

**Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim
Şirketi and Its Subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

14 May 2024

This report includes 6 pages of independent auditors' report and
77 pages of consolidated financial statements together with their
notes to the consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH****INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.

A) Report on the Audit of the Consolidated Financial Statements*Qualified Opinion*

We have audited the consolidated financial statements of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the adjustments described in the "Basis for Qualified Opinion" section 1 and 2 of our report and the possible effects of the matter section 3 and 4, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Qualified Opinion

As stated in Note 23 of the accompanying notes to the consolidated financial statements, the Group has a balance of trade receivables amounting to TL 129.600.317 TL from third parties arising from as a result of its operations and their maturities are significantly over due 180 days or over in the consolidated balance sheet as at 31 December 2023. In addition, due to the conversion of the abovementioned trade receivables, denominated in foreign currencies and their maturities are significantly over due 180 days or over into the Turkish Lira, foreign exchange gains amounting to TL 49.881.427 TL has been recognized in the other operating income. We were unable to obtain sufficient appropriate audit evidence and implement audit procedures about determining whether any impairment incurred in the trade receivables. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

As of 31 December 2023, the Group has idle inventories amounting to TL 30.010.744 TL obtained from sales in 2017 in its consolidated balance sheet. We were unable to obtain sufficient appropriate audit evidence and implement audit procedures about determining whether any impairment incurred in the inventories. Consequently, we were unable to determine whether any recoverability of these amounts were necessary.



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In footnote 11 of the accompanying consolidated financial information as explained, the Group's subsidiaries, Doğtaş Holland B.V., Doğtaş Bulgaria Eood and Doğtaş Germany GmbH, are considered as subsidiaries that do not constitute materiality in terms of consolidated financial information and are classified as financial assets in the consolidated financial information by the Group management. Since the financial assets amounting to TL 89.283.765 accounted at cost as of 31 December 2023 operate to a limited extent and their total net asset values are unrequited, in accordance with the TFRS 9 "Financial Instruments" Standard, the consolidated value of the financial assets as of 1 January 2015 for the entire carrying amount. In the opening balance sheet prepared as an amount of TL 89.283.765, a provision for impairment is required. Accordingly, if the Group had accounted for the aforementioned impairment provision in its consolidated financial statements, the Group's financial assets would have been TL 89.283.765 less and previous years' losses would have been TL 89.283.765 higher.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board ("CMB") and the Standards on Independent Auditing ("SIA") which is a part of 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

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



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Revenue recognition

Refer to Note 2.5 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The Group's revenue is primarily generated from sales of furniture products.</p> <p>Revenue is recognised when the control of the goods is transferred and the Group satisfied performance obligations.</p> <p>Since sales contracts can be complex, the recognition of revenue in the relevant period depends on the accurate evaluation of the sales conditions specific to each situation. For this reason, there is a risk that the revenue will not be recognized in the correct period or amount for the products that may be returned from the products that have been produced and delivered, and for those whose invoices have not yet been issued to the customer and for those invoices have been issued but the control of the goods has not been transferred to the customers. In this context, determination of revenue is based on the presence of management estimations in revenue calculations in the accompanying consolidated financial statements and the revenue amount correctly and not being recorded in the correct period in accordance with the TFRS 15 standard. Therefore, recognition of revenue requires significant accounting estimates and judgements in which accounted for correct period and amount in the accompanying consolidated financial statements have been determined as key audit matter of our audit.</p>	<p>We performed the following procedures in relation to the recognition of revenue:</p> <ul style="list-style-type: none"> -Understanding and evaluating the revenue process of the Group, evaluating the design and effectiveness of the internal controls applied by the Group management with IT advisors and experts regarding the recognition of revenue in accordance with the relevant accounting standards, -Evaluating and assessing the audit procedures of invoices issued but risk and ownership have not been transferred. In this context, invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date is evaluated, -Evaluation the timing of revenue recognition for the different shipment arrangements by examining the terms of trade and shipping conditions in the contracts made with customers, -Verifying trade receivable balances of third parties by obtaining confirmation letters for selected samples and reconciling to the consolidated financial statements through selected samples, -Performing analytical procedures to determine the existence of unusual transactions, -Testing of the subsequent sales returns transactions after the reporting period of consolidated financial statements whether they are accounted for in the appropriate financial reporting period by selecting the samples from subsequent sales returns after the reporting period and using substantive testing procedures, -Evaluation of the journal entries related to revenue that the Group has accounted for during the year, -Assessing the adequacy of the disclosures of revenue in the notes to the consolidated financial statements in accordance with the TFRS 15, -Testing the disclosures in the consolidated financial statements in relation to the revenue and evaluating adequacy of such disclosures for TFRS requirements.

Recognition of borrowings

Refer to Note 4 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for recognition of borrowings.

The key audit matter	How the matter was addressed in our audit
<p>The consolidated financial statements as of 31 December 2023 include short and long term borrowings amounting to TL 2.206.782.070 which constitute a significant portion of Doğanlar Mobilya's total liabilities.</p> <p>The Group discloses the borrowings discounted cost by using the effective interest method. Calculation and reconciliation of discounted costs of borrowings determined as key audit matter for our audit.</p>	<p>We performed the following procedures in relation to the testing of borrowings:</p> <ul style="list-style-type: none"> -Evaluating and testing third party and related party reconciliations of the borrowings balances and recalculating internal rate of return and discount studies calculated by the Group, Testing the disclosures in the consolidated financial statements in relation to the borrowings and evaluating adequacy of such disclosures for TFRS requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statement

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 our 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 audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.



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B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 14 May 2024

2) In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and consolidated financial statements prepared for the period 1 January-31 December 2023 does not comply with TCC and the provisions of the Group's articles of association in relation to financial reporting.

3) In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Metin Etkin

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL



İstanbul, 14 May 2024

Metin Etkin

Partner

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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
ASSETS	Notes		
Current Assets		3.523.657.312	3.228.183.138
Cash and Cash Equivalents	4	318.402.612	521.526.492
Financial Investments	12	252.899.353	-
Trade Receivables	6	828.862.989	674.922.157
- Related Parties	7	2.418.551	4.110.934
- Third Parties	6	826.444.438	670.811.223
Other Receivables	8	156.360.516	81.367.337
- Related Parties	7	4.235.557	10.702.212
- Third Parties	8	152.124.959	70.665.125
Inventories	9	1.554.820.063	1.562.128.067
Prepaid Expenses	11	383.122.363	270.079.550
Current Income Tax Assets	23	24.408.559	2.175.876
Other Current Assets	10	4.780.857	115.983.659
		3.523.657.312	3.228.183.138
Non-Current Assets Held for Sale		--	--
Non-Current Assets		3.841.193.819	3.485.676.312
Trade Receivables	6	7.805.814	-
- Third Parties	6	7.805.814	-
Other Receivables	8	50.490.088	66.315.852
- Third Parties	8	50.490.088	66.315.852
Financial Investments	12	89.283.765	89.283.765
Property, Plant and Equipment	13	2.708.959.173	2.451.868.691
Right of Use Assets	13	754.061.681	653.281.187
Intangible Assets	14	230.593.298	224.926.817
TOTAL ASSETS		7.364.851.131	6.713.859.450

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



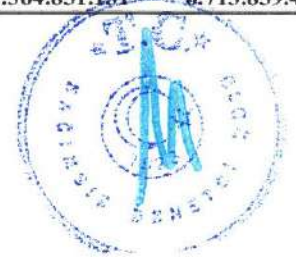
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DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
LIABILITIES	Notes		
Current Liabilities		4.239.597.736	3.683.663.755
Short-Term Borrowings	5	314.890.892	430.487.840
- Bank Borrowings		160.191.573	261.146.900
- Financial Lease Liabilities		45.435.958	53.681.689
- Lease Liabilities		109.263.361	115.659.251
Short Term Portion of Long Term Borrowings	5	1.177.946.909	543.195.777
Trade Payables	6	1.705.195.044	1.698.811.333
- Third Parties	6	1.705.195.044	1.698.811.333
- Related Parties	7	--	--
Liabilities within the scope of employee benefits	16	104.646.073	99.372.419
Other Payables	8	86.572.176	109.887.233
- Third Parties	8	35.420.744	109.864.082
- Related Parties	7	51.151.432	23.151
Deferred Income	11	737.601.558	732.930.020
Period profit tax liability		45.906.091	--
Short Term Provisions		66.838.993	68.979.133
- Short Term Provisions for Employee Benefits	16	30.082.339	34.515.842
- Other Short Term Provisions	15	36.756.654	34.463.291
Non-Current Liabilities		929.414.544	1.316.859.008
Long Term Borrowings	5	713.944.269	1.094.896.084
- Bank Borrowings		356.229.816	698.713.783
- Financial Lease Liabilities		6.947.132	42.175.571
- Lease Liabilities		350.767.321	354.006.730
Other Payables	8	9.602.656	7.921.479
- Third Parties	8	9.602.656	7.921.479
Long Term Provisions		49.435.592	88.366.410
- Long Term Provisions for Employee Benefits	16	43.287.198	83.968.831
- Other Long Term Provisions	15	6.148.394	4.397.579
Deferred Tax Liabilities	23	156.432.027	125.675.035
EQUITY		2.195.838.851	1.713.336.687
Equity Holders of the Parent		2.195.792.103	1.772.468.311
Paid-in Share Capital	17	350.000.000	350.000.000
Adjustment to Share Capital	17	(159.069.767)	(159.069.767)
Capital adjustment differences		1.098.202.672	1.098.202.672
Share Premium	17	44.576.996	44.576.996
Treasury Shares (-)		(164.730.442)	(24.403.359)
Other comprehensive income/expense not to be reclassified to profit or loss		3.059.244	(11.078.687)
Other comprehensive income/expense to be reclassified to profit or loss	17	(296.925.900)	(287.173.911)
Restricted Reserves	17	22.808.888	22.808.888
Retained Earnings		579.550.141	328.851.073
Profit for the Period		718.320.271	409.754.406
Non-Controlling Interests		46.748	(59.131.624)
TOTAL LIABILITIES AND EQUITY		7.364.851.131	6.713.859.450



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period	Audited Prior Period
		1 January - 31 December 2023	1 January - 31 December 2022
Profit or Loss	Notes		
Revenue	18	8.772.534.043	7.469.783.047
Cost of Sales (-)	18	(5.346.831.713)	(4.593.757.322)
GROSS PROFIT		3.425.702.330	2.876.025.725
General Administrative Expenses (-)	19	(452.543.015)	(386.324.566)
Marketing, Sales and Distribution Expenses (-)	19	(1.996.997.872)	(1.754.040.624)
Research and Development Expenses (-)	19	(68.609.576)	(50.081.809)
Other Operating Income	20	619.655.661	302.257.175
Other Operating Expenses (-)	20	(426.553.651)	(266.291.372)
OPERATING PROFIT		1.100.653.877	721.544.529
Gains from investment activities	21	59.921.450	49.331.881
Losses from investment activities (-)	21	(4.962.830)	(43.973.773)
Operating profit before financial income/(expense)		1.155.612.497	726.902.637
Financial Income	22	90.906.617	263.668.347
Financial Expense (-)	22	(751.957.536)	(845.265.936)
Net monetary positions gains (losses)		310.800.460	230.966.395
PROFIT BEFORE TAX		805.362.038	376.271.443
Tax income/(expense)		(120.997.822)	(23.593.821)
Current Period income / (expense)		(45.906.091)	-
- Deferred tax income/expense	23	(75.091.731)	(23.593.821)
PROFIT FOR THE PERIOD		684.364.216	352.677.622
Non-Controlling Interests		(33.956.055)	(57.076.784)
Equity Holders of the Parent		718.320.271	409.754.406
Earnings per share attributable to equity holders of the parent (Kr)		0,0205	0,0117

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



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period	Audited Prior Period
		1 January - 31 December 2023	1 January - 31 December 2022
	Notes		
PROFIT FOR THE PERIOD		684.364.216	352.677.622
OTHER COMPREHENSIVE INCOME:			
Items not to be reclassified to profit/loss		14.137.931	(4.441.716)
Property, plant and equipment revaluation surplus	13	-	49.684.020
Gains/(losses) on remeasurements of defined benefit plans	16	18.850.575	(61.446.668)
Gains/(losses) on revaluation and remeasurements	13	--	--
Taxes relating to other comprehensive income not to be reclassified to profit/loss	23	(4.712.644)	7.320.932
Items to be reclassified to profit/loss		(9.751.989)	10.761.928
Currency translation differences		(15.183.156)	(1.890.350)
Gains/(losses) on cash flow hedges	23	6.788.957	15.815.348
Taxes relating to other comprehensive income to be reclassified to profit/loss	23	(1.357.790)	(3.163.070)
OTHER COMPREHENSIVE INCOME		4.385.942	6.320.212
TOTAL COMPREHENSIVE INCOME		688.750.158	358.997.834

Distribution of total comprehensive income;

Non-Controlling Interests	(33.956.055)	(57.076.784)
Equity Holders of the Parent	722.706.213	416.074.618

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



CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Items not to be reclassified to profit/loss				Items to be reclassified to profit/loss			Retained Earnings			Equity Holders of the Parent	Non-controlling interests	Total Equity	
	Paid-in share capital	Capital adjustment differences	Share premium	Treasury shares	Gains/(losses) on remeasurement of defined benefit plans	Property, plant and equipment revaluation surplus	Gains/(losses) on cash flow hedges	Currency translation differences	Restricted Reserves	Prior Years Income				Profit For the Period
Prior Period (Audited)														
Balances at 1 January 2022	190,930,233	1,098,202,672	44,576,996	(24,403,359)	(6,636,973)	--	(296,369,570)	(1,133,224)	22,808,888	328,851,073	--	1,356,826,736	(2,487,883)	1,354,338,853
Transfers	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Gains/losses on treasury share transactions	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(49,157,334)	44,715,620	12,652,278	(2,323,395)	--	--	409,754,406	415,641,575	(56,643,741)	358,997,834
Balances at 31 December 2022	190,930,233	1,098,202,672	44,576,996	(24,403,359)	(55,794,307)	44,715,620	(283,717,292)	(3,456,619)	22,808,888	328,851,073	409,754,406	1,772,468,311	(59,131,624)	1,713,336,687
Current Period (Audited)														
Balances at 1 January 2023	190,930,233	1,098,202,672	44,576,996	(24,403,359)	(55,794,307)	44,715,620	(283,717,292)	(3,456,619)	22,808,888	328,851,073	409,754,406	1,772,468,311	(59,131,624)	1,713,336,687
Transfers	-	-	-	-	-	-	-	-	-	409,754,406	(409,754,406)	-	-	-
Effect of Business Combination under Common Control	-	-	-	-	-	-	-	-	-	(159,055,338)	-	(159,055,338)	93,134,427	(65,920,911)
Gains/losses on treasury share transactions	-	-	-	(140,327,083)	-	-	-	-	-	-	-	(140,327,083)	-	(140,327,083)
Capital increases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	14,137,931	-	5,431,167	(15,183,156)	-	-	718,320,271	722,706,213	(33,956,055)	688,750,158
Balances at 31 December 2023	190,930,233	1,098,202,672	44,576,996	(164,730,442)	(41,656,376)	44,715,620	(278,286,125)	(18,639,775)	22,808,888	579,550,141	718,320,271	2,195,792,103	46,748	2,195,838,851

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



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period 1 January - 31 December 2023	Reclassified Audited Prior Period 1 January - 31 December 2022
	Notes		
A) CASH FLOWS FROM OPERATING ACTIVITIES		681.103.161	1.424.971.317
PROFIT FOR THE PERIOD		684.364.216	352.677.622
Adjustments to reconcile profit for the period to cash generated from operating activities:		478.023.448	744.318.067
Depreciation and amortisation	13	477.943.028	511.705.850
Adjustments for Impairment Loss (Reversal)	6	(9.402.116)	2.510.106
Adjustments for Receivables Impairment (Reversal)		(9.402.116)	2.510.106
Adjustments for Provision for Employee Benefits	15	8.551.386	56.218.133
Adjustments for Provision for Warranty	15	17.906.742	6.558.753
Adjustments for Other Provisions		1.284.962	3.912.714
Adjustments for tax income/expense	23	57.072.341	11.243.288
Adjustments for interest income and expenses	22	476.148.991	382.233.453
Adjustments for interest expenses	22	582.536.905	436.488.851
Adjustments for interest income	22	(63.322.752)	(19.690.505)
Unearned financial expenses from time purchases	20	5.686.347	2.649.987
Unearned financial income from time sales	20	(48.751.509)	(37.214.880)
Adjustments for unrealised currency translation differences		102.034.083	50.753.181
Adjustments for gains/losses on cash flow hedges	17	5.431.167	12.652.278
Adjustments for losses/(gains) on disposal of non-current assets	21	(54.955.003)	(39.323.226)
Adjustments for losses/(gains) on disposal of property, plant and equipment	21	(54.955.003)	(39.323.226)
Net Monetary Position Loss / Gain		(603.992.133)	(254.146.463)
Changes in Working Capital		(520.100.889)	329.190.092
Gains/Losses on financial investments	12	(252.899.353)	50.021
Gains/Losses on Trade Receivables		(423.345.580)	(169.394.392)
Related Parties	7	76.358	(2.182.843)
Third Parties		(423.421.938)	(167.211.549)
Gains/Losses on Other Receivables Related To Operations	8	(117.222.290)	(43.367.724)
Changes in Inventories	9	(606.771.027)	(376.658.334)
Changes in Prepaid Expenses	11	(219.212.206)	(6.190.481)
Gains/Losses on Trade Payables	6	722.945.009	551.453.473
Gains (losses) in payables due to employee benefits	16	44.337.365	33.762.823
Gains/Losses In Other Payables Related To Operations	8	(26.331.326)	46.344.317
Third Parties		(26.331.326)	46.344.317
Adjustments for other changes in working capital		65.609.144	(14.435.339)
Changes in Deferred Income	11	292.789.375	307.625.728
Cash Flows from Operating Activities		642.286.775	1.426.185.781
Payments for Provisions Related with Employee Benefits	16	(7.089.705)	(1.214.464)
Payments for Other Provisions	15	45.906.091	-
B) CASH FLOWS FROM INVESTING ACTIVITIES		(599.223.788)	(958.332.747)
Cash outflows from purchase of property, plant and equipment and intangible assets	13,14	(658.874.420)	(1.024.177.965)
Property, Plant and Equipment		(637.507.992)	(971.065.916)
Intangible Assets		(21.366.428)	(53.112.049)
Cash inflows from sale of property, plant and equipment and intangible asset	13,14	59.650.632	65.845.218
C) CASH FLOWS FROM FINANCING ACTIVITIES		(79.989.022)	(202.050.854)
Cash outflows from acquisition of treasury shares and other equity instruments		(140.327.083)	-
Interest paid		(458.547.169)	(334.986.640)
Cash inflows from borrowings	5	2.098.227.055	1.045.803.943
Cash outflows from lease liabilities	13	(65.683.483)	(35.868.969)
Cash outflows from repayments of borrowings	5	(1.498.874.813)	(866.349.700)
Cash Inflows (Outflows) Arising from the Merger Effect of Businesses Subject to Common Control		(65.920.911)	-
Cash inflows from related parties		51.137.382	(10.649.488)
Net Increase Decrease in Foreign Cash and Cash Equivalents Before the Effect of Currency Translation Differences		1.890.351	264.587.716
Inflation effect		(205.014.231)	116.393.667
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(203.123.880)	380.981.383
D) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	521.526.492	140.545.109
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	4	318.402.612	521.526.492

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



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

**DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2023**

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Kelebek Mobilya ve Kontrplak Sanayi A.Ş. was established on 1935 in Turkey. In accordance with the decision of the Extraordinary General Assembly, the title of Kelebek Mobilya ve Kontrplak Sanayi A.Ş. was changed to Kelebek Mobilya Sanayi ve Ticaret A.Ş. ("Kelebek Mobilya") on 12 December 2003 and published in Official Gazette on 29 December 2003 numbered 5956.

Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. ("Doğtaş İmalat") was acquired 67% of Kelebek Mobilya Sanayi ve Ticaret A.Ş.’s shares on 6 September 2012.

In 2013, the assets and liabilities of Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. determined on 31 December 2013, the business combination was realised and registered on 21 October 2013 in accordance with the article 136 of the Turkish Commercial Code No. 6102 and other articles related to the business combinations, provisions of Articles 18, 19 and 20 of the Corporate Tax Law, Capital Market Law and Series No. I and within the framework of the Expert Institution Report on 26 April 2013 and prepared in accordance with the provisions of the "Communiqué on Principles Regarding Mergers" numbered 31 and the "Business Combination Agreement" prepared in accordance with the provisions of the Capital Markets legislation. The title of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.’nin (the "Company") was changed to Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.

In accordance with the amendment of the article numbered 3 in the articles of the association, it was decided that the title of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. was changed to "Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi". The decision was published in Official Gazette on 24 December 2021 and numbered 10480.

Doğanlar Mobilya’s business activities include production and sale of furnitures.

The registered address of Doğanlar Mobilya is as follows:

İdealtepe Mahallesi Rıfkı Tongsir Caddesi No:107/ Küçükyalı, Maltepe/İstanbul

The Company is carried out its production activities in its own factories and registered addres of the factories are as follows:

- Doğanlı Köyü 9. km Düzce
- İdriskoru Köyü Hacıvenez Mevkii No: 29 Biga Çanakkale

Doğanlar Mobilya is subject to regulations of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 1990 with the code "DGNMO". As of 31 December 2023, 50,08% of the Company’s shares are publicly traded (31 December 2022: 50,61%).

Subsidiaries

The subsidiary of the Company, 3K Mobilya Dekorasyon San. ve Tic. A.Ş. ("3K"), was established on 2006. 3K’s business activities include ensuring chain of sales stores for selling furniture and commercial products. The Company closed the stores (8 stores) owned by 3K, its subsidiary, by transferring them to dealers in 2013. The production activities of the Company’s other subsidiary, 2K Oturma Grupları İnşaat Taahhüt Sanayi ve Ticaret A.Ş., were terminated as of 28 March 2007 and the production workshop was closed.



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

**DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2023**

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (continued)

The subsidiary of the Company, Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama") was established on 1996. Doğtaş Pazarlama's business activities include selling and marketing furniture and sofa groups and commercial products produced by Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş., with branches it has opened throughout Turkey. As of 31 December 2023, Doğtaş Pazarlama does not have any branches operating in Turkey (31 December 2022: None).

The subsidiary of the Company, Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti ("Doğtaş Kıbrıs"), was established on 4 June 2021 in accordance with the Cyprus Companies Law Chapter 113 and Article numbered 15-(1). Doğtaş Kıbrıs established for selling and marketing furniture and commercial products of Doğanlar Mobilya, in order to manage overseas retail sales activities more effectively. As of 31 December 2023, Doğtaş Kıbrıs has a branch in Cyprus.

The subsidiary of the Company, Doğtaş Kelebek Mobilya Senegal Ltd.Şti. ("Doğtaş Senegal") was established on 27 April 2021 in Senegal. Doğtaş Senegal established for selling and marketing furniture and commercial products of Doğanlar Mobilya, in order to manage overseas retail sales activities more effectively. As of 31 December 2023, Doğtaş Senegal has a branch in Senegal.

The subsidiary of the Company, Kelebek Furniture UK Limited was established in England in accordance with the decision of the Board of Directors on 28 April 2022. Kelebek Furniture established for selling and marketing furniture and commercial products of Doğanlar Mobilya, in order to manage overseas retail sales activities more effectively.

The subsidiary of the Company, Doğtaş Furniture USA INC. was established in New Jersey, United States in accordance with the decision of the Board of Directors on 28 July 2021. Doğtaş Furniture established for selling and marketing furniture and commercial products of Doğanlar Mobilya, in order to manage overseas retail sales activities more effectively.



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (continued)

As of 31 December 2023 and 2022, the subsidiaries ("Subsidiaries") included in the consolidation scope of Doğanlar Mobilya, their country of incorporation, nature of business and their respective business segments are as follows:

Subsidiaries	Country of incorporation	Nature of business	Functional currency	Effective ownership interest held by Doğanlar Mobilya (%)	
				31 December 2023	31 December 2022
Doğtaş Kelebek Furniture USA INC	United States	Furniture sales and marketing	USD	100	100
Kelebek Furniture UK Ltd.	England	Furniture sales and marketing	Pound	100	-
Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti.	Cyprus	Furniture sales and marketing	TL	99	99
Doğtaş Kelebek Mobilya Senegal Sarl	Senegal	Furniture sales and marketing	XAF	100	100
D Afrik Senegal Furniture S.A.(*)	Senegal	Furniture manufacturing and trade	XAF	100	-
Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama")	Turkey	Furniture sales and marketing	TL	100	100
Doğtaş Bulgaria Eood ("Doğtaş Bulgaria")	Bulgaria	Furniture sales and marketing	BGN	100	100
Doğtaş Holland B.V. ("Doğtaş Holland")	Netherlands	Furniture sales and marketing	EUR	100	100
Doğtaş Germany GmbH ("Doğtaş Germany")	Germany	Furniture sales and marketing	EUR	100	100
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş. ("2K")	Turkey	Home furniture and living room sitting group sales	TL	100	100
3K Mobilya Dekor. San. ve Tic. A.Ş. ("3K")	Turkey	Furniture design and decoration	TL	100	100

The subsidiaries of the Company, Doğtaş Germany, Doğtaş Holland and Doğtaş Bulgaria, are not included in the scope of consolidation since they are immaterial to the accompanying consolidated financial statements. These subsidiaries are recognised as equity instruments at fair value through other comprehensive income in the accompanying consolidated financial statements.

Total end of period and average number of personnel employed by Doğanlar Mobilya and its subsidiaries (together referred to as "Group") are 2.741 (31 December 2022: 2.390).



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2023

(Amounts are expressed in ("TL.") unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS (continued)

As of 31 December 2023 and 2022, the principal shareholders and their respective shareholding rates in Doğanlar Mobilya are as follows:

	31 December 2023		31 December 2022	
	Share %	Amount - TL	Share %	Amount - TL
Shares traded at BIST ("Other")	50,12	174.569.553	50,70	177.441.604
Doğanlar Yatırım Holding A.Ş.	49,88	175.430.447	49,30	172.558.396
	100,00	350.000.000	100,00	350.000.000

As of 31 December 2022, the person partners of the Company transferred their shares to Doğanlar Yatırım Holding.

As of 31 December 2023, the current issued paid-in share capital of the Group is amounting to TL 350.000.000 (31 December 2022: TL 350.000.000). However, the proportion amounting to TL 159.069.767 is arising from business combination between Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.1 Basis of Presentation

(a) Statement of Compliance with Turkish Financial Reporting Standards ("TFRS")

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published by POA and the format and mandatory information recommended by CMB.

Doğanlar Mobilya Grubu and its subsidiaries maintain their books of account and prepare their statutory financial statements in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Foreign Subsidiaries maintain their books of account and functional currency in accordance with the laws and regulations in force in the countries in which they are registered.

The Group applied TFRS 16 "Leases" standard on 1 January 2019 initially in the accompanying consolidated financial statements. For leases that were previously classified as operating leases in accordance with TAS 17, the right of use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) within the scope of simplified transition application in the related standard. as of 1 January 2019.



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2023

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Approval of the consolidated financial statements

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors ("BOD") on 14 May 2024 and have signed by the Chairman of the Board Davut Doğan and Director of Financial Affairs Ali Demirkan. These consolidated financial statements will be finalised following their approval in the General Assembly. Related authorized entities have a right to request the change the consolidated financial statements.

b) Measurement basis

These consolidated financial statements have been prepared under the historical cost conversion except for the revaluations related to the land, buildings, plant, machinery and equipment and investment properties presented at fair values. The historical cost has been determined for the fair value of the amount paid for the assets considered as the basis in the accompanying consolidated financial statements.

c) Preparation of Financial Statements in Hyperinflationary Periods

Prior to the Turkish Commercial Code No. 6102 and the Decree Law No. 660 and related legislation, with a decision taken by the CMB on March 17, 2005, for companies operating in Turkey and preparing financial statements in accordance with the CMB Accounting Standards, as of January 1, 2005, Since it declared that the application of inflation accounting is not necessary, effective from this date, it has ended the practice of preparing and presenting financial statements in accordance with Turkish Accounting Standard 29 "Financial Reporting in High Inflationary Economies".

The consolidated financial statements and related amounts for prior periods have been restated to account for changes in the general purchasing power of the functional currency and, as a result, are expressed in the measurement unit in effect at the end of the reporting period in accordance with TAS 29 "Financial Reporting in Highly Inflationary Economies".

IAS 29 applies to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy, including consolidated financial statements. If hyperinflation exists in an economy, IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be expressed in the measurement unit in effect at the end of the reporting period.

As of the reporting date, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") figure is over 100%, businesses operating in Turkey will comply with TAS 29 in reporting periods ending on or after 31 December 2023. They are required to apply the "Financial Reporting in High Inflation Economies" standard.



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

DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Within the scope of the Announcement on the Adjustment of Financial Statements of Companies Subject to Independent Audit for Inflation, published by the KGK on 23 November 2023, the financial statements of the companies that apply Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 are subject to relevant accounting in TMS 29. It has been stated that it should be presented in accordance with the principles of inflation and adjusted for the effect of inflation.

However, in accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, starting from the annual financial reports of issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying the provisions of TAS 29.

In this context, the financial statements dated 31 December 2023 are presented after being adjusted for the effect of inflation within the scope of the accounting principles specified in TMS 29.

The table below contains the inflation rates for the relevant years calculated by taking into account the Consumer Price Indexes published by the Turkish Statistical Institute ("TSI"):

Date	Index	Correction Coefficient	Three Year Cumulative Inflation Rates
31.12.2023	1.859,38	1,00000	268%
31.12.2022	1.128,45	1,64773	156%
31.12.2021	686,95	2,70672	74%

The main outlines of TMS 29 indexing procedures are as follows:

- All items other than those expressed in terms of current purchasing power as of the reporting date are indexed using the relevant adjustment coefficients. Amounts from previous years are also indexed in the same way.
- Monetary assets and liabilities are not indexed because they are expressed in terms of current purchasing power at the date of the consolidated statement of financial position. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed at their historical costs, provided that they do not exceed their market values. Depreciations are adjusted in a similar manner. Amounts included in shareholders' equity have been rearranged as a result of the application of general price indices in the periods when these amounts are included in or formed within the Group.



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- All items included in the profit or loss statement, excluding those that have an impact on the profit or loss statement, are affected by the indexation of non-monetary items in the consolidated statement of financial position, with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements. is indexed.
- Net monetary position is the difference between gains or losses resulting from general inflation, non-monetary assets, equity items and adjustments made to the profit or loss statement accounts. These gains or losses on the net monetary position are included in profit or loss.

The impact of the implementation of TAS 29 "Financial Reporting in High Inflation Economies" is summarized below:

Rearrangement of Financial Position Statement

Amounts in the statement of financial position that are not expressed in the measurement unit valid at the end of the reporting period are rearranged. Accordingly, monetary items are not restated because they are expressed in the currency current at the end of the reporting period. Non-monetary items must be restated unless they are shown at their current amounts at the end of the reporting period.

The gain or loss on the net monetary position resulting from the restatement of non-monetary items is included in profit or loss and presented separately in the statement of profit or loss and other comprehensive income.

Rearrangement of Profit or Loss Statement

All items in the statement of profit or loss are expressed in the measurement unit valid at the end of the reporting period. Therefore, all amounts have been adjusted by applying changes in the monthly general price index.

The cost of inventory sold has been adjusted using the restated inventory balance.

Depreciation and amortization expenses have been adjusted using the restated balances of property, plant and equipment and intangible assets.

Rearrangement of Cash Flow Statement

All items in the statement of cash flows are expressed in the unit of measurement in effect at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying a general price index before inclusion in the consolidated financial statements prepared by the parent. If such a subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate. If financial statements with different reporting period endings are consolidated, all items, whether monetary or non-monetary, are rearranged according to the unit of measurement in effect at the date of the consolidated financial statements.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Comparative amounts

The relevant amounts for the previous reporting period are restated by applying the general price index so that comparative financial statements are presented in the unit of measurement valid at the end of the reporting period. Information disclosed for previous periods is also expressed in the measurement unit valid at the end of the reporting period.

d) Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

e) Functional and reporting currency

Except for the subsidiaries operating abroad, subsidiaries included in the scope of consolidation maintain their books of account and prepare their statutory financial statements in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Items included in the financial statements of the Group and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in TL, which is Doğanlar Mobilya's functional and presentation currency.

The functional and reporting currencies of the subsidiaries are summarised in Note 1.

f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, and its subsidiaries as at 31 December 2023. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Basis of consolidation (continued)

- rights arising from other contractual arrangements; and

Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Each item of profit or loss and other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to align with the Group accounting policies and the Group's accounting policies.

All significant intra-group transactions and balances between Doğanlar Mobilya and its consolidated subsidiaries are eliminated.

Changes in the Group's ownership interests in subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to retained earnings of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 ("Financial Instruments"), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 Changes in accounting policies

Except for the accounting policies disclosed below, the accounting policies applied in the consolidated financial statements of the Group are consistent with the accounting policies applied in the consolidated financial statements as of 31 December 2022.

2.2.1 TFRS 15 "Revenue from Contracts with Customers" standard

TFRS 15 has developed a comprehensive framework to determine when and at what amount the proceeds will be recognized and replaces the TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations. The new standard replaces the guidance on existing TFRSs; regulates the principles that will be applied by the entity in reporting the financial statements to the users of the financial statements about the nature, amount, timing and uncertainty of the contract revenue and cash flows. The basic principle of the standard is that the entity reflects the proceeds to the financial statements from an amount that reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers.

The amendment is effective for periods beginning on or after January 1, 2018. The amendment does not have a significant material impact on the accounting of revenue from furniture sales.

2.2.2 TFRS 16 "Leases" standard

In April 2018, POA has published a new standard, TFRS 16 "Leases". This Standard replaces the existing TAS 17 "Leases" Standard, TFRIC 4 "Determining Whether an Arrangement Contains a

2.2.2 TFRS 16 "Leases" standard (continued)

Lease" Standard and SIC Interpretation 15 "Operating Leases - Incentives" for the accounting of leasing transactions and has resulted in amendments to TAS 40 "Investment Properties" Standard. TFRS 16 eliminates the dual-accounting model of leasing transactions that are the current application in terms of lessees that finance lease transactions is following in balance sheet and liabilities related operating leases is following in off-balance sheet. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. For lessors, recognition is similar to existing practices.

The Group applied first time application requirements of TFRS 16 "Leases" out of the new standards, amendments and interpretations effective from 1 January 2019 in accordance with the requirement of transition of the related standards. Early application is permitted.

The right of use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) within the scope of simplified transition application in the related standard.

Within the scope of the transition, the following practical expedient practices defined in TFRS 16 are adopted within the scope of the Group policies.

- a) The leases which have a lease term up to 12 months or less are exempted.
- b) Low value leases are excluded.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 Changes in accounting policies (continued)

The Group applied TFRS 16 "Leases" standard on 1 January 2020 initially in the accompanying consolidated financial statements. For leases that were previously classified as operating leases in accordance with TAS 17, the right of use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) within the scope of simplified transition application in the related standard. as of 1 January 2020.

2.2.3 Hedge Accounting

As of the date of bank loan agreement, hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value, designated as cash flow hedges and qualified as effective, are recognized in equity as "Accumulated other comprehensive income or expense not to be reclassified to profit or loss". Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the income statement in the period in which the hedged firm commitment or forecasted transaction affects the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.3 Changes in Accounting Policies

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group has determined reclassifications or applied changes in accounting policies in the assumptions and significant accounting estimates used in the preparation of the consolidated financial statements as of 31 December 2023.



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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL
STATEMENTS (continued)**

2.4 New and Revised Turkish Financial Reporting Standards

The accounting policies used in the preparation of condensed consolidated financial statements for the interim period ending as of 31 December 2023 are those used in the previous year, except for the new and amended Turkish Accounting Standards ("TMS")/IFRS and TAS/IFRS interpretations valid as of 1 January 2023, summarized below. has been applied consistently. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

New standards in force as of December 31, 2023, and amendments and interpretations to existing previous standards:

TAS 1 Amendments - Classification of liabilities as short and long term

In January 2021, KGK made changes to the "TMS 1 Presentation of Financial Statements" standard. These changes, which are effective for annual reporting periods starting on or after January 1, 2023, provide clarifications on the criteria for long and short term classification of liabilities. The changes made must be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is allowed.

The effects of this change on the Group's financial position and performance are being evaluated.

TMS 8 Amendments – Definition of Accounting Estimates

In August 2021, the POA published amendments to IAS 8 that introduced a new definition for "accounting estimates". The changes published for TAS 8 are valid for annual accounting periods starting on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and corrections of errors. Additionally, the amended standard clarifies that the effects on an accounting estimate of a change in input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of change in accounting estimate stated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered bug fixes. This aspect of the definition has been preserved by the POA. The amendments will apply to accounting estimate or accounting policy changes occurring on or after the effective date, with early application permitted. Generally speaking, the Group does not expect a significant impact on its financial statements.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Financial Reporting Standards (continued)

TMS 12 Amendments – Deferred Tax on assets and liabilities arising from a single transaction

In August 2021, the POA published amendments to IAS 12 that narrow the scope of the initial recognition exception, thus ensuring that the exception does not apply to transactions that give rise to equal taxable and deductible temporary differences. The amendments to TAS 12 are valid for annual accounting periods starting on or after January 1, 2023. The amendments require that where payments made in respect of a liability are deductible for tax purposes, a judgment must be made (having regard to applicable tax law) as to whether such deductions are attributable for tax purposes to the liability (and interest expense) or to the relevant asset component (and interest expense) recognized in the financial statements. It clarifies the issue. This judgment is important in determining whether there are any temporary differences in the initial recognition of the asset and liability. The changes apply to transactions occurring on or after the beginning of the earliest period presented for comparison. In addition, a deferred tax asset (provided there is sufficient taxable income) and a deferred tax liability are recognized for all deductible and taxable temporary differences relating to leases and decommissioning, restoration and similar liabilities at the beginning of the earliest comparative period presented. The Group's financial statements. No significant impact is expected.

TAS 12 Amendments – International Tax Reform – Second Pillar Model Rules

The amendments provide a temporary exception to the requirements for deferred tax assets and liabilities related to pillar Two income tax. This amendment to TAS 12 is valid for annual accounting periods starting on or after January 1, 2023. The Group does not expect a significant impact on its financial statements.

Standards and amendments that have been published but have not yet entered into force as of December 31, 2023:

New standards, interpretations and amendments that have been published as of the approval date of the consolidated financial statements but have not yet entered into force for the current reporting period and have not been early implemented by the Group are as follows. Unless otherwise stated, the Group will make the necessary changes that will affect its consolidated financial statements and footnotes after the new standards and interpretations come into force.

TMS 1 Amendments - Long-term liabilities with contractual conditions

It is valid for annual reporting periods beginning on or after January 1, 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Financial Reporting Standards (continued)

TAS 7 and TFRS 7 Amendments – Supplier Financing Agreements

It is valid for annual reporting periods beginning on or after January 1, 2024. These changes require disclosure to increase transparency around supplier financing agreements and their impact on businesses' liabilities, cash flows and liquidity risks. Disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance agreements are not sufficiently clear and hinder investors' analysis.

TFRS 16 Amendments - Sale and leaseback transactions

It is valid for annual reporting periods beginning on or after January 1, 2024. These changes include the sale and leaseback provisions in TFRS 16, which explain how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

TSRS 1 - General Provisions Concerning the Disclosure of Financial Information Related to Sustainability

TFRS 1 sets out general requirements for sustainability-related financial disclosures, with the aim of requiring an entity to disclose information about sustainability-related risks and opportunities that will be useful to primary users of general purpose financial reports in making decisions about resourcing the entity. The implementation of this standard is mandatory for the businesses that meet the relevant criteria in the KGK's announcement dated January 5, 2024 and numbered 2024-5, and for banks, regardless of the criteria, in the annual reporting periods starting on or after January 1, 2024. Other businesses may report in accordance with TSRS standards on a voluntary basis.

TSRS 2 - Disclosures regarding climate

TSRS 2 sets out the requirements for identifying, measuring and disclosing climate-related risks and opportunities that will be useful to the primary users of general purpose financial reports in their decisions about providing resources to the business. The implementation of this standard is mandatory for the businesses that meet the relevant criteria in the KGK's announcement dated January 5, 2024 and numbered 2024-5, and for banks, regardless of the criteria, in the annual reporting periods starting on or after January 1, 2024. Other businesses can report in accordance with TSRS standards on a voluntary basis. This is the first standard.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies

a) Revenue

Contract modifications

The details of the significant accounting policies applied for the goods and services of the Group and revenue recognition as follows:

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it's probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped or services given without value added tax less sales returns and sales discounts.

In case of the Group sells on credit and does not acquired any interest throughout the maturity term or applies the lower interest rate than market interest rate and thus the transaction involves an effective financing process, the fair value of the provision for the sale is calculated by discounting the present value of receivables. The difference between the fair value and the nominal amount of the consideration is recognized as financial income in accordance with effective rate (internal efficiency).

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is satisfied. Goods is considered to be transferred when the control transferred to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts
- (b) Identification of performance obligations
- (c) Determination of transaction price in the contract
- (d) Allocation of price to performance obligations
- (e) Recognition of revenue when the performance obligations are satisfied



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

b) Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods.

The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Impairment on inventories are accounted for cost of sales in the accompanying consolidated financial statements.

c) Property, plant and equipment

Property, plant and equipment including land, land improvements, plant, machinery and equipment are carried at fair value in accordance with the estimates arising from revaluation less accumulated depreciation and impairment, if any. The aforementioned determination of property, plant and equipment is vary between 3 – 5 years.

As of the commencement date of revaluation, the accumulated depreciation of the property, plant and equipment subject to the revaluation is offset from the cost of the related asset and carried at the net book value in the subsuequent periods.

Except for abovementioned property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives

Revaluation surplus in the carried values of land, land improvements, plant, machinery and equipment as a result of revaluation are accounted for "revaluation surplus" account under equity are also credited to the consolidated balance sheet.

Decreases corresponding to the revaluation surplus in the prior period of the relevant property, plant and equipment are deducted from the revaluation surplus and all other decreases are reflected to the consolidated statement of profit or loss.

Each reporting period, the difference between the depreciation calculated over the revaluation and the depreciation over cost before revaluation is transferred from the accumulated losses to the revaluation surplus account. Similarly, these policies are applied for cash outflows from property, plant and equipment.

Buildings, land improvements and plant, machinery and equipment are capitalized and depreciated when their capacity is fully available for use and their physical distinct will meet the determined production capacity. Land is not depreciated as it is deemed to have an indefinite useful life.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

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

Land improvements and buildings	15 - 50 years
Plant, machinery and equipment	5 - 28 years
Furniture and fixtures	2 - 15 years
Motor vehicles	4 - 5 years
Leasehold improvements	4 - 5 years

Economic useful lives are constantly reviewed and necessary adjustments are presented in the relevant reporting periods in the accompanying consolidated financial statements.

The cost of an item of property, plant and equipment comprises:

- its purchase price including import duties, non-refundable purchase taxes, after deducting trade discounts and rebates
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples of these costs are: costs of site preparation, professional fees, initial delivery and handling, installation and assembly, etc.,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
- Initial delivery costs
- Installation and assembly costs
- Professional fees
- Capitalised borrowing costs

Any subsequent expenditure to be recognised as an asset, there must be additional probable future economic benefit associated with this subsequent expenditure that will flow to the entity and if measured reliably included in the carrying amount of the related asset or, where appropriate, accounted for as a separate asset. The parts being replaced must be derecognised. All other borrowing costs and maintenance and repair expenses are associated with profit or loss in the period which they incurred.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell. The value in use is determined by adding the residual values to the discounted amounts as of the balance sheet date of the estimated cash flows to be obtained in the future by continuing to use the relevant asset.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period. Gains or losses on disposals of property, plant and equipment from revaluation, any property, plant and equipment revaluation surplus related to the disposed property are transferred to retained earnings/losses.

d) Intangible assets

Intangible assets are initially recognised at acquisition cost less impairment in the accompanying consolidated financial statements. Intangible assets are capitalised if the future economic benefits from the intangible assets will be probable and the cost can be measured reliably. Cost of intangible assets includes acquisition cost and amortized over 2 to 5 years on a straight-line basis over their estimated useful lives.

Intangible assets include the brand value arising from the business combination.

Brand value of Kelebek

Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. was acquired 67% of Kelebek Mobilya Sanayi ve Ticaret A.Ş.'s shares on 6 September 2012. The brand value of Kelebek acquired with the abovementioned acquisition was carried at fair value on 6 September 2012 in accordance with TFRS 3 "Business combinations" standard. There is no legal use on restriction for the brand and not depreciated as it is deemed to have an indefinite useful life in the accompanying consolidated financial statements. The brand value is tested for impairment annually and there has been no impairment incurred on brand during the period.

e) Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through the Statement of Profit or Loss (FVTPL) , transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Reclassification and subsequent measurement

Financial instruments – accounting policy effective from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through the statement of Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

f) Financial investments

The financial investments of the Group comprise of financial investments at fair value through other comprehensive income (Note 11). The carrying value of financial assets has been evaluated carried at cost, since the fair value cannot be measured reliably due to the fact that the FVOCI do not have any fair value quoted on the stock exchange or that other methods used in calculating the fair value are not appropriate.

g) Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. The measurement reflects the entity's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time (Note 22).

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

g) Taxes on income (continued)

The Group takes into account whether the Group has the uncertain tax position and the surcharge has to be paid and the tax liability while it determines the current tax expense and delayed tax expense. The assessment might include judgments about future events and is based on estimates and assumptions. In case there exists new information about the adequacy of the Group's current tax liability which will cause a change in the professional judgment; this change will affect the period which the situation emerges.

h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Group reviews the book value of its tangible and intangible assets to determine whether there are impairments in each reporting period and subordinates its stores to impairment tests for certain periods during the year and records the portion of cash generating unit exceeding the recoverable value of the recognised value as impairment expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated income statement.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant decline in fair value below cost of share certificates classified as available-for-sale is considered as an indication of impairment. In case there is objective evidence of impairment of available-for-sale financial assets, the remaining loss is accounted for in the consolidated statement of income less impairment previously reflected in the consolidated statement of income from the difference between the acquisition cost of the financial asset and its fair value. Impairment loss recognized in consolidated statement of income related to capital instruments is not associated with the statement of income even if the related impairment will reverse in the subsequent periods.

i) Provision for employee benefits

Provision for employment termination benefits

The Group is obliged to pay termination indemnities to employees whose employment is terminated due to retirement or due to reasons other than resignation or behavior specified in the Labor Code, in accordance with the applicable law. In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Group and whose employment is A defined benefit plan is any post-employment benefit plan other than a defined contribution plan. Under IAS 19, an entity uses an actuarial technique (the projected unit credit method) to estimate the ultimate cost to the entity of the benefits that employees have earned in return for their service.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

i) Provision for employee benefits (continued)

in the current and prior periods; discounts that benefit in order to determine the present value of the defined benefit obligation and the current service cost; deducts the fair value of any plan assets from the present value of the defined benefit obligation; determines the amount of the deficit or surplus; and determines the amount to be recognised in the consolidated profit and loss and other comprehensive income in the current period (Note 15).

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

j) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

k) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

k) Equity items (continued)

In the restatement of equity items, the addition of funds formed due to inflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders.

Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 16).

l) Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (reporting entity).

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met:

If a certain individual,

- i) Has control or joint control over the reporting entity,
- ii) Has significant influence over the reporting entity,
- iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity. b) An entity is considered related party of the reporting entity when the following criteria are met:
 - i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.
 - ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
 - iii) If both of the entities are a joint venture of a third party.
 - iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
 - v) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
 - vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).
 - vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity)

Related party transaction is the transfer of resources, services or liabilities regardless of whether a price is charged or not. Transactions can be made with related parties in the ordinary course of business. For the purpose of these consolidated financial statements, shareholders, parents of



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

l) Related parties (continued)

Doğanlar Yatırım Holding Grubu A.Ş., key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures are considered and expressed as "related parties". The key management personnel of the Group include members of the Board of Directors, CEO and vice chairman (Note 6).

m) Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 25).

n) Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

o) Treasury shares

As the Group repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments and the amounts received or paid for these transactions are recognised directly in the equity under retained earnings.

p) Leases

(i) Determining whether an Arrangement Contains a Lease

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



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

p) Leases (continued)

Following the beginning of the agreement or reconsidering the agreement, the Group classify related payments required by the agreement as rent payments and other payments according to their fair value. If the Group decide that related payments are not possible to be classified in a financial lease agreement, reliably an asset or a liability are recognised as much as fair value of related lease. With in the related lease payments, liability is decreased and financial cost added to liability is recognised by using alternative debt ratio of the Group.

(ii) Leased assets

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as finance leases. Initially, property, plant and equipment acquired through finance leases are measured at fair value of the leased asset or, if lower, at the present value of minimum lease payments. Following the initial recognition, related leased asset is recognised according to effective accounting policies.

Leased assets under other leases are classified as operating leases and are not recognised in the consolidated balance sheet of the Group.

(iii) Lease payments

Payments under operating leases are recognised in profit or loss through straight-line basis during the lease term. Lease promotions are recognised as a part of lease expenses during the lease term.

Minimum lease payments under finance leases are distributed by decreasing finance cost and the rest liability. Finance costs are distributed to each period on condition that determining a fixed interest rate for the period on the remaining balance of related liability.

r) Foreign currency translation

Foreign currency transactions and balances

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Doğanlar Mobilya's functional and presentation currency.

In preparing the consolidated financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

r) Foreign currency translation (continued)

Exchange differences are accounted for the period in profit or loss in which they are incurred except for the following cases:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

s) Events after the balance sheet date

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.6 Going Concern

The financial statements have been prepared on a going concern basis.

2.7 Significant accounting judgements, estimates and assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results. In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidation financial statements are described in the following notes:

2.7.1 Estimated useful lives of property, plant and equipment and intangible assets

In accordance with the accounting policies stated in Note 2.5, the Group determines the useful lives of assets according to the management's best estimates and reviews in each reporting period as of the balance sheet date.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.7 Significant accounting judgements, estimates and assumptions (continued)

2.7.2 Revaluation of land, buildings, land improvements and plant, machinery and equipment

Land, buildings, land improvements and plant, machinery and equipment are reflected to the consolidated financial statements at fair value determined in accordance with the appraisal studies carried out by the real estate appraisal firm authorised by the CMB. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

The following many valuation methods are used for determining fair value, based on management's best estimates and assumptions:

- The most effective and efficient uses assessment was made in fair value calculations and the current intended use objectives were determined as the most effective and efficient uses and revaluations of land were based on the method of reference comparison.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation.

The carrying values of land, buildings, land improvements and plant, machinery and equipment do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for land, buildings, land improvements and plant, machinery and equipment of which valuations are based on cost approach, accordance with the TAS 36 "Impairment of Assets", and no impairment indicator is identified.

2.7.3 Provision for warranty

Provision is allocated in the accompanying consolidated financial statements for estimated warranty claims under warranty for products sold at the end of the reporting period. These claims are expected to be paid within the next financial period. The Group management decides in accordance with the demand by considering past warranty and historical demand information, and current trends that would require changes in future demand forecasts.

The Group especially provides a warranty for 24 month period for its furniture products. The Group management decides on provision for subsequent periods by considering past warranty and historical demand information, and current trends that would require changes in future demand forecasts. The assumptions made regarding provision for warranty in current period are consistent with the prior period. Factors that may affect estimated demands include the Group's productivity and the success of its quality initiatives with the consideration of furniture parts and labor costs.



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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.7 Significant accounting judgements, estimates and assumptions (continued)

2.7.3 Provision for warranty (continued)

As of 31 December 2023, the net carrying value of provision for warranty is amounting to TL 31.279.685 (31 December 2022: TL 22.034.968).

If warranty claims were 10% different from management's estimates, and all other variables held constant, the provision for warrant would have been amounting to TL 3.127.968 higher or lower (2022: TL 2.203.496 higher/lower).

NOTE 3 - BUSINESS COMBINATIONS

Business Combinations under the Management of the Same Controlling Partner:

Acquisitions between businesses controlled by the Group are not evaluated within the scope of the "TFRS 3 (Revised) Business Combinations" standard. In this context, as of 30.12.2023, Doğanlar Mobilya İmalat Sanayi ve Ticaret A.Ş. acquired 100% of D-AFRIC Senegal Biga Home Şirketi. There is no specific accounting policy regarding this transaction in TFRS. Therefore, within the scope of "TAS 8 Accounting Policies, Accounting Estimates and Errors Standard", within the framework of the definitions of paragraphs 10 and 12, the group applies the principles for accounting application for transactions under common control published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). used the decision.

The difference resulting from the offsetting of the amounts in proportion to the shares of the acquired company is directly accounted within equity as the "effect of business combinations under common control".

The acquisition in question was defined as a business combination under common control by the group management. In the merger that took place under common control, the assets and liabilities subject to the merger were included in the consolidated financial statements with their registered values. Income statements have been consolidated since the beginning of the fiscal year in which the merger took place.

The amount exceeding the book value of the net assets of the acquired business at the date of merger is accounted for as additional capital contributions from the shareholders.



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The details of Business Combinations Subject to Common Control are calculated as follows.

Name of The Company	Purchase Values	Equity Values at the Purchase Date	Effect of Business Combination under Common Control(Not.22)
D-Afric Senegal Biga Home	65.920.911	(93.134.426)	(159.055.337)
Total	65.920.911	(93.134.426)	(159.055.337)

Additional Capital Contributions of Shareholders within the scope of Pia Bilişim Hizmetleri Anonim Şirketi Business Combination Subject to Joint Control is (159.055.337) TL and its details are below.

	31.12.2023
Opening (01.01.2022)	(59.143.948)
Period Profit/(Loss)	(33.990.479)
Total Equity of D-Afric Senegal Biga Home	(93.134.426)
Capital-Participation Elimination	(65.920.911)
Additional Capital Contributions from Shareholders	(159.055.338)

The movement table of non-controlling shares based on the companies to be purchased is as follows;

01.01.2022	(2.501.342)
Net Profit Loss for the Period	(57.075.648)
Currency translation differences	(433.043)
31.12.2022	(59.143.947)
01.01.2023	(59.143.947)
Net Profit Loss for the Period	(33.990.479)
Actuarial Losses/Gains of Retirement Plans	--
Effect of Business Combination under Common Control	93.134.426
31.12.2023	--



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NOTE 4 - CASH AND CASH EQUIVALENTS

As of 31 December 2023 and 2022, the functional breakdown of cash and cash equivalents is as follows:

	31 December 2023	31 December 2022
Cash in hand	37.737	16.711
Banks – demand deposits	227.203.815	443.724.134
Other ^(*)	91.161.060	77.785.647
	318.402.612	521.526.492

^(*)As of 31 December 2023 and 2022, other include receivables from credit card POS system devices.

As of 31 December 2023 and 2022, the Group has no blocked deposits.

The foreign exchange, credit risk and sensitivity analysis of financial assets and liabilities are disclosed in Note 23.



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NOTE 5 – BORROWINGS

31 December 2023			
	Annual effective interest rate %	Original currency amount	TL Equivalent
Short term borrowings:			
TL loans (*)	%12,00 - %38,50	160.191.573	160.191.573
Finance lease payables		45.435.958	45.435.958
Short term borrowings, net			205.627.531
Short term lease liabilities			109.263.361
Short term portion of long term borrowings:			
EUR loans	%4,40 - %7,20	1.136.278	37.013.006
USD loans	%4,58 - %8,78	993.689	29.252.416
TL loans	%12,50- %42,10	1.111.681.487	1.111.681.487
Short term portion of long term borrowings, net			1.177.946.909
Total short term borrowings, net			1.492.837.801
EUR loans	%4,40 - %7,20	851.442	27.734.787
USD loans	%4,58 - %8,78	2.560.982	75.390.700
TL loans	%12,50- %42,10	253.104.329	253.104.329
Finance lease payables		6.947.132	6.947.132
Long term borrowings, net			363.176.948
Long term lease liabilities			350.767.321
Total borrowings, net			2.206.782.070



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NOTE 5 – BORROWINGS (continued)

	31 December 2022		
	Annual effective interest rate %	Original currency amount	TL Equivalent
Short term borrowings:			
TL loans (*)	%9,50 - %20,50	261.146.900	261.146.900
Finance lease payables		53.681.689	53.681.689
Short term borrowings, net			314.828.589
Short term lease liabilities			115.659.251
Short term portion of long term borrowings:			
EUR loans	%3,44 - %6,18	965.680	19.314.260
USD loans	%4,33 - %8,41	2.540.762	47.664.945
TL loans	%6,47- %26,69	476.216.572	476.216.572
Short term portion of long term borrowings, net			543.195.777
Total short term borrowings, net			973.683.617
EUR loans	%3,44 - %6,18	3.500.311	70.008.665
USD loans	%4,33 - %8,41	5.708.128	107.085.048
TL loans	%6,47- %26,69	521.620.070	521.620.070
Finance lease payables		42.175.571	42.175.571
Long term borrowings, net			740.889.354
Long term lease liabilities			354.006.730
Total borrowings, net			2.068.579.701

(*) Loans arising from Direct Debiting System ("DDS") denominated in under short term borrowings is none. (31 December 2022: None)

As of 31 December 2023 and 2022, borrowings are secured by collateral and the Group has no mortgages on property, plant and equipment (Note 14).



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NOTE 5 – BORROWINGS (continued)

As of 31 December 2023 and 2022, the reconciling the balances of borrowings arising from the Group's financing activities is as follows:

	31 December 2023	31 December 2022
Beginning of the period – 1 January	1.598.913.720	1.776.201.240
Additions	2.098.227.055	1.723.201.680
Payments during the period	(1.498.874.813)	(1.427.509.686)
Interest accruals	60.666.984	5.402.563
Changes in foreign exchange rates, net	116.358.066	87.146.144
Inflation effect	(628.539.624)	(565.528.221)
End of the period – 31 December	1.746.751.388	1.598.913.720

The foreign exchange, interest and liquidity risk analysis of borrowings are disclosed in Note 22.

The functional breakdown and detailed analysis of lease liabilities are as follows:

Lease liabilities:

	Present value of minimum lease payments	
	31.12.2023	31.12.2022
Up to 1 year	109.263.361	115.659.251
Less: Long term financial expenses	-	-
Net present value of lease liabilities	109.263.361	115.659.251
2 years and over	350.767.321	354.006.730
Less: Long term financial expenses	-	-
Net present value of lease liabilities	350.767.321	354.006.730
Total lease liabilities, net	460.030.682	469.665.981

The Group's lease liabilities represents the net present value of future obligations for the stores, motor vehicles and buildings leased from third parties during the estimated useful lives of the relevant asset.



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NOTE 5 – BORROWINGS (continued)

The functional breakdown and detailed analysis of finance lease payables are as follows:

Finance lease payables:

	Present value of minimum lease payments	
	31.12.2023	31.12.2022
Up to 1 year	45.435.958	53.681.689
Less: Long term financial expenses	-	-
Net present value of lease liabilities	45.435.958	53.681.689
2 years and over	6.947.132	53.681.689
Less: Long term financial expenses	-	-
Net present value of lease liabilities	6.947.132	42.175.571
Total lease liabilities, net	52.383.090	95.857.260

As of 31 December 2023 and 2022, repayment schedule of borrowings is as follows:

	31 December 2023	31 December 2022
Up to 3 months	548.162.489	421.685.958
3-12 months	944.675.312	551.997.658
1-5 years	713.944.269	1.094.896.085
	2.206.782.070	2.068.579.701

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Trade receivables	828.862.989	674.922.157
-Related parties (Note 6)	2.418.551	4.110.934
-Third parties	826.444.438	670.811.223
Customers	469.978.632	416.374.372
Notes receivables	367.719.905	263.610.998
Doubtful trade receivables	31.324.710	67.106.780
Provision for doubtful trade receivables (-)	(31.324.710)	(67.106.780)
Deferred finance income (-)	(11.254.099)	(9.174.147)
Trade receivables, net	828.862.989	674.922.157

Annual effective interest rate on deferred finance income is 22% (31 December 2022: 22%).

As of 31 December 2023, trade receivables amounting to TL 129.600.317 (31 December 2022: TL 211.271.563) are not considered as doubtful trade receivables even though they are overdue (Note 24).



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NOTE 6 – TRADE RECEIVABLES AND PAYABLES (continued)

The foreign exchange and credit risk and impairment analysis of trade receivables are disclosed in Note 24.

The Group's Long-Term Trade Receivables as of the end of the periods are explained below.

	31 December 2023	31 December 2022
Trade receivables	7.805.814	-
-Third parties	7.805.814	-
Trade receivables	7.805.814	-

As of 31 December 2023 and 2022, the functional breakdown of the movement of doubtful trade receivables is as follows:

The movement of doubtful receivables is as follows:	31.12.2023	31.12.2022
Beginning of the period – 1 January	67.106.780	103.441.888
Additions (Note 20)	-	1.252.295
Reversals (Note 20)	(4.353.494)	(1.765.885)
Exchange Rate Difference	2.992.098	5.240.761
Inflation effect	(34.420.674)	(41.062.279)
	31.324.710	67.106.780

As of 31 December 2023 and 2022, trade payables is as follows:

	31 December 2023	31 December 2022
Trade payables	1.705.195.044	1.698.811.333
-Third parties	1.705.195.044	1.698.811.333
-Related parties	--	--
Suppliers	803.684.257	828.935.150
Notes payable	1.013.002.904	973.255.714
Deferred financing costs (-)	(111.492.117)	(103.379.531)
Trade payables, net	1.705.195.044	1.698.811.333

Annual effective interest rate on deferred financing costs is 22% (31 December 2022: 22%).

The foreign exchange and credit risk and impairment analysis of trade payables are disclosed in Note 24.



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NOTE 7 – RELATED PARTY DISCLOSURES

Intercompany transactions and balances, profits, unrealized gains and losses with subsidiaries and related parties are offset from the statutory records for the basis of consolidation. Therefore, they are not included in the related party disclosures.

a) As of 31 December 2023 and 2022, related party balances are as follows:

	31 December 2023	31 December 2022
Trade receivables due from related parties		
Biotrend Çevre Ve Enerji Yatırımlar A.Ş.	2.418.551	4.110.934
Doubtful trade receivables from related parties	2.399.251	2.429.809
Provision for doubtful trade receivables from related parties (-)	(2.399.251)	(2.429.809)
	2.418.551	4.110.934

The movement of doubtful receivables is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	2.429.809	4.351.445
Additions (Note 19)	--	--
Exchange Rate Difference	924.610	791.619
Inflation effect	(955.168)	(2.713.255)
	2.399.251	2.429.809

	31 December 2023	31 December 2022
Other receivables due from related parties		
Shareholders	4.235.557	10.571.684
Doğanlar Yatırım Holding A.Ş.	--	130.528
	4.235.557	10.702.212

	31 December 2023	31 December 2022
Other payables due to related parties		
Doğanlar Yatırım Holding A.Ş.	51.030.358	--
Korad G.Menkul Yat.İnş.A.Ş.	15.493	23.151
Shareholders	105.581	--
	51.151.432	23.151

(*) The Group has been calculated an interest amounting to TL 1.258.189 at an annual effective interest rate of 18% for Shareholders.



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NOTE 7 – RELATED PARTY DISCLOSURES (continued)

b) As of 31 December 2023 and 2022, the functional breakdown of sales to related parties is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Sales to related parties		
Doğanlar Yatırım Holding A.Ş.	2.205.485	9.669.936
Biotrend Çevre ve Enerji Yatırımları	3.913.770	4.215.530
	6.119.255	13.885.466

c) As of 31 December 2023 and 2022, the functional breakdown of purchases from related parties is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Purchases from related parties		
Doğanlar Yatırım Holding A.Ş.	20.918.535	28.685.062
Biotrend Çevre ve Enerji Yatırımları	1.522.432	1.149.053
Korad Gayrimenkul Yatırım İnş. A.Ş.	1.033.223	829.530
	23.474.190	30.663.645

	1 January – 31 December 2023	1 January – 31 December 2022
Interest Received from Related Parties		
Doğanlar Yatırım Holding A.Ş.	5.303.279	--
Real Person Partners	--	1.727.962
	5.303.279	1.727.962

d) The benefits provided to the members of the Board of Directors and senior executives for the years ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Fees paid and other benefits	95.080.460	69.271.652
	95.080.460	69.271.652



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NOTE 7 – RELATED PARTY DISCLOSURES (continued)

All of the benefits provided to members of the board of directors and senior management personnel (the senior management personnel includes the general manager and assistant general managers) for the years ended December 31, 2023 and December 31, 2022 are short-term benefits and include wages, bonuses, termination benefits and includes other payments. There were no post-employment benefits, other long-term benefits and share-based payments for the years ended December 31, 2023 and December 31, 2022.

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Other receivables	156.360.516	81.367.337
-Third parties	152.124.959	70.665.125
-Related parties (Note 6)	4.235.557	10.702.212
Deposits and guarantees given	5.944.690	6.470.972
Doubtful other receivables	1.012.636	3.687.466
Provision for doubtful other receivables (-)	(1.012.636)	(3.687.466)
Receivables from tax Office	26.976.437	23.610.277
Receivables from personnel	1.562.887	1.370.230
Other (*)	117.640.945	39.213.646
Other receivables, net	156.360.516	81.367.337

The movement of doubtful receivables is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	3.687.466	4.351.445
Additions (Note 19)	--	1.229.597
Reversals (Note 19)	(1.225.272)	--
Inflation effect	(1.449.558)	(1.893.576)
	1.012.636	3.687.466

	31 December 2023	31 December 2022
Long term other receivables	50.490.088	66.315.852
Deposits and guarantees given	9.618.976	11.487.660
Other (*)	40.871.112	54.828.192
	50.490.088	66.315.852

(*) Include receivables from VAT refund



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NOTE 8 – OTHER RECEIVABLES AND PAYABLES (continued)

	31 December 2023	31 December 2022
Short term other payables		
Other payables	86.572.176	109.887.233
-Related parties (Note 7)	51.151.432	23.151
-Third parties	35.420.744	109.864.082
Taxes payable	29.970.914	44.688.039
Other	5.449.830	65.176.043
	86.572.176	109.887.233

	31 December 2023	31 December 2022
Long term other payables		
-Related parties	--	--
-Third parties	9.602.656	7.921.479
Deposits and guarantees received	9.602.656	7.921.479
	9.602.656	7.921.479

NOTE 9 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	614.391.991	660.577.332
Semi finished goods	113.766.545	95.477.910
Goods	402.094.044	332.638.365
Merchandise	424.961.411	474.083.547
Provision for inventory impairment (-)	(393.928)	(649.087)
	1.554.820.063	1.562.128.067

There has been no inventories given as collateral against liabilities.

	31 December 2023	31 December 2022
Cost	827.055.455	806.721.912
Provision for inventory impairment	(393.928)	(649.087)
Net realisable value (a)	826.661.527	806.072.825
Carried at cost (b)	728.158.536	756.055.242
Total inventories (a+b)	1.554.820.063	1.562.128.067



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NOTE 10 – OTHER ASSETS

	31 December 2023	31 December 2022
Deferred VAT ("VAT") (*)	4.152.202	114.919.719
Business cash advances	628.655	1.063.940
	4.780.857	115.983.659

(*)Includes refundable or deductible VAT

NOTE 11 – PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short term prepaid expenses		
Advances given	279.987.907	240.054.146
Short term prepaid expenses	103.134.456	30.025.404
Short term prepaid expenses, net	383.122.363	270.079.550

Advances given include purchases for raw materials and supplies.

	31 December 2023	31 December 2022
Short term deferred income		
Advances received	716.823.932	732.930.020
Short term deferred income	20.777.626	-
Short term deferred income, net	737.601.558	732.930.020

Advances received include the payments received in advance from the Group's dealers before the sale is realised.



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NOTE 12 – FINANCIAL INVESTMENTS

As of 31 December 2023 and 2022, the functional breakdown of short term financial investments is as follows:

	31 December 2023	31 December 2022
Short term financial investments		
Financial assets held to maturity	252.899.353	-
	252.899.353	-

As of 31 December 2023 and 2022, the functional breakdown of long term financial investments is as follows:

The Group's financial investments consist of financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss. Since the said companies Doğtaş Holland, Doğtaş Germany and Doğtaş Bulgaria operate to a limited extent and their total net asset values are unrequited, the Group has accounted for cost value while it should have been shown at fair value according to TFRS 9 standard. As of 31 December 2023 and 31 December 2022, financial investments are as follows:

	31 December 2023		31 December 2022	
Financial assets at fair value through other comprehensive income				
	Effective ownership interest (%)	Balance sheet position	Effective ownership interest (%)	Balance sheet position
Doğtaş Holland	100,00	43.366.924	100,00	43.366.924
Doğtaş Germany	100,00	31.063.785	100,00	31.063.785
Doğtaş Bulgaria	100,00	14.853.056	100,00	14.853.056
		89.283.765		89.283.765

The fair value of financial assets at fair value through other comprehensive income are not quoted on stock exchange or other methods used for the calculation of fair value are not considered as in appropriate and therefore, fair value is not measured reliably in the accompanying consolidated financial statements. Accordingly, carrying value of financial assets is considered at acquisition cost.

	31 December 2023		31 December 2022	
Financial assets at fair value through profit or loss				
	Effective ownership interest (%)	Balance sheet position	Effective ownership interest (%)	Balance sheet position
FTR Dış Ticaret Mobilya A.Ş.	14,29	2.734.842	14,29	2.734.842
Impairment (-)	-	(2.734.842)	-	(2.734.842)
		-		-



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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Land	Land improvements and buildings	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixtures	Leasehold Improvements	Constructions in Progress	Total
Cost								
Opening balance - 1 January 2023	319.812.493	760.533.352	1.480.031.148	40.758.770	759.058.964	899.066.058	189.084.125	4.448.344.910
Additions	-	66.558.490	47.384.413	2.483.598	135.630.368	233.920.068	151.531.055	637.507.992
Transfers (Note 13)	-	5.131.597	32.260	-	-	9.070.280	(14.234.137)	-
Property, plant and equipment revaluation surplus*	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(365.402)	(61.051)	(4.521)	(216.339)	(888.792)	(1.536.105)
Disposals	-	-	(23.491.451)	(1.101.009)	(4.206.290)	(76.446.211)	-	(105.244.961)
Closing balance – 31 December 2023	319.812.493	832.223.439	1.503.590.968	42.080.308	890.478.521	1.065.393.856	325.492.251	4.979.071.836
Accumulated depreciation								
Opening balance - 1 January 2023	-	(89.192.252)	(875.716.279)	(18.639.953)	(556.268.546)	(456.659.189)	-	(1.996.476.219)
Current period depreciation	-	(72.379.526)	(61.433.694)	(6.871.009)	(60.663.508)	(121.738.402)	-	(323.086.139)
Currency translation differences	-	(443.925)	3.174.246	275.989	149.674	692.916	-	3.848.900
Disposals	-	-	23.015.205	775.534	1.958.852	19.851.204	-	45.600.795
Closing balance – 31 December 2023	-	(162.015.703)	(910.960.522)	(24.459.439)	(614.823.528)	(557.853.471)	-	(2.270.112.663)
Net book value, 31 December 2022	319.812.493	671.341.100	604.314.869	22.218.817	202.790.418	442.406.869	189.084.125	2.451.868.691
Net book value, 31 December 2023	319.812.493	670.207.736	592.630.446	17.620.869	275.654.993	507.540.385	325.492.251	2.708.959.173

In accordance with the loans for financing the operations of the Group, the Group has mortgages amounting to EUR 30.000.000 equivalent of TL 300.000.000 on property, plant and equipment. As of 31 December 2023, total insurance coverage on property, plant and equipment is amounting to TL 1.455.409.889 (31 December 2022: TL 644.197.409).



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NOTE 13 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

	Land	Land improvements and buildings	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixtures	Leasehold Improvements	Constructions in Progress	Total
Cost								
Opening balance - 1 January 2022	265.912.328	737.920.768	1.251.161.598	37.213.584	660.236.464	711.489.904	9.490.033	3.673.424.679
Additions	10.379.340	132.237.765	262.598.280	3.291.665	121.981.057	256.004.384	184.573.425	971.065.916
Transfers (Note 13)	--	--	3.407.219	--	(3.407.219)	4.979.333	(4.979.333)	--
Property, plant and equipment revaluation surplus*	49.684.022	(109.596.760)	--	--	--	--	--	(59.912.738)
Disposals	(6.163.197)	--	--	253.521	(915.899)	(416.248)	--	(1.078.626)
	319.812.493	760.533.352	1.480.031.148	40.758.770	759.058.964	899.066.058	189.084.125	4.448.344.910
Closing balance – 31 December 2022								
Accumulated depreciation								
Opening balance - 1 January 2022	--	(110.093.182)	(825.384.758)	(12.220.202)	(518.589.692)	(366.186.912)	--	(1.832.474.746)
Current period depreciation	--	(56.526.321)	(84.872.105)	(6.380.496)	(48.978.902)	(113.923.072)	--	(310.680.896)
Transfers	--	--	(340.722)	--	340.722	--	--	--
Revaluation Increases/Decreases	--	77.398.831	--	--	--	--	--	77.398.831
Currency translation differences	--	--	--	(39.255)	92.522	(82.231)	--	(28.964)
Disposals	--	28.420	34.881.306	--	10.866.804	23.533.026	--	69.309.556
	319.812.493	671.341.100	604.314.869	22.118.817	202.790.418	442.406.869	189.084.125	2.451.868.691
Closing balance – 31 December 2022								
	--	(89.192.252)	(875.716.279)	(18.639.953)	(556.268.546)	(456.659.189)	--	(1.996.476.219)
Net book value, 31 December 2021	265.912.328	627.827.586	425.776.840	24.993.382	141.646.772	345.302.992	9.490.033	1.840.949.933
Net book value, 31 December 2022	319.812.493	671.341.100	604.314.869	22.118.817	202.790.418	442.406.869	189.084.125	2.451.868.691

(*)As of 31 December 2022, the fair value of land, land improvements and buildings of the Group in Biga and Düzce have been determined by the independent appraisal firm Lâl Gayrimenkul Değerleme ve Müşavirlik A.Ş. on 14.02.2023. In accordance with the two independent appraisal reports, the fair value of the land, land improvements and buildings are amounting to TL 601.527.000.

In accordance with the aforementioned report, the summary of the valuation of the land as of 31 December 2022 is as follows:

	Net asset value	Accumulated depreciation	Net book value	Fair value	Changes in fair value, net	Deferred tax, net	Equity (Net)
Land	270.128.471	--	270.128.471	319.812.493	49.684.022	(4.968.402)	44.715.620
Buildings	870.130.112	166.591.083	703.539.029	671.341.100	(32.197.929)	6.439.586	(25.758.343)
TOTAL	1.140.258.583	166.591.083	973.667.500	991.153.593	17.486.093	1.471.184	18.957.277



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**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS
(continued)**

Revaluation of property, plant and equipment

The land and buildings carried with the revaluation include the Group's factory buildings, land of these buildings and the machinery.

The sales comparison approach was used in the valuation of land, and the cost approach was used in the determination of the values of buildings and machinery. The fair values are determined in accordance with the independent appraisal firms authorised by the Capital Markets Board.

As of 31 December 2022, the gross profit amounting to TL 210.587.989 arising from the revaluation of land and buildings is included in the consolidated statement of other comprehensive income. There are no restrictions and limitations incurred on the distribution of revaluation funds.

As of 31 December 2023 and 2022, the movements for right of use assets and related depreciation are as follows:

31.12.2023

Cost

	01.01.2023	Additions(+)	Disposals (-)	Transfer	Foreign Currency Conversion Difference	31.12.2023
Right of use assets	973.909.932	268.600.869	(98.703.941)	-	670.803	1.144.477.663
	973.909.932	268.600.869	(98.703.941)	-	670.803	1.144.477.663

Accumulated depreciation

	01.01.2023	Current period depreciation (+)	Disposals (-)	Transfer	Foreign Currency Conversion Difference	31.12.2023
Right of use assets	(320.628.745)	(139.163.408)	73.465.319	-	(4.089.148)	(390.415.982)
	(320.628.745)	(139.163.408)	73.465.319	-	(4.089.148)	(390.415.982)
Net book value	653.281.187					754.061.681



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31.12.2022

Cost

	01.01.2022	Additions(+)	Disposals (-)	Transfer	Foreign Currency Conversion Difference	31.12.2022
Right of use assets	805.786.712	282.649.906	(125.256.552)	-	10.729.866	973.909.932
	805.786.712	282.649.906	(125.256.552)	-	10.729.866	973.909.932

Accumulated depreciation

	01.01.2022	Current period depreciation (+)	Disposals (-)	Transfer	Foreign Currency Conversion Difference	31.12.2022
Right of use assets	(203.157.098)	(192.284.000)	76.154.329	-	(1.341.976)	(320.628.745)
	(203.157.098)	(192.284.000)	76.154.329	-	(1.341.976)	(320.628.745)
Net book value	602.629.614					653.281.187

NOTE 14 – INTANGIBLE ASSETS

As of 31 December 2023 and 2022, the movements for intangible assets and related depreciation are as follows:

	Brand value (*)	Rights	Total
Cost			
Opening balance – 1 January 2023	157.046.163	236.544.321	393.590.484
Additions	-	21.366.428	21.366.428
Disposals	-	(16.448)	(16.448)
Closing balance - 31 December 2023	157.046.163	257.894.301	414.940.464

Accumulated depreciation

Opening balance – 1 January 2023	--	(168.663.667)	(168.663.667)
Current period depreciation	--	(15.693.481)	(15.693.481)
Disposals	--	9.982	9.982
Closing balance - 31 December 2023	--	(184.347.166)	(184.347.166)

Net book value, 31 December 2023	157.046.163	73.547.135	230.593.298
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	Brand value (*)	Rights	Total
Cost			
Opening balance – 1 January 2022	157.046.163	183.436.308	340.482.471
Additions	--	53.112.049	53.112.049
Disposals	--	(4.036)	(4.036)
Closing balance - 31 December 2022	157.046.163	236.544.321	393.590.484



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Accumulated depreciation

Opening balance – 1 January 2022	--	(159.926.296)	(159.926.296)
Current period depreciation	--	(8.740.954)	(8.740.954)
Disposals	--	3.583	3.583
Closing balance - 31 December 2022	--	(168.663.667)	(168.663.667)

Net book value, 31 December 2022	157.046.163	67.880.654	224.926.817
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(*)Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. was acquired 67% of Kelebek Mobilya Sanayi ve Ticaret A.Ş.'s shares on 6 September 2012. The brand value of Kelebek acquired with the abovementioned acquisition was carried at fair value on 6 September 2012 in accordance with TFRS 3 "Business combinations" standard. There is no legal use on restriction for the brand and not depreciated as it is deemed to have an indefinite useful life in the accompanying consolidated financial statements. The brand value is tested for impairment annually and there has been no impairment incurred on brand during the period. It is not undervalued as of 31 December 2023.

NOTE 15 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Short term provisions

As of 31 December 2023 and 2022, the functional breakdown of short term provisions is as follows:

	31 December 2023	31 December 2022
Provision for warranty	25.131.291	17.637.407
Provision for lawsuits	11.496.521	16.825.884
Other Debt and Expense Provisions	128.842	-
	36.756.654	34.463.291

Long term provisions

	31 December 2023	31 December 2022
Provision for warranty	6.148.394	4.397.579
	6.148.394	4.397.579

As of 31 December 2023 and 2022, the movement for provision for warranty is as follows:

	2023	2022
Beginning of the period – 1 January	22.034.986	18.444.092
Additions (Note 20)	17.906.742	12.795.667
Payments during the period (Note 20)	--	--
Inflation effect	(8.662.043)	(9.204.773)
End of the period – 31 December	31.279.685	22.034.986



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NOTE 15 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

As of 31 December 2023 and 2022, the movement for provision for lawsuits is as follows:

	2023	2022
Beginning of the period – 1 January	16.825.884	17.049.198
Additions (Note 20)	1.284.962	6.725.090
Payments during the period (Note 20)	--	(277.997)
Inflation effect	(6.614.325)	(6.670.407)
End of the period – 31 December	11.496.521	16.825.884

Contingent liabilities and contingent assets

As of 31 December 2023 and 2022, the functional breakdown of guarantees and mortgages is as follows:

Guarantees given

	31 December 2023	31 December 2022
Mortgages given (*)	1.277.217.000	1.588.325.253
Letters of guarantee given to public institutions (**)	843.959.655	655.294.191
Letters of guarantee given to customers	52.201.039	37.282.049
Letters of guarantee given to suppliers	7.439.817	10.579.326
	2.180.817.511	2.291.480.819

(*) Considering the loans used for purchasing financing operations of the Group from financial institutions, the Group has mortgages on property, plant and equipment.

(**) Include letters of guarantee given to Türkiye İhracat Kredi Bankası A.Ş. regarding the loans used for the operations of the Group

Guarantees received

	31 December 2023	31 December 2022
Letters of guarantee received from dealers	379.201.603	390.945.994
Mortgages received from domestic dealers	5.500.000	16.887.637
Mortgages received from dealers abroad	25.750.000	32.913.390
	410.451.603	440.747.021



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NOTE 15 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Collaterals/pledges/mortgages/ ("CPM") of the Group as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
CPM given by the Group		
A. Total amount of CPM's given in the name of its own legal personality	2.180.817.511	2.291.480.819
B. Total amount of CPM's given on behalf of the fully consolidated companies	--	--
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	--	--
D. Total amount of other CPM's given	--	--
i. Total amount of CPM's given on behalf of the majority shareholder	--	--
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total	2.180.817.511	2.291.480.819

As of 31 December 2023, the Group has pledge to banks against borrowings on 13.123.174.285 number of outstanding shares with a nominal value of TL 0,01. (31 December 2022: pledge to banks against borrowings on 17.251.656.985 number of outstanding shares with a nominal value of TL 0,01).

As of 31 December 2023, the Group has total insurance coverage on property, plant and equipment and inventories amounting to TL 1.455.409.889 and TL 821.814.857 respectively (31 December 2022: TL 644.197.409 and TL 57.353.060 respectively).

As of 31 December 2023, the Group offset endorsed cheques from its borrowings with a carrying amount of TL 42.948.487 and presented with a net amount accordingly in the accompanying consolidated financial statements (31 December 2022: TL 59.761.606).

Operating lease commitments

The Group has no future lease obligations under operating lease commitments that cannot be reversed in the accompanying consolidated financial statements.



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NOTE 16 – EMPLOYEE BENEFITS

Short term payables due to employee benefits

	31 December 2023	31 December 2022
Due to personnel	50.701.575	73.264.738
Social security premiums payable	42.223.762	16.887.372
Taxes payable	11.720.736	9.220.309
	104.646.073	99.372.419

Short term provisions for employee benefits

	31 December 2023	31 December 2022
Provision for unused vacation	30.082.339	34.515.842
	30.082.339	34.515.842

Long term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for unused vacation	43.287.198	83.968.831
	43.287.198	83.968.831

Under Turkish Labour Law, Doğanlar Mobilya and its Turkish Subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL 35.058,58 (31 December 2022: TL 19.982,83) for each year of service. The provision has been calculated by estimating the present value of the future probable obligation of Doğanlar Mobilya and its Subsidiaries registered in Turkey arising from the retirement of employees. The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities. Actuarial losses are recognised in "Gains/losses on remeasurement of defined benefit plans" account under consolidated statement of other comprehensive income.

	31 December 2023	31 December 2022
Annual inflation rate (%)	22,00	22,00
Net discount rate (%)	25,00	26,00
Real discount rate (%)	0,02	0,03



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NOTE 16 – EMPLOYEE BENEFITS (continued)

As of 31 December 2023 and 2022, movements in the provision for employment termination benefits are as follows:

	2023	2022
Beginning of the Period – 1 January	83.968.831	17.129.530
Interest cost	10.967.658	2.894.331
Service Cost	7.299.484	12.640.121
Payments during the period	(7.089.705)	(1.214.464)
Losses on remeasurement of defined benefit plans	(18.850.575)	61.446.668
Inflation effect	(33.008.495)	(8.927.355)
End of the period - 31 December	43.287.198	83.968.831

NOTE 17 - EQUITY

Paid-in share capital and adjustment to share capital

As of 31 December 2023 and 2022, the principal shareholders and their respective shareholding rates in Doğanlar Mobilya are as follows:

	31 December 2023		31 December 2022	
	Amount - TL	Share (%)	Amount - TL	Share (%)
Shares traded at BIST ("Other")	175.300.071	50,08	177.167.532	50,62
Doğanlar Yatırım Holding A.Ş.	174.569.553	49,88	172.558.396	49,30
Other	130.376	0,04	274.072	0,08
	350.000.000	100	350.000.000	100
Adjustment to share capital arising from reverse merger	(159.069.767)		(159.069.767)	
	190.930.233		190.930.233	

The Company's real persons were transferred to Doğanlar Yatırım Holding as of 31 December 2022.

The current issued paid-in share capital of the Group amounting to TL 269.069.767 has been increased to TL 350.000.000 on 2 June 2021 and published in Official Gazette numbered 10343.

As of 31 December 2023, historical paid-in share capital is amounting to TL 190.930.233, each with a nominal of TL 0,01 comprise of 35,000,000,000 number of outstanding shares (As of 31 December 2022, historical paid-in share capital is amounting to TL 190.930.233, each with a nominal of TL 0,01 comprise of 35.000.000.000 number of outstanding shares). The proportion amounting to TL 159.069.767 between the registered share capital and the paid-in share capital, was paid by the business combination, which was realized with the acquisition of assets and liabilities of Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. on 31 December 2013.



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NOTE 17 – EQUITY (continued)

Share premium

Share premium included in the accompanying consolidated financial statements is arising from the difference between the issue price and the nominal value, as a result of the issuance of the shares issued in the share capital increases after the first establishment of the Group at a price above the nominal value. The aforementioned difference is amounting to TL 44.576.996 arising from the share capital increases from prior periods.

Restricted reserves

Restricted reserves are the reserves for the specific purposes other than profit from previous periods, due to law or contractual obligations or other profit distribution. These reserves are presented in the amounts in the statutory records of the Group and differences in the preparation of consolidated financial statements in accordance with the TFRS are associated with retained earnings.

As of 31 December 2023, restricted reserves is amounting to TL 22.808.888 (31 December 2022: TL 22.808.888).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Revaluation surplus

As of 31 December 2023, revaluation surplus account include non-current assets revaluation surplus arising from the revaluation surplus of property, plant and equipment. The movement of the revaluation surplus is as follows:

Beginning of the period – 1 January	44.715.620
Non-current assets revaluation surplus	
Depreciation of non-current assets	--
Deferred tax effect, net (-)	
End of the period – 31 December	44.715.620

Gains/losses on cash flow hedges

	2023	2022
Gains/losses on cash flow hedges	(278.286.125)	(283.717.292)
	(278.286.125)	(283.717.292)

The Group defines the transactions that provide hedge against changes in the cash flows of an asset, liability or transactions that can be associated with a certain risk and that are likely to occur, at the date of the bank loan agreement, which may affect profit or loss due to a certain risk, considered as cash flow hedge.

The Group accounted for gains and losses on cash flow hedges under equity as "accumulated other comprehensive income or expense to be reclassified to profit or loss".



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NOTE 17 – EQUITY (continued)

In accordance with the TFRS 9 “Financial Instruments” standard, in order to hedge from cash flow, the Group provides hedging activities against foreign exchange risk arising from highly probable export receivables. The commencement date of hedging activities has been determined as 02.01.2019. Therefore, the Group manages the EUR/TL exchange rate risk arising from the highly probable export receivables denominated in EUR, which will be realized on the projected and budgeted dates listed under the “hedge” account, in order to ensure a high degree of hedge effectiveness, the parts of the hedge items that will have the same maturity due date as bank borrowings in denominated in EUR have been taken considered as hedging activities under hedge account.

The hedge items that have a long position denominated in EUR when the EUR/TL rate increases, which enables more export revenue in Turkish Lira. On the other hand, hedging instruments have a short position denominated in EUR, which will have payables denominated in Turkish Lira when the EUR/TL rate decreases.

Accordingly, when the hedging instrument and hedging item fluctuate between EUR/TL exchange rates, there is an economic relationship that balances each other and the position creates foreign exchange gains or losses.

Accumulated other comprehensive income or expense not to be reclassified to profit or loss

Property, plant and equipment revaluation surplus

Property, plant and equipment revaluation surplus include reserves arising from revaluation, which is not associated with profit or loss and recognized under consolidated statement of other comprehensive income. As of 31 December 2023 and 2022, gains arising from changes in fair value is arising from the revaluation of the land, buildings and machinery.

As of 31 December 2023 and 2022, the movement of property, plant and equipment revaluation surplus is as follows:

	2023	2022
Beginning of the Period – 1 January	44.715.620	--
Fair value increase, net	--	44.715.620
End of the period – 31 December	44.715.620	44.715.620

Gains/losses on remeasurements of defined benefit plans

As of 31 December 2023, gains/losses on remeasurements of defined benefit plans include amount of TL (41.656.376) (31 December 2022: TL (55.794.307)) actuarial gains or losses accounted for as other comprehensive income related to provision for employment termination benefits.

Dividend distribution

In accordance with the Article 19 of the Capital Market Law, numbered 6362 and Dividend Communiqué of CMB, numbered II-19.1, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.



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NOTE 17 – EQUITY (continued)

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

NOTE 18 – REVENUE AND COST OF SALES

	2023	2022
Domestic sales	10.658.859.110	8.267.936.216
Foreign sales	652.994.472	874.202.715
Other revenue	45.623.140	52.897.602
Sales returns (-)	(88.818.194)	(73.679.464)
Sales discounts (-)	(2.496.124.485)	(1.651.574.022)
Net sales	8.772.534.043	7.469.783.047
Cost of sales	(5.346.831.713)	(4.593.757.322)
Gross profit	3.425.702.330	2.876.025.725

NOTE 19 – EXPENSES BY NATURE

Marketing, sales and distribution expenses

	2023	2022
Transportation, distribution and storage costs	476.377.897	375.228.249
Personnel expenses	483.962.251	309.534.123
Advertising and promotion expenses	301.004.044	349.395.993
Depreciation and amortization charges	327.712.274	353.189.322
Outsourcing expenses	101.458.008	98.253.824
Rent expenses (*)	100.956.209	59.081.034
Dealer fees and charges	33.212.073	4.615.894
Utility expenses	36.672.421	49.936.998
Travel expenses	26.584.028	23.546.515
Maintenance and repair expenses	12.381.720	6.318.620
Consultancy expenses	14.438.752	8.327.187
Representation and hospitality expenses	3.859.129	3.016.300
Other	78.379.066	113.596.565
	1.996.997.872	1.754.040.624

(*) Kira giderleri, TFRS 16 Kiralamalar Standardı kapsamı dışında kalan, ciroya bağlı kiralamalar ve bayilere sonradan devredilen mağaza kiralarından oluşmaktadır.



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NOTE 19 – EXPENSES BY NATURE (continued)

General administrative expenses

	2023	2022
Personnel expenses	212.298.653	116.974.653
Depreciation and amortization charges	77.917.728	114.555.613
Consultancy and audit expenses	45.645.358	42.308.223
Rent expenses	20.274.101	15.249.935
Utility expenses	6.558.347	8.907.746
Travel expenses	10.497.950	14.130.535
Food and beverage costs	2.744.048	6.045.125
Stationary expenses	14.587.142	10.349.293
Representation and hospitality expenses	3.852.974	5.632.906
Subscription fees and charges	2.115.956	1.247.160
Other	56.050.758	50.923.377
	452.543.015	386.324.566

The explanation of the Group regarding the fees for the services rendered by the independent audit firms, which is based on the POA's letter dated August 19, 2021, the preparation principles of which is prepared pursuant to the Board Decision of the KGK published in the Official Gazette on 30 March 2021, is explained below:

	2023	2022
Independent audit fee for the reporting period	645.000	626.248
Full certification fee for the reporting period	665.000	356.599
Total	1.310.000	982.847

Research and development expenses

	2023	2022
Personnel expenses	58.837.708	39.719.379
Depreciation and amortization charges	1.495.772	2.146.752
Rent expenses	1.777.971	2.570.258
Raw materials and supplies	1.672.579	1.566.849
Other	4.825.546	4.078.571
	68.609.576	50.081.809



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NOTE 19 – EXPENSES BY NATURE (continued)

The functional breakdown of personnel expenses and depreciation and amortisation charges is as follows:

Personnel expenses

	2023	2022
Cost of sales	774.276.382	445.263.278
Marketing, sales and distribution expenses	483.962.251	309.534.123
General administrative expenses	212.298.653	116.974.653
Research and development expenses	58.837.708	39.719.379
	1.529.374.994	911.491.433

Depreciation and amortisation charges

	2023	2022
Marketing, sales and distribution expenses	327.712.274	353.189.322
General administrative expenses	77.917.728	114.555.613
Cost of sales	70.817.254	41.814.163
Research and development expenses	1.495.772	2.146.752
	477.943.028	511.705.850

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2023	2022
Foreign exchange gains	574.827.544	243.259.710
Provisions no longer required (doubtful receivables)	5.578.766	1.765.885
Rediscount income (net)	39.249.351	56.953.583
Provisions no longer required (lawsuits)	--	277.997
	619.655.661	302.257.175

Other operating expenses	2023	2022
Foreign exchange losses	(337.105.732)	(194.135.731)
Provision for doubtful receivables	--	(2.481.892)
Provision for lawsuits	(1.284.962)	(6.725.090)
Disallowable expenses - Tax Amnesty	(7.979.638)	--
Maturity and Price Difference Expense	--	(189.151)
Other	(80.183.319)	(62.759.508)
	(426.553.651)	(266.291.372)



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NOTE 21 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

Gains from investment activities	2023	2022
Gain on sale of property, plant and equipment and intangible assets	59.917.833	49.331.881
Share Sale Profit	3.617	--
	59.921.450	49.331.881

Losses from investment activities	2023	2022
Losses on sale of property, plant and equipment and intangible assets	(4.962.830)	(10.008.655)
Expected credit losses in accordance with the TFRS 9	--	(1.767.190)
Impairment of Investment Purposes Property	--	(32.197.928)
	(4.962.830)	(43.973.773)

NOTE 22 – FINANCIAL INCOME/ (EXPENSES)

Financial income	2023	2022
Foreign exchange gains	27.583.865	243.977.842
Interest income	63.322.752	19.690.505
	90.906.617	263.668.347

Financial expenses	2023	2022
Foreign exchange losses	(169.420.631)	(408.777.085)
Interest expenses	(582.536.905)	(436.488.851)
	(751.957.536)	(845.265.936)



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NOTE 23 – TAX ASSETS AND LIABILITIES

Doğanlar Mobilya and the subsidiaries operating in Turkey subject to corporate tax and Turkish tax legislation. Necessary provisions in the accompanying consolidated financial statements have been made for estimated tax liabilities regarding Group's operations in the current period.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

The corporate tax to be accrued over the taxable profit is calculated by adding non-deductible expenses to the accounting profit; deducting investment and research and development allowances, income that is not subjected to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

The corporation tax rate is 23% in Turkey in 2021 (2021: 25%). In the Official Gazette dated April 22, 2021 and numbered 31462, the Law No. 7316 on the procedure for the collection of public receivables and Law Amending Certain Laws has been published and the Provisional Article 13 has been added to the Corporate Tax Law with the 11th article of the stated Law. Corporate tax rate of 20% with the added item will be applied as; - 25% for corporate earnings for the 2021 taxation period. - 23% for corporate earnings for the 2022 taxation period. The respective rate increase came into effect on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021. In accordance with the aforementioned revision, deferred tax assets and liabilities have been measured using the %23 and %20 tax rates for temporary differences that will be settled in years 2022 and beyond, respectively.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years profits. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

As of 31 December 2023 and 2022, current income tax assets is summarised as follows:

	31 December 2023	31 December 2022
Current income tax liabilities	(45.906.091)	--
Less: Prepaid income tax	24.408.559	2.175.876
Current income tax assets (net)	(21.497.532)	2.175.876

Income tax expenses in the consolidated income statements are summarised as follows:

	31 December 2023	31 December 2022
Current period tax expense	(45.906.091)	--
Deferred tax income/expense (net)	(75.091.731)	(23.593.821)
Tax income/(expense)	(120.997.822)	(23.593.821)



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NOTE 23 – TAX ASSETS AND LIABILITIES (continued)

Deferred tax

The deferred tax assets and liabilities are based on the temporary differences, which arise between the consolidated financial statements prepared according to TAS/TFRS's accounting standards and statutory tax financial statements. These differences are usually due to the initial recognition of revenue and expenses in different reporting periods except goodwill for the TAS/TFRS standards and tax purposes.

As of 31 December 2023 and 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets:				
Unused financial losses	-	87.849	-	20.644
Investments incentives	-	416.792.559	-	83.358.512
Interest deductions from cash capital	42.982.047	17.962.393	10.745.512	3.592.478
Provision for doubtful receivables	24.489.506	56.491.744	6.122.377	11.298.349
Provision for unused vacation	30.082.339	34.515.842	7.520.585	6.903.168
Provision for warranty	31.279.685	22.034.988	7.819.921	4.406.998
Provision for employment termination benefits	43.287.198	83.968.831	10.821.800	16.793.766
Provision for lawsuits	11.496.521	16.825.884	2.874.130	3.365.177
Financial Investments	625.753.870	341.219.001	39.109.617	17.060.950
Adjustments for TAS 21	1.096.894	2.644.716	274.223	529.213
Other	93.403.567	89.912.688	23.691.137	25.604.753
	903.871.626	1.082.456.495	108.979.302	172.934.009
Deferred tax liabilities:				
Property, plant and equipment and intangible assets	576.521.603	1.310.423.915	(143.054.060)	(224.984.398)
Effect of periodicity, net	119.876.713	140.702.752	(29.969.178)	(28.140.553)
TFRS 16	294.030.998	180.865.321	(73.747.613)	(36.008.531)
Inventory impairment	74.852.394	-	(18.640.477)	(4.287.256)
Other	-	25.941.527	-	(5.188.305)
	1.065.281.708	1.657.933.514	(265.411.329)	(298.609.043)
Deferred tax assets/liabilities (net)	1.969.153.334	2.740.390.010	(156.432.027)	(125.675.035)

Unused financial losses:

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. A deferred tax asset is recognised for an unused tax loss carryforward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilised.



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NOTE 23 – TAX ASSETS AND LIABILITIES (continued)

Movements in deferred tax assets/(liabilities) are as follows:

	31 December 2023	31 December 2022
Beginning of the period - 1 January	(125.675.035)	(174.740.656)
Charge to the income statement	(75.091.731)	(23.593.821)
Property, plant and equipment revaluation surplus	--	(4.968.402)
Actuarial gains/losses on employment termination benefits	(4.712.644)	12.289.334
Yabancı Para Çevrim Farkı	433.652	135.239
Gains/losses on hedges	(1.357.791)	(1.919.654)
Inflation effect	49.971.522	67.122.925
End of the period - 31 December	(156.432.027)	(125.675.035)

As of 31 December 2023 and 2022, reconciliation of effective tax rate in the accompanying consolidated profit or loss statements is as follows:

	2023	2022
Profit before tax	805.362.039	376.271.443
Tax calculated at domestic tax rate (*)	(201.340.510)	(86.542.432)
Tax rate differences /changes	--	1.123.751
Non-deductible expenses, mey	(34.540.675)	(12.259.949)
Discount and Exception effect	16.179.209	20.298.929
Reduced Corporate Tax Effect	94.275.131	36.990.713
Other	4.429.023	16.795.167
	(120.997.822)	(23.593.821)

(*)In the Official Gazette dated April 22, 2021 and numbered 31462, the Law No. 7316 on the procedure for the collection of public receivables and Law Amending Certain Laws has been published and the Provisional Article 13 has been added to the Corporate Tax Law with the 11th article of the stated Law. Corporate tax rate of 20% with the added item will be applied as; - 25% for corporate earnings for the 2021 taxation period. - 23% for corporate earnings for the 2022 taxation period. The respective rate increase came into effect on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021. In accordance with the aforementioned revision, deferred tax assets and liabilities have been measured using the %23 and %20 tax rates for temporary differences that will be settled in years 2022 and beyond, respectively.



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Group is subject to credit risk arising from trade receivables on term sales and bank deposits.

Except for credit risk of trade receivables, credit risk is managed at the Group level. Before each entity agrees with each new customer on standard payment, delivery terms and times, is responsible for managing and analyzing the credit risk of these customers. Credit risk include cash and cash equivalents and bank deposits, as well as including outstanding receivables and commitments from wholesale and retail customers.

The Group management evaluates the credit quality of its customers considering financial position, past experience and payment performances including other factors. The Group monitors the credit limits in order to avoid any concentration of collection loss on the trade receivable balances of its customers.

	Receivables					
	Trade Receivables		Other Receivables		Bank deposits and credit card receivables	Other
	Related Party	Other	Related Party	Other		
31 December 2023						
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	2.418.551	826.444.438	4.235.557	202.615.047	318.364.875	--
- Maximum risk, secured with guarantees	--	--	--	--	--	--
A. Net book value of neither past due nor impaired financial assets	2.418.551	461.755.405	--	202.615.047	318.364.875	--
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	--	--	--	--	--	--
C – Net book value of overdue but not impaired financial assets	--	364.689.033	4.235.557	--	--	--
- Maximum risk secured with guarantees etc.	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Past due (gross amount)	2.399.251	31.324.710	--	1.012.636	--	--
- Impairment (-)	(2.399.251)	(31.324.710)	--	(1.012.636)	--	--
E – Off-balance sheet expected credit losses (-)	--	--	--	--	--	--



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

31 December 2022	Receivables					
	Trade Receivables		Other Receivables		Bank deposits and credit card receivables	Other
	Related Party	Other	Related Party	Other		
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	4.110.934	670.811.223	10.702.212	136.980.977	521.509.781	--
- Maximum risk, secured with guarantees	--	--	--	--	--	--
A. Net book value of neither past due nor impaired financial assets	4.110.934	364.848.937	130.528	136.980.977	521.509.781	--
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	--	--	--	--	--	--
C – Net book value of overdue but not impaired financial assets	--	305.962.286	10.571.684	--	--	--
- Maximum risk secured with guarantees etc.	--	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--	--
- Past due (gross amount)	2.429.809	67.106.780	--	3.687.466	--	--
- Impairment (-)	(2.429.809)	(67.106.780)	--	(3.687.466)	--	--
E – Off-balance sheet expected credit losses (-)	--	--	--	--	--	--



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As of 31 December 2023 and 2022, the details of pastdue but not impaired trade receivables due from related parties and third parties is as follows:

	31 December 2023	31 December 2022
Past due up to 1 month	211.800.384	45.547.982
Past due 30 - 119 days	22.217.163	43.490.723
Past due 120 - 179 days	1.071.169	5.652.018
Past due 180 days and over	129.600.317	211.271.563
	364.689.033	305.962.286

Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the current liabilities.

As of 31 December 2023 and 2022, undiscounted contractual cash flows of the consolidated financial liabilities are as follows:

31 December 2023	Carrying Value	Total Contractual Cash Outflows (I+II+III+IV)	Demand or up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and over (IV)
Non-Derivative Financial Liabilities						
Bank Borrowings	1.694.368.298	1.940.339.888	183.456.231	974.529.349	782.354.308	-
Finance Lease Payables	52.383.090	54.601.682	13.604.921	33.427.482	7.569.279	-
Trade Payables	1.705.195.044	1.816.687.161	1.816.687.161	-	-	-
Other Payables (*)	96.174.832	96.174.832	86.572.176	-	9.602.656	-
Lease Liabilities	460.030.682	474.126.120	24.603.033	76.700.071	372.823.017	-
Total	4.008.151.946	4.381.929.683	2.124.923.522	1.084.656.902	1.172.349.260	-
31 December 2022	Carrying Value	Total Contractual Cash Outflows (I+II+III+IV)	Demand or up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and over (IV)
Non-Derivative Financial Liabilities						
Bank Borrowings	1.503.056.460	1.571.741.533	253.595.252	451.493.277	757.914.732	-
Finance Lease Payables	95.857.260	102.988.640	15.474.660	40.152.268	47.361.711	-
Trade Payables	1.698.811.333	1.726.669.832	1.726.669.832	-	-	-
Other Payables (*)	117.808.712	117.808.712	109.887.233	-	7.921.479	-
Lease Liabilities	469.665.981	687.869.972	43.879.417	137.320.289	506.670.266	-
Total	3.885.199.746	4.207.078.689	2.149.506.394	628.965.834	1.319.868.188	-

(*) Other payables due to related parties and third parties are included in other payables.



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**NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

Foreign exchange risk

The Group is exposed to foreign exchange risk due to the changes in exchange rates used for converting assets and liabilities into TL. The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. The Group manages exchange rate risk is by analyzing the foreign exchange position and using the fair value hedge. Foreign currency denominated assets and liabilities are the basis of foreign exchange risk.

As of 31 December 2023 and 2022, the foreign exchange rates used in converting foreign currency denominated assets and liabilities into TL are as follows:

	31 December 2023	31 December 2022
USD	29,4176	18,6852
EUR	32,5511	19,9209

The Group is exposed to foreign exchange risk arising from assets and liabilities denominated in USD and EUR.

Derivative financial instruments

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk arising from trade receivables and payables and borrowings. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship and fair value hedge account.

If the Group management had implemented the aforementioned fair value transaction for the period of 1 January - 31 December 2023, the foreign exchange losses presented in the consolidated statement of profit or loss would have been 6.788.957, and the profit/loss after tax would have been TL 5.431.167 lower.

As of 31 December 2023 and 2022, the carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed below.

	31 December 2023	31 December 2022
Assets	285.479.296	262.349.511
Liabilities	(271.590.959)	(483.712.043)
Net foreign currency position	13.888.337	(221.362.532)



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

As of 31 December 2023 and 2022, foreign exchange position table of the Group is as follows:

	31 December 2023				31 December 2022			
	TL EQUIVALENT	USD	EURO	OTHER	TL EQUIVALENT	USD	EURO	OTHER
1. Trade Receivables	270.628.831	3.453.073	5.020.886	150.000	253.509.271	3.383.137	4.549.952	--
2a. Monetary Financial Assets	14.850.465	385.779	105.874	1.482	8.840.240	208.481	73.772	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--
4. Total Current Assets (1+2+3)	285.479.296	3.838.852	5.126.760	151.482	262.349.511	3.591.618	4.623.724	--
5. Trade Receivables	--	--	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--	--
8. Total Non-Current Assets(5+6+7)	--	--	--	--	--	--	--	--
9. Total Assets (4+8)	285.479.296	3.838.852	5.126.760	151.482	262.349.511	3.591.618	4.623.724	--
10. Trade Payables	19.385.160	357.893	269.712	--	64.659.900	1.406.501	637.183	4.930
11. Financial Liabilities	113.377.884	1.057.458	2.513.512	--	178.916.046	1.564.063	3.961.932	--
12a. Other Monetary Liabilities	29.682.199	615.105	329.644	19.672	21.983.335	568.620	133.707	--
12b. Other Non- Monetary Liabilities	--	--	--	--	--	--	--	--
13. Total Current Liabilities (10+11+12)	162.445.243	2.030.456	3.112.868	19.672	265.559.281	3.539.184	4.732.822	4.930
14. Trade Payables	--	--	--	--	--	--	--	--
15. Financial Liabilities	109.145.716	2.516.548	1.065.380	--	218.152.762	3.464.239	3.370.209	--
16a. Other Monetary Liabilities	--	--	--	--	--	--	--	--
16b. Other Non- Monetary Liabilities	--	--	--	--	--	--	--	--
17. Total Non-Current Liabilities (14+15+16)	109.145.716	2.516.548	1.065.380	--	218.152.762	3.464.239	3.370.209	--
18. Total Liabilities (13+17)	271.590.959	4.547.004	4.178.248	19.672	483.712.043	7.003.423	8.103.031	4.930
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	--	--	--	--	--	--	--	--
19a. Total Asset Amount of Hedged	--	--	--	--	--	--	--	--
19b. Total Liabilities Amount of Hedged	--	--	--	--	--	--	--	--
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	13.888.338	(708.151)	948.513	131.810	(221.362.532)	(3.411.805)	(3.479.308)	(4.930)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (TFRS 7.B23)	13.888.338	(708.151)	948.513	131.810	(221.362.532)	(3.411.805)	(3.479.308)	(4.930)
(=1+2a+5+6a-10-11-12a-14-15-16a)	--	--	--	--	--	--	--	--
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	580.240.192	12.742.539	5.959.373	241.996	517.593.807	13.967.418	4.672.159	419.778
23. Export	19.558.788	737	597.800	--	103.026.055	15.699	3.704.348	--
24. Import	--	--	--	--	--	--	--	--



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**NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

Market risk (continued)

Foreign exchange risk

The Group's foreign exchange position comprise of bank borrowings and trade payables. Borrowings denominated in foreign currencies are disclosed in Note 4.

The following table details the Group's foreign currency sensitivity of profit before tax with all other variables held constant for assets and liabilities denominated in USD, EUR and GBP (due to changes in monetary assets and liabilities) as at 31 December 2023 and 2022 for the changes at the rate of 10%:

31 December 2023	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(2.136.820)	2.136.820
2- Hedged portion of USD Risk (-)	--	--
3- USD Net Effect (1+2)	(2.136.820)	2.136.820
Change in EURO against TL by 10%		
4- EURO Net Asset / Liability	3.033.029	(3.033.029)
5- Hedged portion of Euro Risk (-)	--	--
6- EURO Net Effect (4+5)	3.033.029	(3.033.029)
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	492.625	(492.625)
8- Hedged portion of GBP Risk (-)	--	--
9- GBP Net Effect (7+8)	492.625	(492.625)
Total (3+6+9)	1.388.834	(1.388.834)



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**NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

31 December 2022	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(10.590.750)	10.590.750
2- Hedged portion of USD Risk (-)	--	--
3- USD Net Effect (1+2)	(10.590.750)	10.590.750
Change in EURO against TL by 10%		
4- EURO Net Asset / Liability	(11.527.113)	11.527.113
5- Hedged portion of Euro Risk (-)	--	--
6- EURO Net Effect (4+5)	(11.527.113)	11.527.113
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	(18.392)	18.392
8- Hedged portion of GBP Risk (-)	--	--
9- GBP Net Effect (7+8)	(18.392)	18.392
Total (3+6+9)	(22.136.255)	22.136.255



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**NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

31.12.2023

	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Book value	Notes
<u>Financial assets</u>						
Cash and cash equivalents	318.402.612	-	-	-	318.402.612	3
Financial investments	-	-	342.183.118	-	342.183.118	11
Trade receivables	836.668.803	-	-	-	836.668.803	5
Due from related parties	2.418.551	-	-	-	2.418.551	6
Other receivables	206.850.604	-	-	-	206.850.604	7
Derivative financial assets				-		
	1.364.340.570	-	342.183.118	-	1.706.523.688	
<u>Financial liabilities</u>						
Borrowings	-	2.206.782.070	-	-	2.206.782.070	4
Trade payables	-	1.705.195.044	-	-	1.705.195.044	5
Due to related parties	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	
	-	3.911.977.114	-	-	3.911.977.114	



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)

31.12.2022

	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Book value	Notes
Financial assets						
Cash and cash equivalents	521.526.492	-	-	-	521.526.492	3
Financial investments	-	-	89.283.765	-	89.283.765	11
Trade receivables	670.811.223	-	-	-	670.811.223	5
Due from related parties	4.110.934	-	-	-	4.110.934	6
Other receivables	147.683.189	-	-	-	147.683.189	7
Derivative financial assets				-		
	1.344.131.838	-	89.283.765	-	1.433.415.603	
Financial liabilities						
Borrowings	-	2.068.579.701	-	-	2.068.579.701	4
Trade payables	-	1.698.811.333	-	-	1.698.811.333	5
Due to related parties	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	
	-	3.767.391.034	-	-	3.767.391.034	

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of significant portion of cash and cash equivalents and other financial assets including fair value of financial assets measured at amortised cost are assumed to reflect their fair values due to their short-term nature and insignificant credit risk.



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**NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)**

Market prices are used in determining the fair value of equity securities and debt instruments:

31.12.2023	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	342.183.118	342.183.118
Investment Properties	-	-	-	-

31.12.2022	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	89.283.765	89.283.765
Investment Properties	-	-	-	-

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices

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

Level 3: Inputs for the asset or liability that are not based on observable market data.



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NOTE 25 - SUPPLEMENTARY TFRS DISCLOSURES

Earnings Before Interest, Taxes and Depreciation ("EBITDA") are not defined by TFRS. EBITDA has been calculated by the Group by less financial income from the net profit / (loss) for the period and adding tax income / (expense), depreciation and amortization, financial expenses, provision for employment termination benefits and unused vacation. EBITDA disclosed separately by the Group management for better explanation and measurement and operating performance of the Group.

	2023	2022
Revenue	8.772.534.043	7.469.783.047
Cost of Sales (-)	(5.346.831.713)	(4.593.757.322)
Gross Profit	3.425.702.330	2.876.025.725
General Administrative Expenses (-)	(452.543.015)	(386.324.566)
Marketing, Sales and Distribution Expenses (-)	(1.996.997.872)	(1.754.040.624)
Research and Development Expenses	(68.609.576)	(50.081.809)
Other Operating Income	619.655.661	302.257.175
Other Operating Expenses (-)	(426.553.651)	(266.291.372)
Gains from investment activities	59.921.450	49.331.881
Losses from investment activities (-)	(4.962.830)	(43.973.773)
Depreciation and Amortisation Charges (Note 18)	477.943.028	511.705.851
EBITDA	1.633.555.526	1.238.608.487

NOTE 26 – EARNINGS PER SHARE

	2023	2022
Weighted average number of shares with nominal value of Kr 1 each (*)	35.000.000.000	35.000.000.000
Profit attributable to equity holders of the parent	718.320.271	409.754.406
Earnings per share (Kr)	0,0205	0,0117
Diluted earnings per share (Kr)	0,0205	0,0117

NOTE 27 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.



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NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE

i) Solar Energy Power Plant (SPP) was installed by the company on the roofs of the production facilities located at Bandırma Road 5th km Biga, Çanakkale (Biga) and Doğanlı Köyü Düzce (Düzce) in order to protect nature, increase efficiency and save on electricity costs in production facilities by supporting clean energy production. An investment decision was taken to establish it. In this direction, within the framework of the solar power plant investment to be made in the mentioned production facilities, the electricity generation power is planned to be 9,542 kWp in total, 4,542 kWp for Biga and 5,000 kWp for Düzce.

ii) At the Extraordinary General Assembly Meeting of FTR Dış Ticaret Mobilya Anonim Şirketi, in whose capital we participate by 14.2857%, it was decided to increase its capital by 37,800,000 Turkish liras to 47,810,000 Turkish liras, fully covered in cash. It has been decided that our Company will fully exercise its right to purchase new shares and that our Company's cash capital increase participation amount will be determined as 5,400,000 Turkish liras.

iii) Re-permission from the Capital Markets Board for the purpose of extending the registered capital ceiling permission given by the Capital Markets Board for 5 years, valid for 2024-2028, as it expires in 2024, and increasing the registered capital ceiling of 500,000,000 TL to 1,500,000,000 TL. It was decided to amend Article 6 of the Company's Articles of Association within the framework of the regulations of the Capital Markets Board regarding the registered capital system, and to submit the registered capital ceiling to the approval of the first General Assembly to be held following obtaining the necessary approvals regarding the amendment of the Articles of Association. In this context, an application was made to the Capital Markets Board on 03.04.2024 and the Board gave an appropriate opinion with the CMB's letter dated 24.04.2024 and numbered 52936.

iv) JCR Avrasya Rating Inc. In its report dated 17.04.2024, our company's Long-Term National Rating in the good investment level category was confirmed as "BBB+ (tr)" and its Short-Term National Rating was confirmed as "J2 (tr)". The outlook for both ratings has been determined as "Stable". On the other hand, in parallel with the international ratings and outlooks of the Republic of Turkey, our company's Long-Term International Foreign and Local Currency Institution Credit Ratings and outlooks have been determined as "BB / Negative".

v) Our company is Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. with T.R. An agreement has been reached with one of the Public Institutions and Organizations Affiliated to , for the manufacturing of Furniture Group, Bedding and Textile product groups. Pursuant to the agreement, the total price of the products to be supplied by our Company has been determined as 41,800,000 Turkish Liras, including VAT (the buyer has the right to increase or decrease by 20% in accordance with the agreement). The duration of the contract is one year from the date of signature.



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NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE(continued)

vi) A contract has been signed between our Company and our customer operating in the Central Asian Turkish Republics for the delivery and installation of fixed+movable furniture and beds for export, and in accordance with the said contract, the total price of the products to be manufactured by our Company has been determined as 42,500,000 Turkish Liras. The delivery and assembly of the products to be manufactured in accordance with the contract is planned to be carried out within 135 days at the latest from the signing of the contract.

NOTE 29 - SUPPLEMENTARY CASH FLOW INFORMATION

	Loans and Credit Cards	Leases	Total
Beginning of the Period – 1 January 2023	1.503.056.460	565.523.241	2.068.579.701
Cash inflows	191.311.838	62.349.844	253.661.682
Cash outflows from lease liabilities	--	(115.459.313)	(115.459.313)
End of the period – 31 December 2023	1.694.368.298	512.413.772	2.206.782.070
Cash and cash equivalents (-)	-	-	(318.402.612)
Borrowings, net			1.888.379.458

	Loans and Credit Cards	Leases	Total
Beginning of the Period – 1 January 2022	1.688.669.019	600.235.605	2.288.904.624
Cash inflows	--	31.559.230	31.559.230
Cash outflows from lease liabilities	(185.612.559)	(66.271.594)	(251.884.153)
End of the period – 31 December 2022	1.503.056.460	565.523.241	2.068.579.701
Cash and cash equivalents (-)	-	-	(521.526.492)
Borrowings, net			1.547.053.209

