrying value of the deferred tax asset is reviewed at each balance sheet date. The carrying value of a deferred tax asset is reduced to the extent that it is no longer probable to earn a financial profit at a level which allows to get benefit of part or all of it. Deferred tax assets and liabilities are calculated over the tax rates (tax regulations), which have been legalized or substantially legalized as of the balance sheet date and which are expected to be valid during the period in which the assets will be realized or the liabilities will be fulfilled.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Company forecasts to recover the carrying value of its assets or fulfill its liabilities as of the balance sheet date are taken into consideration.

Deferred tax assets and liabilities are set off when there is a legal right to offset current tax assets and current tax liabilities, or if the assets and liabilities are associated with the income tax collected by the same tax authority, or if the Company intends to pay off the current tax assets and liabilities by means of netting.

Corporate taxation other than that associated with the items recognized directly in equity as receivable or liability (in which case deferred tax associated with these items is also recognized directly in equity) or those resulting from initial recognition of business combinations as well as deferred tax pertaining to the respective period is recognized in the statement of income as income or an expense. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the acquirer's share in fair value of identifiable assets, liabilities and contingent liabilities of the acquired subsidiary which exceeds the cost of acquisition.

Events after Date of Statement of Financial Position

Events after the balance sheet date cover all events between the balance sheet date and the date of authorization for issuance of the balance sheet, even if they have occurred after any announcement or other selected financial information related to the period profit has been disclosed to the public. If events requiring an adjustment to the financial statements occur after balance sheet date, the Company adjusts amounts included in its financial statements accordingly.

Governmental Incentives and Aids

All governmental incentives, including non-monetary governmental incentive monitored at fair value, are recognized in the financial statements when there is reasonable assurance that the conditions related thereto will be satisfied and the incentive can be obtained by the entity.

Research and development incentives are reported in the financial statements when the Company's incentive requests are approved by the competent authorities. The Company has not received any governmental incentives or grants in the current or previous periods.

The governmental incentives utilized by the Company in current and previous periods are disclosed in Note 17.

Statement of Cash Flow

Cash flows of the period are classified and reported in the statement of cash flows on the basis of operating, investing and financing activities. Cash flows from operating activities represent cash flows from the Company's operations.

Cash flows related to investment activities represent cash flows used in and obtained from investment activities (fixed asset investments and financial investments) by the Company.

Cash flows related to financing activities represent the resources used by the Company in financing activities and the repayments of these resources. Cash and cash equivalents include cash and bank deposits as well as short-term highly liquid investments with a maturity of 3 months or less that can easily be converted into cash.

3. BUSINESS COMBINATIONS

None. (December 31st, 2019: None.)

4. SHARES IN OTHER ENTITIES

a) Financial Investments

All of the financial investments are available-for-sale financial assets and consist of unlisted shares.

Since DESA International Limited and Leather Fashion Limited, which are subsidiaries not consolidated due to their low turnover, had lost their equity capital as of December 31st, 2020, an impairment equal to their value in assets was calculated and reported in Financial Investments account.

	31.12.2020	31.12.2019
GSD Holding A.Ş.	38	38
Equity Security	**38**	**38**
Marfar Deri San. ve Tic. LTD. Şti,	40.000	40.000
Investments Capital Commitment (-)	(30.000)	(30.000)
Affiliates	**10.000**	**10.000**
Leather Fashion Limited	6.871	6.871
Provisions for losses of Leather Fashion Limited (-)	(6.871)	(6.871)
DESA International LTD.	3.100.203	3.100.203
Provisions for losses of DESA International Ltd (-)	(3.100.203)	(3.100.203)

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	31.12.2020	31.12.2019
DESA SMS LTD.	4.689.823	4.689.823
DESA International (UK) LTD.	2.891.695	2.891.695
DESA Deutschland GMBH	72.760	72.760
Leather Fashion Bulgaria EOOD	20.421	20.421
NINETEENSEVENTYTWO DESA SRL Italy	39.475	39.475
Subsidiaries	**7.714.174**	**7.714.174**
	7.724.212	**7.724.212**

The financial statements of Samsonite Seyahat Ürünleri A.Ş., one of the subsidiaries of the Company, as of December 31st , 2020 have been consolidated with the financial statements of the Company for the same period by using the equity method.

Other affiliates and subsidiaries are presented as financial assets at cost in the financial statements.

b) Investments valued by equity method are as follows:

It is stated below as of December 31st , 2020

	Location	Share Percentage	Equity	Parent company Profit/Loss share	Parent company retained and outstanding profit /loss share	Net
Samsonite Sey. Ürünleri A.Ş.	Türkiye	39,99%	1.539.980	(2.172.538)	10.395.958	9.763.400

It is stated below as of December 31st , 2019:

	Location	Share Percentage	Equity	Parent company Profit/Loss share	Parent company retained and outstanding profit /loss share	Net
Samsonite Sey. Ürünleri A.Ş.	Türkiye	39,99%	1.539.980	1.492.491	8.903.467	11.935.938

The Capital amount of Samsonite Seyahat Ürünleri San. ve Tic. A.Ş., an affiliate of which the financial statements are consolidated by the Company through the equity method, is TL 3,850,000 while the participation value of the Company is TL 1,539,980. The balance sheet value of the affiliate valued by the equity method is TL 9,763,400 (December 31st , 2019: TL 11,935,938.)

Financial information of Samsonite Seyahat Ürünleri San.ve Tic. A.Ş. are as follows:

Samsonite Seyahat Ürünleri A.Ş	31.12.2020	31.12.2019
Total assets	35.183.936	55.050.410
Total Liabilities	(10.775.119)	(25.210.179)
Net Assets	24.408.817	29.840.231
Net profit / loss	(5.431.415)	3.731.276
Affiliate net profit/loss share (39.99%)	**(2.172.538)**	**1.492.491**
Profit/Loss share of investment valued by equity method	**(2.172.538)**	**1.492.491**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

5. REPORTING BY SEGMENTS

Reporting by segments has not been carried out since the entity does not have a distinguishable operating segment with characteristics which differ from other operating segments in terms of risk and return or a distinguishable geographical segment having different risk and return characteristics.

6. RELATED PARTY DISCLOSURES

6.1. Receivables from related parties as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Trade Receivables	20.163.497	28.986.834
Other Receivables	3.911.796	2.112.057
	24.075.293	**31.098.891**

Trade Receivables from related parties as of December 31st , 2020 and December 31st , 2019 are as follows:

Related Companies and Shareholders	31.12.2020	31.12.2019
Adesa Deri	18.863.155	27.571.978
Serga Deri	435.330	313.753
Çelet Holding	340.847	234.836
DESA SMS	212.358	165.389
DESA Deutschland Gmbh	181.684	314.966
DESA International Ltd	47.917	37.473
NINETEENSEVENTYTWO DESA SRL Italy	28.523	60.165
Marfar Deri	24.762	24.358
Yapı Enerji	22.220	22.220
DESA International UK	6.701	5.240
Leather Fashion Bulgaria	-	236.456
	20.163.497	**28.986.834**

Other Receivables from related parties as of December 31st , 2020 and December 31st , 2019 are as follows:

Related Companies and Shareholders	31.12.2020	31.12.2019
DESA Deutschland Gmbh	2.881.954	1.920.571
Leather Fashion Bulgaria	403.340	19.952
NINETEENSEVENTYTWO DESA SRL Italy	387.340	-
Serga Deri	129.919	153.578
Burçu Çelet	84.922	-
DESA International UK	19.817	14.631
DESA SMS	4.504	3.325
	3.911.796	**2.112.057**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

6.2. Payables to related parties as of 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020	31.12.2019
Trade Payables	23.562.056	30.277.313
Other Payables	2.506.262	3.820.442
Deferred Income From Related Parties	1.936.582	4.948.367
	28.004.900	**39.046.122**

Trade payables to related parties and deferred income as of 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020	31.12.2019
Samsonite Seyahat Ürünleri	18.616.689	27.874.266
DESA International UK	1.493.189	1.093.173
DESA SMS	2.203.982	896.631
DESA Int Ltd	1.120.077	325.267
Serga Deri	128.119	73.345
NINETEENSEVENTYTWO DESA SRL Italy	-	14.631
Trade payables	**23.562.056**	**30.277.313**
Adesa	1.930.121	4.948.367
Leather Fashion Bulgaria	6.461	-
Deferred Income From Related Parties	**1.936.582**	**4.948.367**
	25.498.638	**35.225.680**

Other Payables from related parties as of December 31st, 2020 and December 31st, 2019 are as follows:

Related Companies and Shareholders	31.12.2020	31.12.2019
Adesa Deri	2.506.262	3.820.442
	2.506.262	**3.820.442**

6.3 Prepaid Expenses from related parties as of December 31st, 2020 and December 31st, 2019:

Related Companies and Shareholders	31.12.2020	31.12.2019
Marfar Deri	10.095	10.095
	10.095	**10.095**

6.4 3.Details of sale and purchase transactions made with related parties are as follows:

	31.12.2020		31.12.2019	
Group Company	Purchases	Sales	Purchases	Sales
Adesa Deri	-	97.919.523	226.070	200.213.406
Samsonite Seyahat Ürünleri	14.762.052	-	34.878.892	-
DESA Deutschland	-	5.218	161.657	931
Leather Fashion Limited	57.643	-	164.206	-
	14.819.695	**97.924.741**	**35.430.825**	**200.214.337**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

6.5. Interest, rent and etc. received from and paid to related parties are as follows:

	31.12.2020	31.12.2019
Service charges paid to Related Companies	2.357.337	3.031.011
Rents paid to shareholders	722.426	757.495
Rents paid to related parties which are not shareholders	481.595	767.522
Rents paid to Related Companies	33.380	27.009
Total paid	**3.594.738**	**4.583.037**
Service charges billed to affiliates	3.105.786	5.962.347
Office rent received from affiliate	3.032.864	2.732.521
Service charge invoiced to Related Companies	1.786.631	1.772.999
Office rent invoiced to Related Companies	579.505	580.146
Service charge billed to Shareholders	75.000	60.000
Interest incomes collected from Related Companies	39.188	71.178
Other income collected from Related Companies	74.903	-
Rents received from related parties which are not shareholders	36.000	-
Total Collected	**8.729.877**	**11.179.191**

6.6. Wages and similar benefits provided to Top Executives are stated below:
The total of wages and similar benefits provided to top executives was TL 1,238,039 as of December 31st , 2020 (December 31st 2019:TL 2,409,710).

7. TRADE RECEIVABLES AND PAYABLES

Short-Term Trade Receivables

Details of short-term trade receivables as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Trade Receivables from Related Parties (Note 6)	20.163.497	28.986.834
Trade Receivables from Related Parties	**20.163.497**	**28.986.834**
Buyers	4.564.532	3.098.062
Credit Card Receivables	1.405.441	4.143.819
Rediscount of Credit Card Receivables (-)	(139.551)	(516.716)
Doubtful Trade Receivables	266.031	266.031
Provision for Doubtful Trade Receivables (-)	(266.031)	(266.031)
Other Trade Receivables	**5.830.422**	**6.725.165**
	25.993.919	**35.711.999**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Movement table of provision for doubtful receivables is as follows:

Doubtful Trade Receivables	31.12.2020	31.12.2019
Beginning of period	**(266.031)**	**(266.031)**
Provision allocated in the period / adjustment (+)	-	-
Provision collected in the period (-)	-	-
Provision allocated in the period / adjustment (+)	-	-
End of Period	**(266.031)**	**(266.031)**
Ageing of doubtful trade receivables for which a provision is reserved is as follows:	31.12.2020	31.12.2019
Receivables overdue up to 90 days	-	-
Receivables overdue more than 90 days	-	-
Receivables overdue more than 180 days	(266.031)	(266.031)
End of Period	**(266.031)**	**(266.031)**

Long Term Trade Receivables

None. (31.12.2019: None.)

Short-Term Trade Payables

Details of short term trade payables as of December 31st , 2020 and December 31st , 2019 are as follows:

	31.12.2020	31.12.2019
Trade Payables to Related Parties (Note 6)	23.562.056	30.277.313
Trade payables to related parties	**23.562.056**	**30.277.313**
Suppliers	23.950.238	68.281.113
Cheques and notes payable	23.779.820	28.458.410
Deferred financing income (-)	(2.463.294)	(1.437.597)
Other trade payables	**45.266.764**	**95.301.926**
	68.828.820	**125.579.239**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Long-term trade payables

None. (December 31st, 2019: none)

8. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables

Details of other short-term receivables as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Other receivables from related parties	3.911.796	2.112.057
Other receivables from related parties	**3.911.796**	**2.112.057**
Receivables from Tax Office	277.413	112.909
Other Receivables	50.211	16.484
Receivables from Execution Office	3.250	3.250
Deposits and guarantees given	-	103.349
Other receivables from non-related parties	**330.874**	**235.992**
	4.242.670	**2.348.049**

Other Long-Term Receivables

Details of other long term receivables as of December 31st , 2020 and December 31st , 2019 are as follows:

	31.12.2020	31.12.2019
Deposits and Guarantees Given	381.811	278.187
Other Receivables from Non-Related Parties	**381.811**	**278.187**

Other Short-Term Payables

Details of other short term payables as of December 31st , 2020 and December 31st , 2019 are as follows:

	31.12.2020	31.12.2019
Other Payables to Related Parties	2.506.262	3.820.442
Other Payables to Related Parties	**2.506.262**	**3.820.442**
SSI Premium Payable (*)	707.863	2.561.051
Taxes and Funds Payable	853.975	2.219.074
Other Liabilities	3.969.245	1.276.015
Individual Pension System Deductions	18.161	50.660
Other Payables to Non-Related Parties	**5.549.244**	**6.106.800**
	8.055.506	**9.927.242**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

(*)Consists of SSI premiums payable for the period of December 2020. Total SSI premiums have been paid in full on January 31st , 2021, which is legal payment date.

OTHER LONG-TERM PAYABLES

None (December 31st, 2019 None)

9. INVENTORIES

Details of inventories as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Raw Materials and Supplies	26.840.573	38.397.467
Semi-Finished Goods	45.865.986	43.751.002
Finished Goods	40.702.744	49.013.716
Trade Goods	29.431.728	28.800.354
Other Inventories	2.676.104	1.214.122
	145.517.135	**161.176.661**

TOTAL INSURANCE AMOUNT ON INVENTORIES AS OF DECEMBER 31st , 2020 IS TL 197,225,758 (DECEMBER 31st, 2019 – TL 204,758,653).

10. PREPAID EXPENSES AND DEFERRED INCOMES

Short-Term Prepaid Expenses

Details of short term prepaid expenses as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Order advances given to related parties	10.095	10.095
Prepaid expenses of related parties (Note 6)	**10.095**	**10.095**
Order advances given to suppliers (*)	6.648.564	3.327.541
Advances given to personnel	2.080.642	144.573
Prepaid expenses for future months	1.064.870	899.540
Work advances	98.431	100.819
Prepaid expenses of non-related parties	**9.892.507**	**4.472.473**
	9.902.602	**4.482.568**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Long-Term Prepaid Expenses
None. (31.12.2019: None).

Short-Term Deferred Income

Details of short term deferred income as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Order advances received to related parties	1.936.582	4.948.367
Order advances received from related parties (Note 6)	**1.936.582**	**4.948.367**
Order advances received	2.302.857	2.150.365
Other payables to non-related parties	**2.302.857**	**2.150.365**
	4.239.439	**7.098.732**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

11. INVESTMENT PROPERTIES

None. (December 31st, 2019 None.)

12. TANGIBLE FIXED ASSETS

Movements of tangible fixed assets as of December 31st, 2020 are as follows:

Cost	01.01.2020	Inflow	Transfer	Outflow	Valuation	31.12.2020
Lands and Parcels	11.025.000	-	-	-	-	11.025.000
Land improvements	12.703	-	-	-	-	12.703
Buildings	31.172.285	-	-	-	-	31.172.285
Machinery, Equipment	11.912.322	552.292	-	-	-	12.464.614
Vehicles	1.616.755	-	-	(10.932)	-	1.605.823
Fixtures	22.590.927	385.428	-	-	-	22.976.355
Other Tangible Fixed Assets	29.787.000	764.517	-	-	-	30.551.517
Closing Balance	**108.116.992**	**1.702.237**	**-**	**(10.932)**	**-**	**109.808.297**
Accumulated Depreciation (-)						
Land improvements	9.901	371	-	-	-	10.272
Buildings	4.858.401	190.926	-	-	781.926	5.831.253
Machinery, Equipment	7.892.528	1.238.146	-	-	-	9.130.674
Vehicles	1.389.567	46.679	-	(10.386)	-	1.425.860
Fixtures	16.698.322	1.378.803	-	-	-	18.077.125
Other Tangible Fixed Assets	25.618.644	1.503.420	-	-	-	27.122.064
Closing Balance	**56.467.363**	**4.358.345**	**-**	**(10.386)**	**781.926**	**61.597.248**
Tangible Fixed Assets Net	**51.649.629**					**48.211.049**

Total insurance amount on fixed assets is TL 439,150,459 as of December 31st , 2020.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Movements of tangible fixed assets as of December 31st, 2019 are as follows:

Cost	01.01.2019	Inflow	Transfer	Outflow	Valuation	31.12.2019
Lands and Parcels	11.025.000	-	-	-	-	11.025.000
Land improvements	12.703	-	-	-	-	12.703
Buildings	31.172.285	-	-	-	-	31.172.285
Machinery and Equipment	11.142.862	547.367	222.093	-	-	11.912.322
Vehicles	1.492.993	123.762	-	-	-	1.616.755
Fixtures	21.255.441	1.361.526	-	(26.040)	-	22.590.927
Other Tangible Fixed Assets	28.293.674	1.493.326	-	-	-	29.787.000
Construction in progress	222.093	-	(222.093)	-	-	-
Closing Balance	**104.617.051**	**3.525.981**	**-**	**(26.040)**	**-**	**108.116.992**
Accumulated Depreciation (-)						
Land improvements	9.286	615	-	-	-	9.901
Buildings	3.885.549	190.926	-	-	781.926	4.858.401
Machinery and Equipment	6.711.014	1.181.514	-	-	-	7.892.528
Vehicles	1.294.359	95.208	-	-	-	1.389.567
Fixtures	15.262.546	1.460.514	-	(24.738)	-	16.698.322
Other Tangible Fixed Assets	23.894.713	1.723.931	-	-	-	25.618.644
Closing Balance	**51.057.467**	**4.652.708**	**-**	**(24.738)**	**781.926**	**56.467.363**
Tangible Fixed Assets Net	**53.559.584**					**51.649.629**

Total insurance amount on fixed assets is TL 442,406,421 as of December 31st, 2019

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

13. INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets as of December 31st, 2020 are as follows:

Cost	01.01.2020	Inflow	Outflow	31.12.2020
Rights	1.969.669	76.375	-	2.046.044
Total	**1.969.669**	**76.375**	**-**	**2.046.044**
Accumulated Depreciation (-)				
Rights	1.325.778	126.907	-	1.452.685
Total	**1.325.778**	**126.907**	**-**	**1.452.685**
Net Value	**643.891**			**593.359**

Movements of intangible fixed assets as of December 31st, 2019 are as follows:

	01.01.2019	Inflow	Outflow	31.12.2019
Rights	1.894.164	75.505	-	1.969.669
Total	**1.894.164**	**75.505**	**-**	**1.969.669**
Accumulated Depreciation (-)	**01.01.2019**	**Inflow**	**Outflow**	**31.12.2019**
Rights	1.082.611	243.167	-	1.325.778
Total	**1.082.611**	**243.167**	**-**	**1.325.778**
Net Value	**811.553**			**643.891**

14. GOODWILL

None. (December 31st , 2019: None)

15. LEASING TRANSACTIONS

15,1 FINANCIAL LEASİNG TRANSACTIONS

None. (December 31st , 2019: None)

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

15.2 OPERATİONAL LEASİNG TRANSACTİONS

Leases by the Company in the capacity of Tenant	31.12.2020	31.12.2019
Car Rental Expenses (*)	663.240	577.174
Shop Rental Expenses (*)	27.559.610	42.035.296
Administrative Buildings and Warehouses Rental Expenses (**)	1.398.798	1.761.078
Total	**29.621.648**	**44.373.548**

(*) On January 1st, 2019 or in the annual reporting periods starting after this date, pursuant to TFRS 16, leasing liabilities to be paid in the future for all leasing agreements and an asset usage rights against this are included in the balance sheet. (Note:2).

(**) The term of contracts for leasing relating to administrative buildings is one year or less.

Leases by the Company in the capacity of Lessor

The total rental income arising from operational leasing transactions realized by the Company in the capacity as lessor and collected within the period as well as being reflected in the income statement amounted to TL 3,634,148. (December 31st, 2019: TL 3,197,303).

16. IMPAIRMENT OF ASSETS

Since DESA International Limited and Leather Fashion, which are subsidiaries not consolidated due to their low turnover, have lost their equity capital, impairment has been calculated at the amount (TL 3,107,074) given in assets and reported in Financial Investments account in previous years.

17. GOVERNMENT INCENTIVES AND AIDS

The Company holds Inward Processing Licenses. The Company carried out imports amounting to USD 4,390,007 as of December 31st, 2020 under those licenses and benefited from VAT incentive related to those purchases. (December 31st , 2019 – USD 19,410,922).

b) The right to benefit from the Turquality incentive amounting to TL 182,171 was obtained for a period of twelve months within the scope of the Communiqué No. 2006/4 on Branding of Turkish Products, Establishing the Image of Turkish Products Abroad and Supporting Turquality. (The right to benefit from incentives amounting to TL 158,856 was obtained as from December 31st , 2019.)

c) Income tax of employees working on the minimum-wage in the Düzce factory in the Organized Industrial Zone provide a 5% exemption from payment of SSI premiums under Law No. 5084 on Amendments to Certain Laws by Encouragement of Investments and Employment. The Company has been entitled to benefit from an additional incentive of 6% as from January 1st, 2013 in accordance with the decree no.2013/4966 of the Council of Ministers. The Company has been entitled to an incentive in the amount of TL 789,842 as from December 31st, 2020 and registered the same as revenue. (December 31st , 2019: TL 1,683,018)

d) The amount corresponding to a five-point part of employer's share from disability, old-age and death insurance premiums of insured employers are paid by the Treasury under sub-clause (ı) added to first clause of Article 81 of Social Securities and General Health Insurance Law No. 5510. In this context, the five-point part of the Company's employer's share recorded as revenue as of December 31st , 2020 was TL 1,729,830. (December 31st t, 2019: TL 4,172,083).

e) The subsidy for employer's contribution to the minimum wage provided in order to lessen the burden of additional cost emanated as a result of increase in minimum wage by 30 % is covered by the Treasury pursuant to the article 17 of the Law No.6661 on Amendment of Military Service Law and Some Other Laws. In this context, the five-point part of the Company's employer's share recognized as revenue as of December 31st, 2020 is TL 1,142,689 (December 31st, 2019: TL 2,050,872)

18. BORROWING COSTS

The total borrowing costs incurred as of December 31st , 2020 amounted to TL 38,724,584 (TL 22,495,477 of this amount consisted of exchange differences with TL 10,048,388 being interest expense from leasing transactions) and have been recognized directly as expenses. (December 31st, 2019: TL 27,855,174 recognized directly as expenses). (See Note 29)

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

19. PROVISIONS, CONTINGENT ASSETS AND PAYABLES

Provision for Leave

As of December 31st, 2020 and December 31st 2019, the details of the provision for payments for unused leave was as follows:

	31.12.2020	31.12.2019
Provision for Leave	3.577.862	2.953.257
Total	**3.577.862**	**2.953.257**

Movements of provisions for leave payments within the period were as follows:

	31.12.2020	31.12.2019
Beginning of period	2.953.257	2.397.580
Increase within the Period (+)	624.605	555.677
Provisions cancelled within the Period (-)	-	-
	3.577.862	**2.953.257**

Provisions for Short Term Payables

the provisions for short-term payables as of December 31st, 2020 and December 31st, 2019 were as follows:

	31.12.2020	31.12.2019
Provision for Legal Cases	1.538.940	1.478.282
Provision for Other Costs (*)	76.173	24.241
	1.615.113	**1.502.523**

Provisions for Severance Pay

The details of the provisions for severance pay as of December 31st 2020 and December 31st , 2019 are as follows:

	31.12.2020	31.12.2019
Provision for Severance Pay	5.482.097	4.152.893
	5.482.097	**4.152.893**

According to the laws of Republic of Turkey, the Company is obliged to pay severance pay and a termination indemnity to all employees who have retired after a 25-year period of service by completing a minimum service period of one year in the Company (at the age of 60 for men and 58 for women) or whose employment relationship has been terminated, or who have been called for military service, or have died. The indemnity payable equals an amount equal to one months' pay for each year of service and such an amount was limited to a maximum of TL 7,117.17 as of December 31st, 2020 (December 31st, 2019: TL 6,379.86).

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

The liability for severance pay and termination indemnity is not subject to any funding legally. The provision for severance pay and termination indemnity is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IAS 19 ("Employee Benefits") requires development of the company's liabilities by using actuarial valuation methods under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of total liabilities: The principal assumption is that the amount of the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting the future inflation effects. Consequently, in the accompanying financial statements as of December 31st 2020, the provision is calculated by estimating the present value of the future probable liability of the Company arising from the retirement of the employees.

Provisions on the balance sheet date have been calculated using the real discount rate determined as approximately 3.50% (December 31st, 2019: 2.03%) based on the assumptions of an annual rate of inflation of 9.30% (December 31st 2019: 8.90%) and of a discount rate of 13.13% (December 31st , 2019: 11.11%). The Estimated rate of termination indemnity, which shall not be paid and retained by the Company due to voluntary leave of employment by the employee, has also been taken into account. The upper limit of the severance pay and termination indemnity is revised semi-annually.

	31.12.2020	31.12.2019
Beginning of Period	4.152.893	5.437.074
Service Cost	5.025.384	2.846.209
Interest Cost	84.509	36.674
Indemnities Paid	(4.134.345)	(4.984.542)
Actuarial (Gain)	353.656	817.478
	5.482.097	**4.152.893**

Guarantees Received and Given

Details of the mortgages, guarantees and sureties received by the Company as of December 31st, 2020 and December 31st, 2019 were as follows:

	31.12.2020	31.12.2019
Letters of Guarantee	800.000	380.000
Surety Bonds	2.072.025	2.052.010
	2.872.025	**2.432.010**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Details of off-balance sheet none liabilities as of December 31st, 2020 and December 31st 2019 which were not included in the liabilities were as follows:

	31.12.2020	31.12.2019
Letters of Guarantee		
TL	14.262.043	12.049.912
USD	323.386	380.500
EURO (*)	76.631.953	31.709.561
Surety Bonds		
EURO	12.160.665	30.520.202
	103.378.047	**74.660.175**

(*) For the loan amounting to EUR 8,119,632 (TL 73,140,837) extended by Eximbank, a letter of guarantee in the same amount has been provided

The Company's guarantee/pledge/mortgage position table as of December 31st, 2020 and December 31st, 2019 is as follows.

GPMs given by the Company	31.12.2020	31.12.2019
A. Total Amount of GPMs given on behalf of its own Legal Entity	103.378.047	74.660.175
B. Total Amount of GPMs given in favor of Ventures included in Full Consolidation	-	-
C. Total Amount of GPMs given to Guarantee Liability of Other Third Parties for purposes of carrying out Ordinary Business Activities	-	-
D. Total Amount of Other GPMs Given	-	-
1) Total Amount of GPMs given in favor of the Parent Company	-	-
2) Total Amount of GPMs given in favor of Other Group Companies not included in Items B and C	-	-
3) Total Amount of GPMs given in favor of 3rd Parties not included in Item C	-	-
Total	**103.378.047**	**74.660.175**

20. COMMITMENTS
None. (December 31st , 2019: None)

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

21. EMPLOYEE BENEFITS

The details of the employee benefits as of December 31st, 2020 and December 31st, 2019 were as follows:

	31.12.2020	31.12.2019
Letters of Guarantee		
Accrued Wages of Employees	2.879.229	6.289.965
	2.879.229	**6.289.965**

22. EXPENSES BY THEIR NATURE

The breakdown of significant expense items by their nature as of December 31st, 2020 and December 31st, 2019 were as follows:

	31.12.2020	31.12.2019
For Production Costs	21.633.438	49.606.558
For General Management	7.708.176	10.823.662
For Marketing, Sales and Distribution	27.773.142	44.953.966
For Research and Development	236.741	699.782
Payroll Expenses	**57.351.497**	**106.083.968**
For Marketing, Sales and Distribution	20.476.394	24.799.430
For Production Costs	1.540.183	1.457.609
For General Management	443.966	616.968
For Research and Development	306	3.544
For Service Production	-	414
Depreciation Expenses	**22.460.849**	**26.877.965**
	79.812.346	**132.961.933**

23. OTHER ASSETS AND LIABILITIES

Details of other current assets as of December 31st, 2020 and December 31st, 2019 are as follows:

	31.12.2020	31.12.2019
Accrued Turquality Incentive Income	182.171	158.856
Other VAT	366.294	356.614
	548.465	**515.470**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

24. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

24.1. Shareholder's Equity

The equity of the Company as of December 31st , 2020 was TL 94,584,265 (December 31st , 2019 – TL 93,727,129) and its details were as follows:

	31.12.2020	31.12.2019
Paid in Capital	49.221.970	49.221.970
Adjustment Differences of Capital Accounts	5.500.255	5.500.255
Revaluation and Measurement Gains/Losses	26.853.380	27.549.294
Actuarial (Gain) / Loss relating to Employee Benefits	(2.560.835)	(2.284.983)
Reserves on Retained Earnings	1.035.614	960.423
Previous Period Profit/Loss	12.886.947	(5.463.098)
Net Profit/Loss for the Period	1.646.934	18.243.268
	94.584.265	**93.727.129**

24.2. Paid in Capital

The Company switched to a registered capital system in 2007 and its registered authorized stock amounts to TL 150,000,000. Necessary permissions will be obtained to increase the registered capital ceiling of TL 150,000,000 of the company to TL 200,000,000, and the Registered Capital Ceiling and amendments to the Articles of Association will be submitted to the approval of the shareholders at the next Annual General Meeting to be held.

The Company's paid in capital is TL 49,221,970 (December 31st, 2018: TL 49,221,970) and has been divided into 4,922,196,986 (December 31st, 2018: 4,992,196,986) shares each of which has a nominal value of 1 Kr. Four members of the Board of Directors and auditors are elected amongst the candidates to be nominated by Group (A) shareholders. In Ordinary and Extraordinary General Meetings, Group (A) shareholders have 15 voting rights for 1 share while other shareholders have 1 voting right for 1 share. There is no preference share in financial terms. The issued and paid in capital amounts at their carrying value as of December 31st, 2020 and December 31st, 2019, were as follows:

	31.12.2020		31.12.2019	
Name Surname/Title	Pay Oranı	Pay Tutarı	Pay Oranı	Pay Tutarı
Çelet Holding A.Ş.	54,28%	26.717.682	54,28%	26.717.682
Melih Çelet	10,00%	4.922.197	10,00%	4.922.197
Free Float (*)	34,92%	17.188.312	34,92%	17.188.312
Other	0,80%	393.779	0,80%	393.779
Total	**100%**	**49.221.970**	**100%**	**49.221.970**

(*) Shares with a nominal value of TL 4,129,566 representing 8.39% of the publicly owned share capital belonged to Çelet Holding A.Ş. and shares with a nominal value of TL 4,153,569 representing 8.44% of the capital belonged to Melih Çelet as of 31.12.2020.

(*) Shares with a nominal value of TL 4,129,566 representing 8.39% of the publicly owned share capital belonged to Çelet Holding A.Ş. and shares with a nominal value of TL 4,103,569 representing 8.34% of the capital belonged to Melih Çelet as of 31.12.2019.

24.3. Adjustment Differences of Capital Accounts

he inflation adjustment difference for capital accounts was TL 5,500,255 as of December 31st, 2020. (December 31st, 2019: TL 5,500,255)

24.4. Revaluation and Measurement Gains/Losses

The revaluation fund of the tangible fixed asset as of December the 31st 2020 amounting to TL 26.8853.380, generated from the revaluation of the factory and office buildings of the years 2012-2017 details as follow: (Note 12)

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Total Surplus	Deferred Tax Impact	Revaluation Surplus (Net)
Factory Land	-	-	-
Factory and Office Building	-	-	-
Depreciation Impact as of January 1st, 2020	-	-	-
Depreciation Impact as of December 31st, 2020	(781.926)	86.012	(695.914)
Total	**(781.926)**	**86.012**	**(695.914)**
01.01.2020 Opening			**27.549.294**
December 31st 2020 Net			**26.853.380**
	Total Surplus	**Deferred Tax Impact**	**Revaluation Surplus (Net)**
Factory Land	-	-	-
Factory and Office Building	-	-	-
Depreciation Impact as of January 01st , 2019	-	-	-
Depreciation Impact as of December 31st , 2019	(781.926)	86.012	(695.914)
TOTAL	**(781.926)**	**86.012**	**(695.914)**
01.01.2019 Opening			**28.245.208**
December 31st , 2019 Net			**27.549.294**

24.5. Actuarial (Loss)/Gain relating to Employee Benefits

	31.12.2020	31.12.2019
Opening balance (Net)	**(2.284.983)**	**(1.647.352)**
Current Period Defined Benefit Plans	-	-
Remeasurement Losses (Net)	**(275.852)**	**(637.631)**
Current Period Actuarial Difference	(353.656)	(817.476)
Deferred Tax of Current Period Actuarial Difference	77.804	179.845
	(2.560.835)	**(2.284.983)**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

24.6. Reserves on Retained Earnings

	31.12.2020	31.12.2019
Primary Legal Reserves	1.035.614	960.423
	1.035.614	**960.423**

24.7. Previous Period Profit/Loss

Previous Period Profit/Loss	31.12.2020	31.12.2019
Accumulated Profit / Loss Opening	(5.463.098)	(13.841.654)
Transfer from Retained Net Profit / Loss	18.168.077	8.378.556
Increase (Decrease) Due to Other Changes	181.968	-
	12.886.947	**(5.463.098)**

25. COST OF REVENUE AND SALES

Details of sales as of December 31st 2020 and December 31st 2019 are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Domestic Sales	282.521.527	466.807.966
Export Sales	95.284.285	205.315.595
Other Sales	391.980	2.343.206
	378.197.792	**674.466.767**
Returns from Sales	(15.419.600)	(18.076.991)
Sales Discounts	(128.700.175)	(227.016.936)
Discounts	(666.345)	(1.260.025)
Sales Revenue, (net)	**233.411.672**	**428.112.815**
Cost of Sales (-)	**117.551.012**	**266.269.424**
Gross Profit / (Loss)	**115.860.660**	**161.843.391**

The negative economic impacts of the "Covid-19" epidemic, which was declared as a pandemic by the World Health Organization (WHO) in March 2020, in many areas such as production, trade and transportation, as well as human health, were felt all over the world, Therefore, it is expected that "Covid-19" will have a negative impact on the financial statements of companies, including global companies across the board with the exception of certain sectors. Due to the Covid-19 outbreak, the Company, in line with the guidance of the legal authorities and the joint decisions of taken by the Association of Shopping Centers, closed all sales outlets with effect from March 20, 2020 and, in parallel with this, decided to close its production facilities. For the 1,656 employees whose necessary legal notifications were undertaken in April 2020, the short-time working allowance still continues. In line with the developments in the Covid-19 outbreak, a partial service started to be provided in all stores from June 1, 2020. Currently, all stores with the exception of our Istanbul Airport duty-free shop are fully open and continue their activities within the scope of Covid 19 measures, and our factories continue their production activities within the scope of Covid 19 measures.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

DESA DERİ A.Ş. COST OF GOOD SOLD TABLE (TRY)

	CURRENT PERIOD 31.12.2020		PREVIOUS PERIOD 31.12.2019	
COST OF PRODUCTION				
A-Direct Raw Materials and Supplies Expenses		**29.583.852**		**116.742.410**
B-Direct Labour Expenses		**20.810.700**		**49.606.558**
Idle Capacity Expenses (-)		822.738		
C-General Production Expenses		**14.218.969**		**26.551.591**
Idle Capacity Expenses (-)		362.655		
D-Use of work in progress Goods		**(2.114.984)**		**716.591**
1. Inventory at the Beginning of Period (+)	43.751.002		44.467.593	
2.Inventory at the End of Period (+)	(45.865.986)		(43.751.002)	
COST OF GOODS MANUFACTURED		**63.683.930**		**193.617.150**
E-Change in Finished Goods Inventory		**9.480.209**		**4.362.265**
1. Inventory at the Beginning of Period (+)	49.013.716		50.702.513	
Other Return (+)	1.169.237		2.673.468	
4.Inventory at the End of Period (+)	(40.702.744)		(49.013.716)	
I-COST OF GOODS SOLD		**73.164.139**		**197.979.415**
Business Operation				
A- Stock in Trade at the Beginning of Period (+)	**28.800.354**			**23.713.756**
B- Purchases within the Period (+)	**41.506.480**			**70.901.363**
C- Stock in Trade at the End of Period (+)	**(29.431.728)**			**(28.800.354)**
II- COST OF TRADE GOODS SOLD		**40.875.106**		**65.814.764**
III-COST OF SERVICE SOLD		**603.264**		**706.446**
IV-COST OF OTHER SALES		**2.908.503**		**1.768.799**
COST OF SALES (I+II+III+IV)		**117.551.012**		**266.269.424**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01.01.-31.12.2020	01.01.-31.12.2019
General Administrative Expenses	12.651.561	16.989.682
Marketing, Sales and Distribution Expenses	66.771.297	100.930.218
Research and Development Expenses	1.363.212	1.566.956
Operating Expenses	**80.786.070**	**119.486.856**

26.1. General Administrative Expenses (-)

The details of the general administration expenses pertaining to the periods of January 1st – December 31st 2020 and January 1st – December 31st 2019 by their breakdown are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Personnel Expenses	7.708.176	10.823.662
Consultancy Expenses	1.261.822	1.332.924
Rental Expenses	1.237.401	1.542.071
Other	686.926	729.786
Depreciation Expenses	443.966	616.968
Insurance, Repair & Maintenance Expenses	275.921	238.661
Utility and Fuel Oil Expenses	260.469	484.175
Travel and Transport Expenses	244.776	539.068
Communication Expenses	200.962	138.462
Taxes and Other Legal Duties	165.490	193.758
Legal Case and Notarial Expenses	57.721	223.203
Stationery and Advertising, Announcement Expenses	54.223	71.785
Representation and Entertainment Expenses	40.572	51.159
Trademark Registration Expenses	13.136	4.000
	12.651.561	**16.989.682**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26.2. Marketing, Sales and Distribution Expenses (-)

The details of the marketing, sales and distribution expenses pertaining to the periods of December 31st , 2020 and 2019, by their features are as follows.

	01.01.-31.12.2020	01.01.-31.12.2019
Personnel Expenses	27.773.142	44.953.966
Depreciation Expenses	20.476.394	24.799.430
Advertising, Announcement Expenses	6.206.561	9.569.561
Bank Commission Expenses	2.733.551	5.646.002
Cargo Expenses	2.559.492	3.107.126
Other	2.534.113	6.501.351
Utility and Fuel Oil Expenses	2.128.667	2.792.819
Product Repair and Export Duty Expenses	453.535	1.044.836
Insurance Expenses	372.394	55.169
Maintenance & Repair Expenses	336.539	457.616
Transport Expenses	264.312	532.843
Shelf, Sign and Printed Material Expenses	239.542	421.124
Phone, Fax and Data Line	236.608	236.373
Travel Expenses	205.606	433.634
Taxes, Duties and Charges	135.790	242.763
Stationery Expenses	64.854	82.636
Representation and Entertainment Expenses	37.094	21.326
Legal Case and Notarial Expenses	13.103	31.643
	66.771.297	**100.930.218**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26.3. Research and Development Expenses (-)

The details of the research and development expenses pertaining to the periods of December 31st , 2020 and December 31st 2019, by their features are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Design and Modeling Expenses	1.010.981	654.657
Personnel Expenses	236.741	699.782
Travel Expenses	53.265	123.432
Other	26.587	51.332
Representation and Entertainment Expenses	25.626	31.666
Utility and Fuel Oil Expenses	6.972	-
Maintenance Repair Expenses	2.734	2.543
Depreciation Expenses	306	3.544
	1.363.212	**1.566.956**

27. OTHER OPERATING INCOMES AND EXPENSES

27.1. Other Operating Incomes

The details of other operating incomes pertaining to the periods of December 31st , 2020 and December 31st , 2019, are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Exchange Profits	7.043.678	2.899.300
Financing Incomes Arising from Forward Sales	4.564.075	3.069.130
Rental Incomes	3.634.148	3.197.303
Subsidy (SSI and Withholding)	3.662.361	7.905.973
Cargo Logistics Service Incomes	3.339.641	6.032.415
Impairment of Trade Payables	2.995.453	2.159.517
Income from Damage Indemnity	565.422	267.422
Other	484.166	2.256.858
Subsidy (Turquality and ITKIB)	405.957	108.957
Provisions for Legal Cases No Longer Required	348.657	393.274

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

The details of other operating incomes pertaining to the periods of December 31st , 2020 and December 31st , 2019, are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Other Provisions No Longer Required	301.119	783.502
Provisions No Longer Required	-	1.478.130
Expense Contribution Incomes	89.982	56.327
Interest Income	38.020	196.660
Cancelled Import	30.142	226.471
	27.502.821	**31.031.239**

27.2. Other Operating Expenses (-)

The details of other operating expenses pertaining to the periods of December 31st , 2020 and December 31st , 2019, are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Financing Expenses Arising from Forward Purchases	16.224.756	14.929.338
Foreign Exchange Losses	11.554.126	6.778.264
Impairment of Trade Receivables	1.710.864	3.170.752
Other Provision Expenses	479.917	280.317
Provisions Expenses for Legal Cases	409.316	668.335
Provision Expenses (Trade Receivables)	13.302	-
Provision for Expected Credit Loss	12.746	12.746
Other	11.210	173.489
	30.416.237	**26.013.241**

28. INCOMES AND EXPENSES FROM INVESTING ACTIVITIES

28.1. Incomes From Investing Activities

The details of income from investment activities pertaining to the periods of December 31st , 2020 and December 31st , 2019, are as follows:

	01.01.-31.12.2020	01.01.-31.12.2019
Income from Fixed Asset Sales	24.752	60.471
	24.752	**60.471**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

28.2. EXPENSES FROM INVESTİNG ACTİVİTİES (-)

None. (31.12.2019: None)

29. FINANCING EXPENSES AND INCOMES

29.1. Financing Expenses (-)

The details of financing expenses pertaining to the periods of December 31st , 2020 and December 31st 2019, are as follows:

	01.01.- 31.12.2020	01.01.- 31.12.2019
Exchange Difference Expenses	22.495.477	2.419.218
Interest Expenses on Contractual Lease Liabilities	10.048.388	18.413.778
Loan Interest Expense	4.762.345	4.267.563
Bank Letter of Guarantee Commission	388.056	646.599
Credit Card Commission	358.713	879.493
Bank Charges	354.866	505.214
Factoring Interest Expenses	232.230	686.635
Other Financing Expenses	84.509	36.674
	38.724.584	**27.855.174**

29.2. Financing Incomes

The detail of financing incomes pertaining to the periods of December 31st , 2020 and December 31st , 2019, is as follows:

	01.01.- 31.12.2020	01.01.- 31.12.2019
Exchange Difference Incomes	9.552.993	1.272.675
Interest Incomes	1.942.412	-
	11.495.405	**1.272.675**

30. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	01.01.- 31.12.2020	01.01.- 31.12.2019
Fixed Assets held for Sale	2.722.277	2.772.277
	2.722.277	**2.772.277**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current Tax Liability	01.01.-31.12.2020	01.01.-31.12.2019
Provision for Current Corporate Tax (-)	(1.166.500)	(3.639.435)
Prepaid Taxes and Funds within the Period	572.394	2.726.057
Net Tax Asset/(Liability) of Current Period	**(594.106)**	**(913.378)**
	01.01.-31.12.2020	01.01.-31.12.2019
Current Tax Expense/Income	(1.166.500)	(3.639.435)
Deferred Tax Expense/Income	29.225	(462.293)
Total Tax Income/(Expense)	**(1.137.275)**	**(4.101.728)**

The Company is subject to corporate taxes applicable in Turkey. Necessary provisions are made in the accompanying financial statements for the estimated tax charge based on the Company's operating results for the current accounting period.

Corporate tax to be accrued on taxable corporate income is calculated over the tax base used in determination of business profit remaining after adding non-exempt expenses which cannot be deducted from the tax base to and deducting tax exempt income, non-taxable revenues and other deductions (losses from the previous years, investment allowances and R&D incentives, if any) from business income.

The corporate tax rate applicable in Turkey is 22%. (2019: 22%). In Turkey, advance tax is accrued on a quarterly basis. Advance tax at a rate of 22% over the corporate income has been calculated at the stage of taxing the corporate incomes for 2020 as of advance tax periods. (2019: 22%)

The provision stipulating that "the corporate tax rate of 20% specified in the first paragraph of the Article 32 of the Corporate Tax Law No.5520 is applied as 22% for corporate incomes pertaining to taxation periods of 2018, 2019 and 2020" has been brought by the Law No.7061 on "Amendments to Certain Tax Laws and Some Other Laws" adopted on November 28th, 2017 through a provisional article. Furthermore, the provision stipulating that "an exemption rate of 75% applied over the income derived by corporate taxpayers from the sales of immovable properties held in their assets for a period of two full years minimum" specified in subparagraph e of the first paragraph of the Article 5 of the Corporate Tax Law No.5520 has been amended as 50% also by the same "Omnibus Law".

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Movement table of deferred tax is as follows:

Movement table of deferred tax is stated below:	01.01.-31.12.2020	01.01.-31.12.2019
Opening Balance as of 1st January	(514.152)	55.909
Deferred Tax Income / (Expense)	29.225	(462.293)
Actuarial (Gain) / Loss	77.804	179.845
Deferred Tax for Revaluation Surplus	86.012	86.012
Derivative Instruments	-	(373.625)
End of Period	**(321.111)**	**(514.152)**

	01.01.-31.12.2020		01.01.-31.12.2019	
	Total Temporary Differences	**Deferred Tax Asset / Liability**	**Total Temporary Differences**	**Deferred Tax Asset / Liability**
Impairment of Trade Receivables	273.267	60.119	532.159	117.075
Expense Accruals	2.516.944	553.728	2.507.469	551.643
Provision for Doubtful Receivables	136.240	29.973	136.240	29.973
Currency Valuation Differences	2.950	649	3.554	782
Provision for Leaves	3.577.862	787.130	2.953.257	649.717
Provision for Severance Pay and Termination Indemnity	7.429.218	1.634.428	6.021.815	1.324.799
Provisions for Liabilities/Expenses	479.917	105.582	280.317	61.670
Impairment of Financial Investments	3.107.074	170.889	3.107.074	170.889
Operating Lease Transactions	17.985.982	3.956.916	22.006.830	4.841.503
Legal Case Provisions	1.538.940	338.567	1.478.281	325.222
Deferred Tax Asset	**37.048.394**	**7.637.981**	**39.026.996**	**8.073.273**
Impairment of Trade Payables	(2.463.294)	(541.925)	(1.437.597)	(316.271)
Operating Lease Transactions	(20.366.324)	(4.480.591)	(24.198.691)	(5.323.713)
Fixed Asset Depreciations	(51.659)	(11.365)	592.803	130.417
Fixed Asset Value Increments	(20.431.828)	(2.247.501)	(21.213.754)	(2.333.513)
Financial Investment Value Increments	(8.223.420)	(452.288)	(10.395.958)	(571.778)
Income Accruals	(1.019.651)	(224.323)	(778.203)	(171.205)
Other	(4.995)	(1.099)	(6.189)	(1.362)
Deferred Tax Liability	**(52.561.171)**	**(7.959.092)**	**(57.437.589)**	**(8.587.425)**
Deferred Tax Asset (Net)		**(321.111)**		**(514.152)**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

32. EARNINGS PER SHARE

Earnings per share disclosed in the income statement have been calculated by dividing the net profit of the current period by the weighted average number of shares that have been outstanding during the respective period. Companies in Turkey may increase their capital through "bonus share" distribution to their existing shareholders from accumulated earnings and revaluation funds. Such "bonus share" distributions are considered as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations has been determined by calculating retrospective effects of share distributions.

Calculations of earnings per share have been carried out by dividing net profit by the weighted average number of shares outstanding. There are no shares containing financial preference. Accordingly, the earnings/loss per share on the basis of shares is as follows.

	01.01.-31.12.2020	01.01.-31.12.2019
Net Profit / (Loss) for the Period	1.646.934	18.243.268
Weighted average number of shares outstanding (corresponding to a share of TL 1)	4.922.197.000	4.922.197.000
Earnings/loss per TL 1 nominally valued share	**0,00033**	**0,0037**

33. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

	01.01.-31.12.2020	01.01.-31.12.2019
Financing Income/Expense	(12.942.484)	(1.146.543)
Loan Exchange Difference Expenses (-)	22.495.477	2.419.218
Bank and Cash Exchange Difference Income	9.552.993	1.272.675
Real Operation Income / Expense	**(4.510.448)**	**(3.878.964)**
Foreign Exchange Gains	7.043.678	2.899.300
Foreign Exchange Losses (-)	11.554.126	6.778.264

34. FINANCIAL INSTRUMENTS

The details of financial instruments as of December 31st , 2020 and December 31st , 2019, are as follows:

	31.12.2020	31.12.2019
Short-Term Borrowings	**46.088.055**	**43.110.899**
- Bank Loans	33.390.433	21.449.859
- Credit Cart Payables	21.500	25.248
-Borrows from Leasing Transactions	12.676.122	21.635.792
Short-Term Parts of Long-Term Borrowings	**20.731.167**	**15.545.778**
- Bank Loans	20.731.167	15.545.778
Total Short-Term Borrowings	**66.819.222**	**58.656.677**
Long-Term Borrowings	**88.659.574**	**47.088.863**
- Bank Loans	75.368.559	11.084.333
- Borrows From Leasing Transactions	13.291.015	36.004.530
Total Long-Term Borrowings	**88.659.574**	**47.088.863**
End of Period	**155.478.796**	**105.745.540**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

Details of bank loans included in short-term borrowings are as follows:

	31.12.2020			31.12.2019		
Currency	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
USD	-	-	-	-	-	-
EURO	647.359	5.831.345	8,50-10,00%	2.881.465	19.163.471	9,10-14,75%
TL	27.559.088	27.559.088	8,50-10,00%	2.286.388	2.286.388	14,00-14,75%
Total		**33.390.433**			**21.449.859**	

Details of short-term parts of the long-term borrowings are as follows:

	31.12.2020			31.12.2019		
Currency	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
USD	-	-	-	-	-	-
EURO	2.301.443	20.731.167	1,25-4,00%	2.337.500	15.545.778	2,00-3,50%
TL	-	-	-	-	-	-
Total		**20.731.167**			**15.545.778**	

Details of long-term borrowings are as follows:

	31.12.2020			31.12.2019		
Currency	Amount in Foreign Currency	Amount in TL	Effective Interest %	Amount in Foreign Currency	Amount in TL	Effective Interest %
USD	-	-	-	-	-	-
EURO	6.146.667	55.368.559	1,25-4,00%	1.666.667	11.084.333	2,00-3,50%
TL	20.000.000	20.000.000	9,00%	-	-	-
Total		**75.368.559**			**11.084.333**	

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

35. DERIVATIVE INSTRUMENTS

None. (31.12.2019: None)

36. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The main risks arising from financial instruments are credit risk, liquidity risk and market risk as well as interest rate and exchange risk.

36.1. Credit Risk: Credit risk consists of deposits kept in banks and customers exposed to credit risk including outstanding receivables and guaranteed transactions. Risk control evaluates credit quality of the customer considering the financial position and past experiences of the customer and other factors. The Company management meets such risks by limiting average risk for the counterparty in each agreement and obtaining collateral when necessary. The management is not expecting any loss due to nonperformance of the parties.

As of December 31st , 2020 and December 31st , 2019, the credit risks incurred by types of financial instruments were as follows:

	Trade Receivables		Other Receivables		Cash and cash equivalent		
31.12.2020	Related Party	Other Party	Related Party	Other Party	Deposit in Banks	Repo and Funds	Other
Maximum credit risk incurred as of reporting date (A+B+C+D+E)	20.163.497	5.830.422	3.911.796	712.685	61.357.693	-	238.472
Guaranteed part of maximum risk through security etc.	-	-	-	-	-	-	-
A. Net carrying value of financial assets undue or not impaired	20.163.497	5.830.422	3.911.796	712.685	61.357.693	-	238.472
B. Carrying value of financial assets of which conditions have been re-discussed, otherwise which would be considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of the non impaired overdue assets	-	-	-	-	-	-	-
Overdue (gross carrying value)	-	-	-	-	-	-	-
Impairment (-)	-	266.031	-	-	-	-	-
Guaranteed part of net value through security etc.	-	(266.031)	-	-	-	-	-
Undue (gross carrying value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

As of December 31st , 2020 and December 31st , 2019, the credit risks incurred by types of financial instruments were as follows:

	Trade Receivables		Other Receivables		Cash and cash equivalent		
31.12.2020	Related Party	Other Party	Related Party	Other Party	Deposit in Banks	Repo and Funds	Other
Maximum credit risk incurred as of reporting date (A+B+C+D+E)	28.986.834	6.725.165	2.112.057	514.179	18.870.187	-	247.691
Guaranteed part of maximum risk through security etc.	-	-	-	-	-	-	-
A. Net carrying value of financial assets undue or not impaired	28,986,834	6,725,165	2,112,057	514,179	18,870,187	-	247,691
B. Carrying value of financial assets of which conditions have been re-discussed, otherwise which would be considered as overdue or impaired	-	-	-	-	-	-	-
D. Net book values of the impaired assets	-	-	-	-	-	-	-
Overdue (gross carrying value	-	-	-	-	-	-	-
Impairment (-)	-	266,031	-	-	-	-	-
Guaranteed part of net value through security etc.	-	(266,031)	-	-	-	-	-
Undue (gross carrying value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Guaranteed part of net value through security etc.	-	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

36.1.2. Details and fair values of collaterals obtained for receivables are as follows:

Total amount of collaterals obtained by the Company for its receivables is TL 2,872,025 as of December 31st , 2020. (December 31st , 2019: TL 2,432,010)

36.1.3. Disclosures on credit quality of financial assets undue or not impaired as well as financial assets of which conditions have been renegotiated, otherwise which would be considered as overdue or impaired:

The Company has no financial assets for which conditions have been renegotiated, or would otherwise be considered as overdue or impaired. There have been no problems in the collection of financial assets undue and not impaired and the average collection time of trade receivables ranges between 30-365 days. (December 31st , 2019 30- 365 days).

36.1.4. Disclosures on which factors have been taken into account for determination of provision for impairment reserved for impaired financial assets:

Since DESA International Limited and Leather Fashion (Russia), which are subsidiaries not consolidated due to their low turnover, have lost their equity capital as of December 31st , 2019, impairment has been calculated at the amount (TL 3,107,074) given in assets and reported in Financial Investments account.

36.1.5 Aging table of financial assets overdue, but not impaired

None. (December 31st , 2019: None)

36.1.6 Assets acquired by the Company by taking over the ownership of the collateral held as security or by using other factors increasing the credit reliability;
- Nature and carrying value;

None. (December 31st , 2019: None)

- In case such assets cannot be converted into cash currently, approach of the entity regarding disposal of or use of such assets in business activities:

None. (December 31st , 2019: None)

36.2.Liquidity Risk: Liquidity risk considers the probability of the Company being unable to fulfil its net funding liabilities. Events resulting in a decrease in fund resources such as a deterioration in the markets or decrease in the credit rating lead to liquidity risk. The Company has been exposed to liquidity risk as of December 31st , 2020 and December 31st , 2019. The Company plans to carry out liquidity management by extending maturities of trade payables and focusing on to raw material stocks instead of purchasing new raw materials.

Thanks to its export revenues, the Company has been able to collect its export and domestic revenues in cash during the periods ending December 31st 2020 and December 31st , 2019 in return for liquidity risk and to reduce its indebtedness level in Euro terms despite wide exchange rate differences during the relevant periods.

36.2.1 The Company also plans to reduce its financial
The company plans to reduce its financial debts in 2020 with the excess liquidity generated from the export-based activities, as managed in 2019 and also plans to perform its liquidity management by focusing on raw material stocks.

Break down of derivative and non-derivative financial liabilities by their remaining maturities

The following table has been prepared without discounting the Company's liabilities and basing on the earliest due dates. Interest to be paid on these liabilities has been included in the following table. The average maturity of the trade payables is 298 days. (December 31st , 2019 – 174 Days)

31.12.2020

Maturities as per Agreement	Carrying Value	Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (Iii)	More than 5 years (IV)
Non-Derivative Financial Liabilities	**232.363.122**	**234.826.416**	**40.915.674**	**105.251.168**	**88.659.574**	**-**
Financial Payables	155.478.796	155.478.796	23.457.588	43.361.634	88.659.574	-
Trade Payables	68.828.820	71.292.114	9.402.580	61.889.534	-	-
Other Payables	8.055.506	8.055.506	8.055.506	-	-	-
Derivative Financial Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Derivative Financial Instruments	-	-	-	-	-	-

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

31.12.2019

Maturities as per Agreement	Carrying Value	Total cash outflows as per agreement (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (Iii)	More than 5 years (IV)
Non-Derivative Financial Liabilities	**241.252.021**	**242.689.618**	**141.157.204**	**54.443.550**	**47.088.864**	**-**
Financial Payables	105.745.540	105.745.540	18.504.505	40.152.171	47.088.864	-
Trade Payables	125.579.239	127.016.836	112.725.457	14.291.379	-	-
Other Payables	9.927.242	9.927.242	9.927.242	-	-	-
Derivative Financial Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Derivative Financial Instruments	-	-	-	-	-	-

36.3 Market Risk: This refers to the possibility of incurring a loss on positions held in the on-balance sheet and off-balance sheet accounts, due to risks resulting from differences in interest rates, exchange rates and share prices arising from fluctuations in the financial markets.

36.3.1.Exchange Rate Risk: The effects resulting from exchange rate movements, in case of having assets, liabilities and off-balance sheet liabilities in foreign currency, are referred to as exchange rate risk.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

The Company's foreign currency position in the original currency as of December 31st , 2020 and December 31st , 2019 is as follows:

December 31st, 2020	31.12.2019 Equivalent in TL (Functional Currency)	USD	EURO	CHF	JPY	GBP	BGN	CNY
1.Trade Receivables	25.081.994	62.355	2.644.599	26	-	80.631	-	-
2a. Monetary Financial Assets (including Cash and Bank Accounts)	54.807.974	2.796.612	3.796.466	1.813	22	6.458	439	8
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4.Current Assets (1+2+3)	**79.889.968**	**2.858.967**	**6.441.065**	**1.839**	**22**	**87.089**	**439**	**8**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**79.889.968**	**2.858.967**	**6.441.065**	**1.839**	**22**	**87.089**	**439**	**8**
10. Trade Payables	14.967.797	404.161	1.251.727	681	2.650	72.386	-	-
11. Financial Liabilities	26.562.512	-	2.948.802	-	-	-	-	-
12a. Other Monetary Financial Assets	8.282.664	212.029	188.899	-	-	505.308	-	-
12b. Other Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
13.Derivative Financial Instruments	-	-	-	-	-	-	-	-
14. Short-Term Liabilities (10+11+12)	**49.812.973**	**616.190**	**4.389.428**	**681**	**2.650**	**577.694**	**-**	**-**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

The Company's foreign currency position in the original currency as of December 31st , 2020 and December 31st , 2019 is as follows:

December 31st, 2020								
	31.12.2019 Equivalent in TL (Functional Currency)	USD	EURO	CHF	JPY	GBP	BGN	CNY
15. Trade Payables	-	-	-	-	-	-	-	-
16. Financial Liabilities	75.368.559	-	8.366.940	-	-	-	-	-
17a. Other Monetary Financial Assets	-	-	-	-	-	-	-	-
17b. Other Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
18. Long-Term Liabilities (14+15+16)	**75.368.559**	**-**	**8.366.940**	**-**	**-**	**-**	**-**	**-**
19.Total Liabilities	**125.181.532**	**616.190**	**12.756.368**	**681**	**2.650**	**577.694**	**-**	**-**
20. Net asset / liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20a. Total Amount of Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21. Net asset/liability position in Foreign Currency (9-18+19)	**(45.291.564)**	**2242.777**	**(6.315.303)**	**1.158**	**(2.628)**	**(490.605)**	**439**	**8**
22. Monetary Items Net asset / liability position in Foreign Currency (Ufrs 7,B23) (=1+2a+5+6a 10-11-12a-14-15-16a)	**(45.291.564)**	**2.242.777**	**(6.315.303)**	**1.158**	**(2.628)**	**(490.605)**	**439**	**8**
23. Import*	38.059.847	377.104	3.883.712	22.243	-	12.406		
24. Export*	109.119.639	339.863	10.664.459	-	-	1.062.018		

(*) The equivalents in TL of the respective export and import amounts have been reported at the CBRT's purchase exchange rate applicable on December 31st, 2020.

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

31 Aralık 2019								
	Equivalent in TL (Functional Currency)	USD	EURO	CHF	JPY	GBP	BGN	CNY
1.Trade Receivables	32.087.502	83.968	4.586.690	26	-	139.435	-	-
2a. Monetary Financial Assets (including Cash and Bank Accounts)	19.615.266	14.184	2.841.949	1.815	22	79.441	444	8
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4.Current Assets (1+2+3)	**51.702.768**	**98.152**	**7.428.639**	**1.841**	**22**	**218.876**	**444**	**8**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**51.702.768**	**98.152**	**7.428.639**	**1.841**	**22**	**218.876**	**444**	**8**
10. Trade Payables	55.729.020	910.339	7.545.335	15.451	2.650	5.932	-	-
11. Financial Liabilities	34.709.250	-	5.218.965	-	-	-	-	-
12a. Other Monetary Financial Assets	8.558.491	320.087	177.088	-	-	704.606	-	-
12b. Other Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
13.Derivative Financial Instruments	-	-	-	-	-	-	-	-
14. Short-Term Liabilities (10+11+12)(10+11+12)	**98.996.761**	**1.230.426**	**12.941.388**	**15.451**	**2.650**	**710.538**	**-**	**-**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

31 Aralık 2019								
	Equivalent in TL (Functional Currency)	USD	EURO	CHF	JPY	GBP	BGN	CNY
15. Trade Payables	-	-	-	-	-	-	-	-
16. Financial Liabilities	11.084.336	-	1.666.667	-	-	-	-	-
17a. Other Monetary Financial Assets	-	-	-	-	-	-	-	-
17b. Other Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
18. Long-Term Liabilities (14+15+16)	**11.084.336**	**-**	**1.666.667**	**-**	**-**	**-**	**-**	**-**
19.Total Liabilities	**110.081.097**	**1.230.426**	**14.608.055**	**15.451**	**2.650**	**710.538**	**-**	**-**
20. Net asset / liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20a. Total Amount of Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20b. Total Amount of Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21. Net asset/liability position in Foreign Currency (9-18+19)	**(58.378.329)**	**(1.132.274)**	**(7.179.416)**	**(13.610)**	**(2.628)**	**(491.662)**	**444**	**8**
22. Monetary Items Net asset / liability position in Foreign Currency (Ufrs 7,B23) (=1+2a+5+6a 10-11-12a-14-15-16a)	**(58.378.329)**	**(1.132.274)**	**(7.179.416)**	**(13.610)**	**(2.628)**	**(491.662)**	**444**	**8**
23. Import*	**120.028.318**	**726.422**	**17.308.322**	**36.493**	**784.985**	**43.403**	**-**	**-**
24. Export*	**212.626.992**	**836.410**	**29.575.121**	**-**	**-**	**1.410.178**	**-**	**-**

(*) The equivalents in TL of the respective export and import amounts have been reported in foreign exchange buying rate of CBRT applicable on December 31st , 2019.

Currency Risk Sensitivity Analysis

If the value of the TL changes by 20% against the following foreign currencies as of December 31st , 2020, the income statement would be affected as follows.

When conducting analysis, it has been assumed that all other variables, especially interest rates, remain constant.

The exchange rate sensitivity analysis table as of December 31st 2020 and December 31st , 2019 is presented below:

Exchange Rate Sensitivity Analysis Table as of December 31st 2020

	Profit/Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of change in value of USD against TL at a rate of 20%;				
1- Net asset/liability in USD	3.292.621	(3.292.621)	3.292.621	(3.292.621)
2- Amount protected from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	**3.292.621**	**(3.292.621)**	**3.292.621**	**(3.292.621)**
IN CASE OF CHANGE IN VALUE OF EUR AGAINST TL AT A RATE OF 20%;	**-**	**-**	**-**	**-**
4- Net asset/liability in Euro	(11.377.524)	11.377.524	(11.377.524)	11.377.524
5- Amount protected from EURO risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	**(11.377.524)**	**11.377.524**	**(11.377.524)**	**11.377.524**
In case of change in value of GBP against TL at a rate of 20%;				
7- Net asset/liability in British Pound	(975.696)	975.696	(975.696)	975.696
8- Amount protected from British Pound risk (-)	-	-	-	-
9- British Pound Net Effect (7+8)	**(975.696)**	**975.696**	**(975.696)**	**975.696**
In case of change in value of Bulgarian Leva against TL at a rate of 20%;				
10- Net asset/liability in BGN	402	(402)	402	(402)
11-Amount protected from BGN risk (-)	-	-	-	-
12- Amount protected from BGN risk (-) (10+11)	**402**	**(402)**	**402**	**(402)**
In case of change in value of Chinese Yuan against TL at a rate of 20%;				
13- Net asset/liability in Chinese Yuan	2	(2)	2	(2)

Exchange Rate Sensitivity Analysis Table as of December 31st 2020

	Profit/Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
14- Amount protected from Chinese Yuan risk (-)	-	-	-	-
15- Chinese Yuan Net Effect (13+14)	**2**	**(2)**	**2**	**(2)**
In case of change in value of CHF against TL at a rate of 20%;				
16- Net asset/liability in Swiss Franc	1.919	(1.919)	1.919	(1.919)
17- Amount protected from Swiss Franc (-)	-	-	-	-
18- Swiss Franc Net Effect (16+17)	**1.919**	**(1.919)**	**1.919**	**(1.919)**
In case of change in value of Japanese Yen against TL at a rate of 20%;				
19- Net asset/liability in Japanese Yen	(37)	37	(37)	37
20- Amount protected from Japanese Yen (-)				
21- Swiss Franc Net Effect (19+20)	**(37)**	**37**	**(37)**	**37**
Total (3+6+9+12+15+18+21)	**(9.058.313)**	**9.058.313**	**(9.058.313)**	**9.058.313**

Exchange Rate Sensitivity Analysis Table as of December 31st, 2019

	Profit/Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of change in value of USD against TL at a rate of 20%;				
1- Net asset/liability in USD	(1.345.187)	1.345.187	(1.345.187)	1.345.187
2- Amount protected from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	**(1.345.187)**	**1.345.187**	**(1.345.187)**	**1.345.187**
In case of change in value of EUR against TL at a rate of 20%;	**-**	**-**	**-**	**-**
4- Net asset/liability in EURO	(9.549.485)	9.549.485	(9.549.485)	9.549.485
5- Amount protected from EURO risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	**(9.549.485)**	**9.549.485**	**(9.549.485)**	**9.549.485**
In case of change in value of GBP against TL at a rate of 20%;				
7- Net asset/liability in British Pound	(764.682)	764.682	(764.682)	764.682
8- Amount protected from British Pound risk (-)	-	-	-	-
9- British Pound Net Effect (7+8)	**(764.682)**	**764.682**	**(764.682)**	**764.682**
In case of change in value of Bulgarian Leva against TL at a rate of 20%;				
10- Net asset/liability in BGN	300	(300)	300	(300)
11- Amount protected from BGN risk (-)	-	-	-	-
12- Bulgarian Leva Net Effect (-) (10+11)	**300**	**(300)**	**300**	**(300)**
In case of change in value of Chinese Yuan against TL at a rate of 20%;				
13- Net asset/liability in Chinese Yuan	1	(1)	1	(1)
14- Amount protected from Chinese Yuan risk (-)	-	-	-	-
15- Chinese Yuan Net Effect (13+14)	**1**	**(1)**	**1**	**(1)**
In case of change in value of CHF against TL at a rate of 20%;				
16- Net asset/liability in Swiss Franc	(16.586)	16.586	(16.586)	16.586
17- Amount protected from Swiss Franc (-)	-	-	-	-
18- Swiss Franc Net Effect (16+17)	**(16.586)**	**16.586**	**(16.586)**	**16.586**
In case of change in value of Japanese Yen against TL at a rate of 20%;				
19- Net asset/liability in Japanese Yen	(29)	29	(29)	29
20- Amount protected from Japanese Yen (-)				
21- Japanese Yen Net Effect (19+20)	**(29)**	**29**	**(29)**	**29**
Total (3+6+9+12+15+18+21)	**(11.675.666)**	**11.675.666**	**(11.675.666)**	**11.675.666**

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

36.3.2. Interest Rate Risk: Fluctuations in financial instrument prices due to changes in market interest rates cause the Company to deal with interest rate risk. The sensitivity of the Company to interest rate risk is related to mismatch of maturities in the asset and liability accounts. This risk is managed by meeting the assets affected by interest changes with the same type of liabilities.

Interest Position Table Fixed rate financial instruments		31.12.2020	31.12.2019
Financial Liabilities	Bank Loans	53.390.433	19.444.935
Banks	Credit Cards	21.500	25.248
Banks	Time Deposits	57.396.911	17.158.548
Floating rate financial instruments			
Banks	Bank Loans	76.099.726	28.635.035

36.4.Sensitivity Analysis for Other Risks:
None. (December 31st, 2019: None

37. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)

37.1 Fair Value

Fair value is the amount that arises when an asset is exchanged or a liability is paid between a knowledgeable buyer and a knowledgeable seller in a mutual bargaining environment.

Financial assets are valued at "Fair Value" for periods following their inclusion in the balance sheet.

Fair values of financial assets are determined by the company management using available market information and proper valuation methods. However, in order to determine the fair value, estimates should be used for interpreting market data. Accordingly, the estimates presented may not reflect the actual amounts the Company could realize in the current market transaction.

The fair value of the shares traded on the stock exchange is the "Stock exchange rate".

It is deemed that the carrying value of cash and cash equivalents, short-term trade receivables and payables is close to their fair value.

Financial assets in foreign currency are valued at period-end exchange rate and therefore their fair values get close to their carrying values.

Since affiliates and subsidiaries of the Company are not traded in an active market, their fair values could not be measured reliably. The Company does not intend to dispose of such financial instruments in the short term.

37.2 Hedge Accounting

RHedge accounting requires recognition of hedging instruments (future contracts, option, forward and swaps) and hedged items (liabilities and receivables subject to exchange rate, interest and price risk, included in financial statements as well as performance bonds subject to the same impacts, not included in financial statements) in the financial statements as a profit or loss by netting any change in their fair values with each other.

There are three types of hedging relationship:

- Fair value hedging
- Cash flow hedging
- Net investment hedging (in foreign affiliates)

37.3 Fair Value Estimation

The Company's various accounting policies and disclosures require the determination of the fair value of both financial and non-financial assets and liabilities. If applicable, additional information about the assumptions used in determining the fair values are presented in the notes specific to the asset or liability.

Valuation methods according to the levels are listed as follows.
Level 1: Quoted (unadjusted) prices in the active market for Identical Assets or Liabilities;

Level 2: Data regarding prices other than quoted prices included in Level 1 which are observable directly (through prices) or indirectly (deriving from prices) for the asset or liability;

Level 3: Data not basing on observable market data for assets or liabilities (unobservable data)

The Company's assets and liabilities measured at fair value as of December 31st , 2020 and December 31st 2019 are as follows:

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

December 31st, 2020				
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Investments	-	-	17.487.612	17.487.612
Total Assets	**-**	**-**	**17.487.612**	**17.487.612**
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging derivative financial instruments	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**

December 31st, 2019				
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Investments	-	-	19.660.150	19.660.150
Total Assets	**-**	**-**	**19.660.150**	**19.660.150**
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging derivative financial instruments	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**

37.4. Fair Value

Fair value is the price at which an asset is traded in a current transaction between the willing parties.

Financial assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date.

The following methods and assumptions have been used to estimate the fair value of each financial instrument when it is possible to determine the fair value.

37.5. Financial Assets

Due to their short-term nature and insignificant credit risk, the carrying values of cash and cash equivalents plus accrued interest and other financial assets are considered to approximate their respective fair values. The carrying values of trade receivables net of provisions for doubtful receivables are considered to approximate their fair values.

37.6. Financial Liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Bank loans are stated at discounted cost and transaction costs are added to the initial cost of loans. As the interest rates thereon are updated taking into consideration the changing market conditions, it is considered that the fair values of loans denote the value they carry. Due to their short-term nature, it is estimated that the fair values of trade payables approximate their carrying values.

38. EVENTS AFTER THE REPORTING PERIOD

The decision was taken to increase the registered capital ceiling of TL 150,000,000 in the registered capital system of our Company to TL 200,000,000 and in accordance with the Registered Capital System Communiqué numbered II-18.1 of the Capital Markets Board, to update the current registered capital ceiling validity period to cover the years 2021-2025. For this purpose, the amendment draft regarding Article 6 of the Company's Articles of Association, titled "Capital and Shares", has been prepared in accordance with the provisions of Article 333 of the Turkish Commercial Code numbered 6102, pursuant to the Capital Markets Board's letter numbered E-29833736-110.03.03-13731 and it was approved by the Ministry of Trade on 22.01.2021 and notified to our company on 28.01.2021. The Registered Capital Ceiling increase and the draft Amendment of the Articles of Association will be submitted to the approval of the shareholders at the first General Assembly meeting to be held.

39. OTHER ISSUES SIGNIFICANTLY AFFECTING THE FINANCIAL STATEMENTS OR REQUIRED TO BE DISCLOSED FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None. (December 31st , 2019: None)

40. DISCLOSURES ON CASH FLOW STATEMENT

Cash and Cash Equivalents

Details of cash and cash equivalents as of December 31st, 2020 and December 31st, 2019 are as follows:

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	31st, 2020	31st,.2019
Cash	**65.297**	**227.854**
- TL	53.160	218.407
- USD	7.335	5.977
- EUR	2.783	1.963
- BGN	2.010	1.500
- CNY	9	7
Banks	**61.357.693**	**18.870.187**
Time Deposit	57.396.911	17.158.548
- EUR	27.101.047	17.158.548
- USD	20.266.564	-
- TL	10.029.300	-
Time Deposit	3.960.782	1.711.639
- TL	281.848	129.044
- USD	114.138	17.639
- EUR	3.561.484	1.564.288
- GBP	3.251	613
- CHF	61	55
Other Liquid Assets	**238.472**	**247.691**
Barter Cheques	238.472	247.691
Expected Credit Loss	(3.496)	(12.746)
TOTAL	**61.657.966**	**19.332.986**
Interest rediscount on cash and cash equivalents	(44.582)	(54.576)
TOTAL	**61.613.384**	**19.278.410**

As of December 31, 2020, there are no blocked accounts in the bank deposits of the Company.(December 31st , 2019–TL 8,000).

41. DISCLOSURES ON THE STATEMENT FOR CHANGES IN EQUITY

The Company's statement of changes in equity has been reported in accordance with the financial statements and note presentation principles of which the application has been rendered compulsory with the announcement published in Weekly Bulletin issue no.2013/19 of the CMB dated 07.06.2013.

The effects of the changes in accounting policies explained in the Note 2 as well as the effects of the other retained earnings/expenses not to be reclassified in profit or loss and presented in the account of the retained earnings/losses and other comprehensive incomes have been reported in the statement of changes in equity.

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Ankara, Kentpark Samsonite
Ankara, Esenboğa Samsonite
Ankara, Atakule Samsonite
Ankara, 365 Ankara Samsonite
Antalya, Airport
Samsonite
Antalya , 2 International Airport Samsonite
Antalya,Terra City Samsonite
Antalya, Migros Samsonite
Antalya, Markaantalya Samsonite
Antalya, Deepo Samsonite
Antalya , Airport, Samsonite
Gaziantep, Sankopark Samsonite
Gaziantep, Primemall Kiosk
İstanbul, Göztepe samsonite
İstanbul, City's Samsonite
İstanbul, Palladium Samsonite
İstanbul, İstinyepark Samsonite
İstanbul, Ataköy Samsonite
İstanbul, Akasya Samsonite
İstanbul, Marmarapark Samsonite
İstanbul, Aqua Florya Samsonite
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İstanbul, Akmerkez Samsonite
İstanbul, Vadi İstanbul Samsonite
İstanbul, Capacity Samsonite
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Kayseri, Forum Samsonite
Muğla, Midtown Samsonite
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DESA Suadiye
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DESA Atakoy Konaklari
DESA Göztepe
DESA Cevahir
DESA Akbatı
DESA Akasya
DESA Mall Of
DESA Perlavista
DESA Emaar
DESA Marmarapark
DESA Aquaflorya
DESA Vadi İstanbul
DESA Akmerkez
DESA Maltepe Piazza
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DESA Mavibahçe
DESA Agora
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