



DOĞANLAR
FURNITURE GROUP



Positive impact



Annual Report 2022

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Doğanlar Furniture Group, a leading company in the Turkish furniture sector, continues its journey of success as one of Türkiye's 100 most valuable brands.

This journey began 88 years ago when the Kelebek factory was founded in Haliç, Istanbul, with Atatürk's signature. Established to manufacture plywood for the wings of the first domestic airplanes, the factory is one of the oldest industrial enterprises in the history of the Republic and the first modular furniture brand. Fifty years later, in 1972, Doğtaş was born in Biga, Çanakkale, inspired by stone, wood and nature. As the Company evolved alongside customers' lifestyles, Kelebek Kitchen-Bathroom, Lova Sleep and Ruum Store were added to these two important brands. The Doğanlar Furniture Group consists of these five values.

The Group carries the power of its brands beyond borders and into a range of countries, especially the USA and England, offering elaborate, comfortable and stylish furnishings. With its widespread sales points and ever-expanding product range, as well as growing online sales, e-commerce, and a flexible manufacturing structure, the Doğanlar Furniture Group continues to create value for all its stakeholders, forging a quality of life standard worldwide as a "happiness brand".

Smile with Kelebek

As Türkiye's first modern modular furniture manufacturer and the most established brand in the sector, Kelebek is among the first Republican brands founded with the signature of Atatürk... Over the years, this special heritage brand has developed and grown, leaving behind a history of firsts. With every product manufactured and settled in hearts far beyond homes, Kelebek creates a butterfly effect in millions of homes in our country and in the world, bringing together minimalism and naturalness as a brand of distinctive taste and design.



TL 3.8 billion
Revenue



Smile with Doğtaş

In 1972, the Doğtaş brand was born in Çanakkale – the city of epics – with a name inspired by the formation of rivers and the stone bridges spanning them, Following Biga and other branches in Çan, Bandırma and Çanakkale, six brothers joined hands to create a global brand. In the subsequent half-century, Doğtaş made a name for itself, not only with its products but with its innovative works: For the first time in Türkiye, 100% recycled fabrics were transformed into armchairs. Doğtaş, the design brand of families and friends – of togetherness – continues to create value for the nature that inspires it.

DOĞTAŞ

120%
Revenue growth





Smile with Kelebek Kitchen- Bathroom

Kelebek, Türkiye's first panel furniture and kitchen manufacturer, brings its know-how to kitchens and bathrooms as well. Involved in numerous prestigious housing projects in Türkiye, Kelebek Kitchen-Bathroom produces tailored designs for these undertakings. Kelebek Kitchen-Bathroom serves from its concept stores in Türkiye and abroad, consistently expanding its sphere of influence via signature designs. Kelebek Kitchen-Bathroom offers the first and only five-year warranty on all kitchen models in Türkiye.



14%
EBITDA Margin

Smile with Lova

Doğanlar Furniture Group turns its expertise into health and happiness with Türkiye's comfortable sleep brand, Lova Sleep. Developed through important R&D studies, Lova Sleep products offer an exceptional and comfortable approach to sleep. Lova Sleep designs smart mattresses that support the ideal body orthopedics through high technology and advanced systems, and address spinal health and body temperature. In addition, the brand features pillows and home textile products, essential complements to healthy sleep. With personalized advice from physiotherapists, the purchase of a new sleeping experience takes on an entirely new dimension.

lova
sleep

657

Sales points in total in Türkiye and abroad



Smile with Ruum Store

Since 2019, Doğanlar Furniture Group's online brand ruumstore.com has served web customers with the motto "Yeniliğe yer aç (Make room for innovation)". Over 25,000 products across more than 70 categories can be easily reviewed on user-friendly online platforms. Products are sent via cargo within one business day, and at-home installation is easy, thanks to clear guidelines. With technology enabling the display of tens of thousands of products in small spaces at phygital experience stores, Ruum Store is building the retailing of the future.

ruumstore®

414%

E-commerce growth

In 2022, one of our most significant acts was **becoming a signatory to the United Nations Global Compact.**

Message from the Chairman

Dear Stakeholders,

We left behind a year that was unforgettable in many aspects for our country and the world. While we anticipated a lessening of many of the last three years' economic and social problems as the pandemic faded, trouble began to arise among the world's major powers, most notably in the form of the Russia-Ukraine War. As both consumers and producers, we faced the economic consequences of these political issues, including energy price increases, cost hikes and inflation.

The furniture sector in Türkiye continues to be the favorite of our economy and exports. Indirectly affecting 500,000 people, with more than 40,000 entrepreneurs and over 200,000 employees, the sector is rapidly on the way to becoming an economic locomotive, with exports approaching USD 5 billion. Generating enormous economic value with exports six times higher than imports, the Turkish furniture sector aims to become one of the five largest sectors in the world in the next five years. As Doğanlar Furniture Group, we believe that realizing this goal necessitates value-added production, innovation and sustainability.

For us, the most important development in 2022 was becoming a signatory to the United Nations Global Compact. With this signature,

we committed to adopting a human-centered and environment-oriented approach, as well as a sustainable, transparent and accountable management understanding across all our business processes and in all our daily activities. This signature, an indicator of the importance that Doğanlar Furniture Group attaches to sustainability, was followed by the establishment of the Company's Sustainability Office, which will enable us to manage our sustainability efforts under a corporate structure. Today, economic sustainability can be achieved not through financial strength, but through intellectual property, innovation and design expertise. In addition to designing new products, we carry out R&D activities to improve our processes and make them more efficient and sustainable.

We also attach immense importance to development in our social impact area. As well as realizing social responsibility projects, we maintain a consistent focus on gender equality and increasing women's employment. Within this scope, we signed the Women's Hand in Industry Project protocol with the TOBB Women Entrepreneurs Council under the coordination of the Chamber of Commerce. Through this protocol, we aim to bring educated women, who are eager to work but were unable to do so, into the workforce.

To ensure equal opportunities, we conduct dedicated training programs for women working in our machinery-intensive departments, to increase their employment and prepare them for executive positions.

With its five brands, Doğanlar Furniture Group beautifies the lives of millions of customers through more than 650 sales points worldwide. Exporting to 41 countries, the Company contributes to the economy of our country. With nearly 3,000 employees, we support not only professional but personal development.

I would like to thank you sincerely for your support.

We were all saddened by the earthquake disaster that struck Kahramanmaraş on February 6, 2023. We wish mercy upon our citizens who lost their lives in the earthquake. We extend our sincerest condolences to their relatives, and our hopes for a quick recovery to those who were injured. As Doğanlar Furniture Group, we have fulfilled our responsibilities towards healing our wounds, and we will continue to do so. I would like to extend my best wishes to all of Türkiye.

Best regards,

Davut Doğan
Chairman of the Board



In 2022, we moved forward with a sustainable profitable growth strategy coupled with a new brand, a new product range and new markets.

Message from the CEO

Dear Stakeholders,

As Doğanlar Furniture Group, we are proud to end the year in line with our targets, despite global and sectoral uncertainties, and to share these achievements with you.

Most of us thought that 2022, the first year of the post-pandemic period, would bring about normalization in social life and the economy. However, with the Russia-Ukraine War commencing in the year's first months, we realized that 2022 would defy our expectations.

The extraordinary rise in energy prices caused by the war, the economic sanctions imposed on Russia by the western world, and austerity measures in industrial production across Europe showed us, even before the year was half over, that we were again in a state of uncertainty. While inflation rates, on the rise since the second half of the year, drove many developed countries back into an inflationary period; our country also was adversely affected by this pressure. Domestic demand for almost every product declined in our country due to climbing energy and raw material costs especially in production, coupled with increases in logistics prices. Manufacturers focused on exports to compensate for shrinking domestic demand.

Growing every day, the furniture sector has an important place in Türkiye with its contribution to the economy and employment, and the sector continued this trend in 2022 as well. Our industry, which operates under challenging conditions globally, positioned itself as a vibrant sector in Türkiye with the entry of new players into the market and competitive conditions. In 2022, mounting global logistics costs kept Türkiye in the spotlight due to the country's advantageous geographical location along with its labor quality and prices.

As Doğanlar Furniture Group, we also moved forward in 2022 with a sustainable profitable growth strategy linked to new brands, new product ranges and new markets. In the process, we continued increasing customer satisfaction, investing in technology and human resources, and carrying out sustainable production and resource use with an eco-design model on our agenda. First, we changed our designation to 'Doğanlar Furniture Group', a far-sighted decision acknowledging that a title change was necessary, both for the individual journeys of the brands within our Group and for those joining us in the future.

We implemented internal communication activities to enhance communication among employees within the organization. We took steps to implement a development-oriented performance management system. We created the infrastructure of Akademi-D, which we will build to ensure that all our colleagues adopt the principles of agile and digital transformation and the new working culture.

In the previous year, sustainability efforts were one of our most important priorities. As part of our efforts, which we categorized under the three headings of social, environmental and economic, we became a signatory to the United Nations Global Compact. With this signature, we committed to improvement on the 10 UN principles we identified, including human rights, labor standards, the environment and anti-corruption, and to implementing many practices and reporting them in an accountable and transparent manner. Following this signature, we became a signatory to UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women.

In 2022, when we achieved our goals for increasing women's employment, we also realized efforts to ensure that equality of opportunity is one of the fundamental principles within the organization, and that the principle of equality is applied to all employees. While determining our part-time working model to encourage female employment in some of our departments, we took steps to exclude the use of words that do not adopt the principle of gender equality within the organization, taking into account that the concept of gender equality starts with language. We signed a collaboration protocol with the Düzce Chamber of Commerce and Industry within the Women's Hand in Industry Project; our Kelebek brand exhibited fabrics transformed by the Iznik Producing Women Entrepreneur Business Cooperative at the Eco-Climate Summit.



We launched a project utilizing recycled fabrics in the production process and realized **the production of mattresses from 100% recycled yarn.**

Message from the CEO

We aim to intensify these efforts in the upcoming years, and to reach a 40% ratio of female employees in 2027 and a 50% ratio shortly thereafter within the scope of the 'equal employment for equal work' policy.

In April, we received news that made us extremely happy and proud: We were named "Türkiye's Happiest Workplace" as a result of a survey conducted by Happy Place to Work, an independent research and consultancy company founded by academics and consultants. By recognizing the importance we attach to women's employment for an equal and happy working environment, this award motivates us to further achievements.

In 2022, continuing our work on environmental sustainability without slowing down, we provided heat energy by burning our process wastes in our own facility and reduced the use of natural resources through waste minimization. We produced mattresses utilizing yarns made from 100% recycled plastics.

The global furniture industry is poised to become one of the most important sectors of the future, especially with the recent increase in construction investments. Forecasts suggest that the sector will grow by an average of 8.2% annually until 2026, and that its size is expected to reach USD 940 billion in 2026. Africa is expected to be the fastest-growing market with an average annual growth rate of 15.4% between 2021 and 2026.

Changes in world trade signal that Türkiye will be an important player in the future and Doğanlar Furniture Group is positioned as one of the major players in the global furniture industry, featuring production facilities in Düzce and Biga equipped with the latest technology and its Doğtaş, Kelebek, Lova Sleep, Ruum Store, and Kelebek Kitchen-Bathroom brands. As an organization competitive not only in production but also in design and process management with its R&D activities, we sincerely believe that we will accomplish even more successful works in the future and continue to proudly represent our country throughout the world.

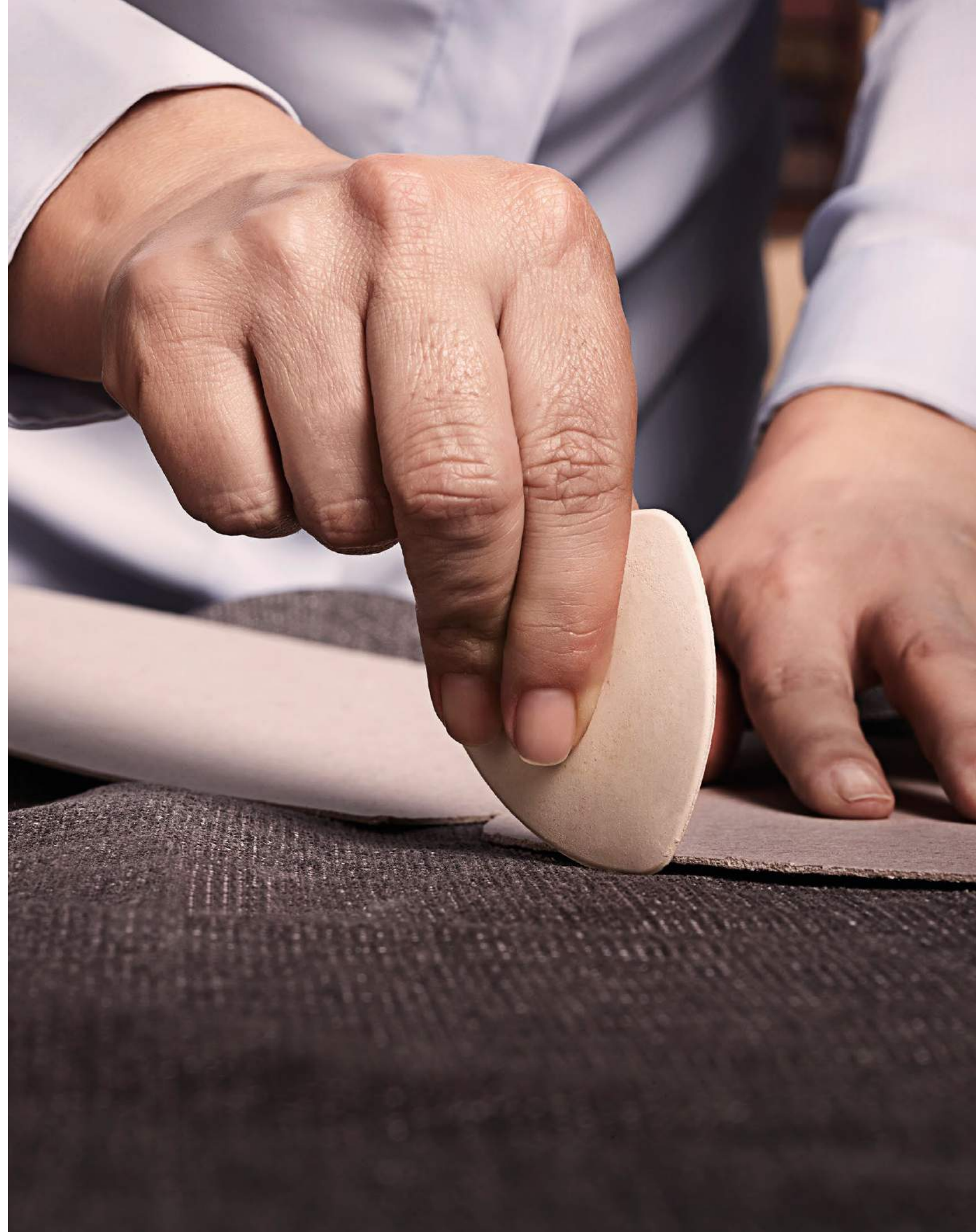
Of course, we will realize these objectives with the devoted work of our colleagues and the support of our valued stakeholders.

We would like to thank you all for the support you have provided thus far and for your continued commitment and support.

We wish mercy upon our citizens who lost their lives in the devastating earthquake disaster and we extend our deepest condolences to their relatives. As Doğanlar Furniture Group, we will continue to take action to ensure that such unbearable suffering does not happen again in our country.

Best regards,

İsmail Doğan
Board Member and CEO



Doğanlar Furniture Group became a signatory to the UN Global Compact and UN Women.

Developments in 2022

Doğanlar Furniture Group brands ranked among the top 100 "Women Friendly" companies in the Women Friendly Companies survey conducted by Capital Magazine.

Following Doğtaş Cyprus, Senegal and America, the Kelebek UK company was established

To strengthen the Group's position in the international market. Doğanlar Furniture Group established Doğtaş Cyprus in June 2021, and Doğtaş Senegal and Doğtaş America in July 2021. In May 2022, the establishment of Kelebek UK was completed.

UN Global Compact signatory

Doğanlar Furniture Group signed the UN Global Compact, pledging to comply with the 10 principles within the scope of human rights, the environment, labor standards and anti-corruption.

657 Points of Sale

Doğanlar Furniture Group continues to grow in both the domestic and international markets. With the addition of new points of sale in Türkiye and abroad, the Company reached a total of 657 points of sale by the end of 2022.

Collaboration with Amazon

To extend and strengthen its sales channels, Doğanlar Furniture Group signed a collaboration agreement between the Doğtaş brand and Amazon. With this collaboration, Doğtaş gains the opportunity to add a new sales channel for its branded products in the United States. Doğanlar Furniture Group inaugurated the Company's first flagship store in the United States in May and was awarded the Social Audit Certificate as a result of the evaluation conducted by amazon.com.

Among the top 100 Women-Friendly companies

Doğanlar Furniture Group brands ranked among the Top 100 Women-Friendly Companies in the Women-Friendly Companies survey conducted by Capital Magazine.

BIST Participation Index

In accordance with Article 8.3 of the BIST Market Cap Weighted Stock Indices Ground Rules, Doğanlar Furniture Group was included in the BIST Participation All and BIST Participation 100 indices.



UN Women signatory

Doğanlar Furniture Group signed the UN Women (United Nations Entity for Gender Equality and the Empowerment of Women) agreement. With this signature, the Company announced its commitment to support the empowerment of women in all sectors and at all levels to ensure their participation in economic life.

Doğanlar Furniture Group participated in the 2023 Istanbul Furniture Fair

Doğanlar Furniture Group participated in the Istanbul Furniture Fair held between January 24-29, 2023, with the Doğtaş, Kelebek, Lova Sleep, and Ruum Store brands. At the Fair, Doğanlar Furniture Group presented its trendsetting products for 2023 to visitors from all over the world.

Lova Sleep Comfort and Innovation Center opens

The Lova Sleep Comfort and Innovation Center was inaugurated at METU-ASO Teknopark in Ankara, bringing together the Turkish Physiotherapists Association, Hacettepe University scientists, and R&D engineers.

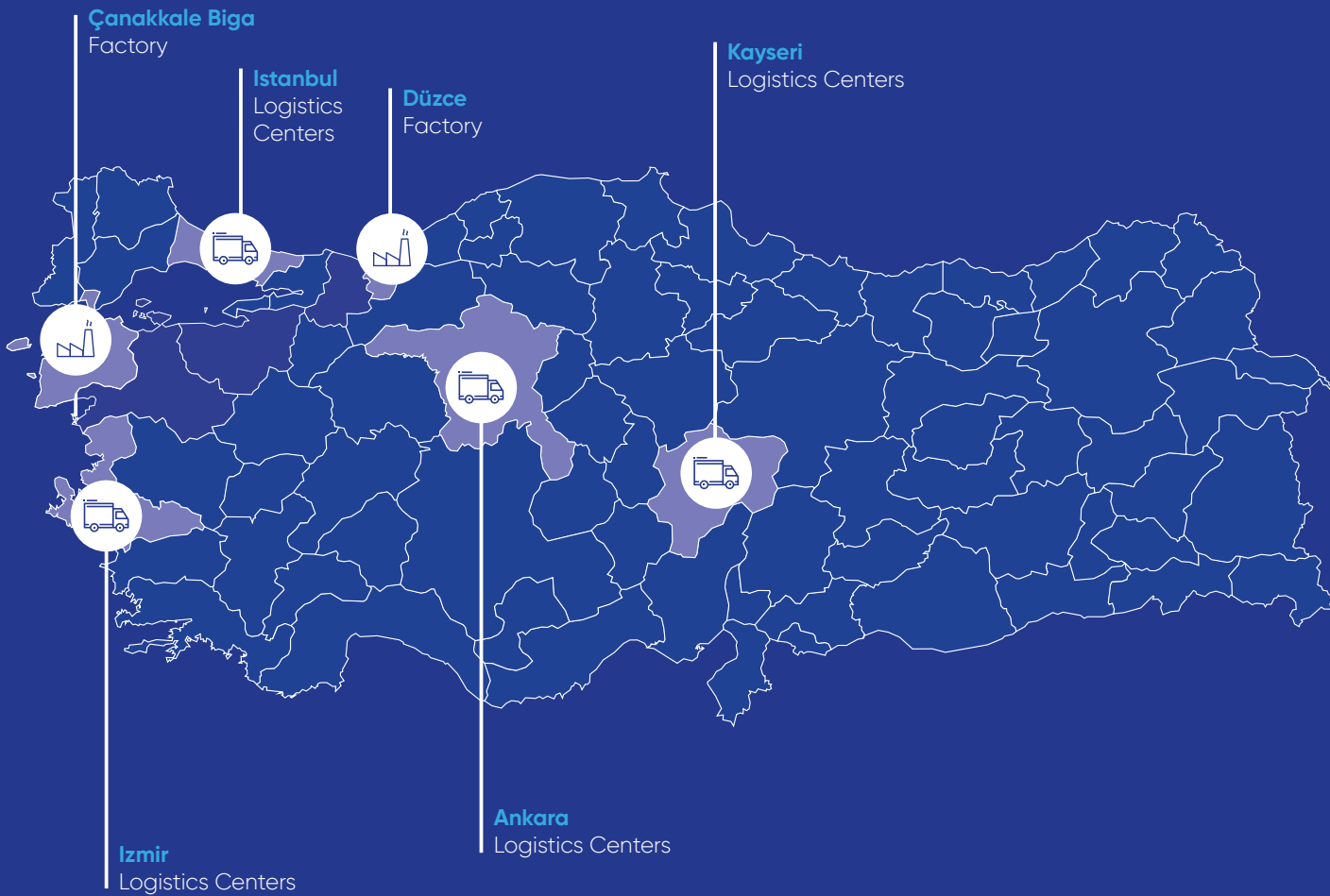
Doğanlar Furniture Group was selected "Türkiye's Happiest Workplace"

Doğanlar Furniture Group was selected as "Türkiye's Happiest Workplace" following research conducted by Happy Place to Work, an independent research and consultancy organization founded by academics and consultants. Within the assessments, which included the 100 happiest companies from 100 different sectors, the human resources units of each company were reviewed and evaluated by an independent scientific board. A 14-question well-being survey was sent to employees of the candidate companies and evaluations were carried out. At the award ceremony held on April 13, Doğanlar Furniture Group executives were recognized together with their employees.

Doğanlar Furniture Group was selected as "Türkiye's Happiest Workplace" as a result of research conducted by Happy Place to Work, an independent research and consultancy organization founded by academics and consultants.

Doğanlar Furniture Group in Türkiye and the World

Wide and growing service network



Factory Locations

Düzce Factory

- 159,500 m² total area
- 55,000 m² indoor area
- 1,920,000 m²/year panel, 53,500 pieces/year flooring production capacity

Biga Factory

- 233,000 m² total area
- 84,000 m² indoor area
- 2,400,000 m²/year panel, 96,000 pieces/year flooring, 75,600 pieces/year mattress production capacity

* There are 19 thousand m² retail regional warehouses in Izmir, Ankara, Istanbul Tuzla, Hadımköy, and Kayseri.

Number of Overseas Sales Points

DOĞTAŞ

58

Kelebek

21

Kelebek
KITCHEN - BATHROOM

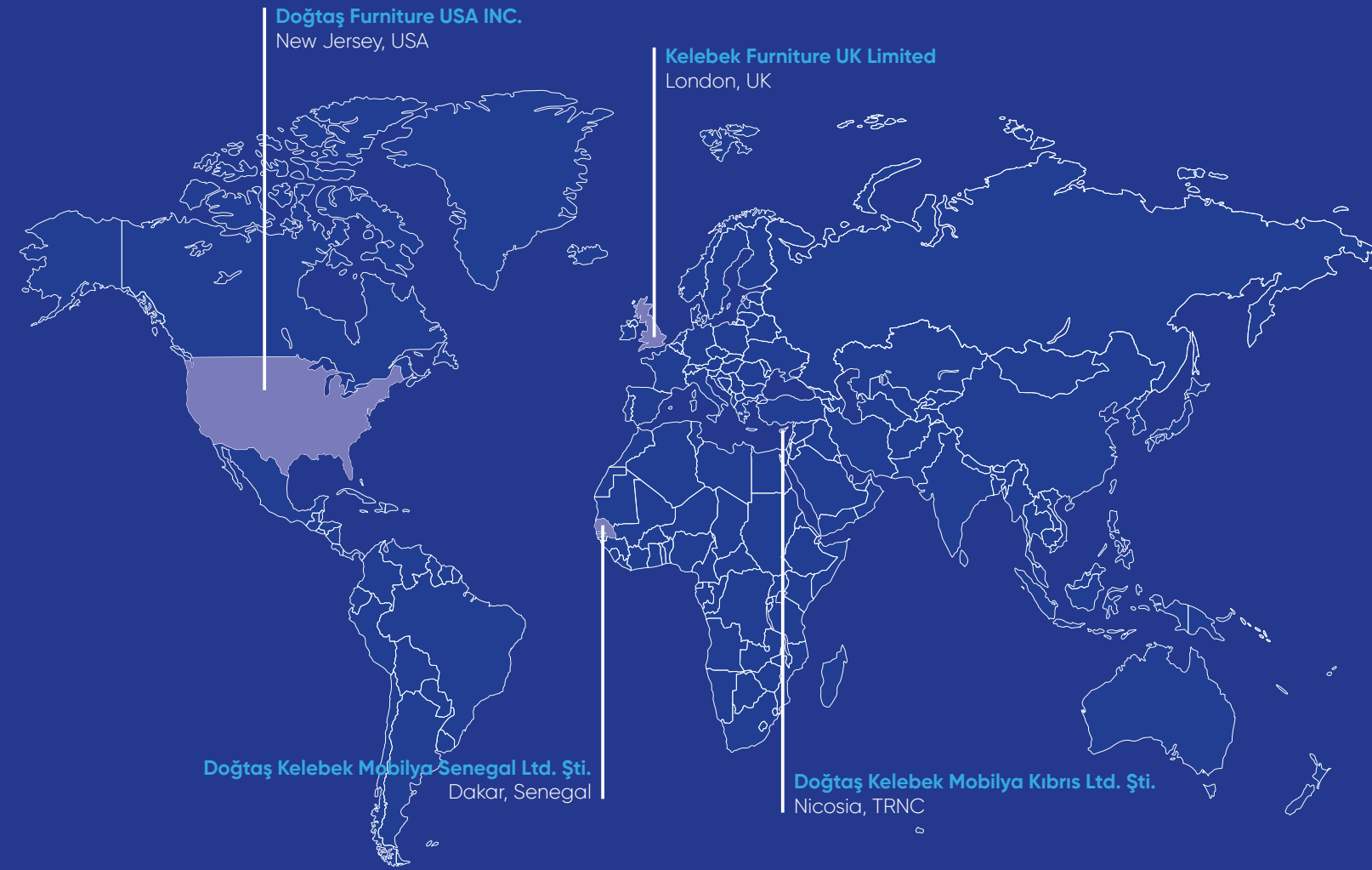
1

ruum store

9

lova
sleep

7



Doğanlar Furniture Group Abroad

- Doğanlar Furniture Group operates in 41 countries abroad.
- There are 58 Doğtaş stores in 37 countries.
- There are 7 monobrand Lova Sleep stores in 6 countries.
- There are 21 Kelebek and 1 Kelebek Kitchen-Bathroom stores in 15 countries.
- In addition to the store channel, sales are also made through corner, chain, wholesale, online, and project-based business channels abroad.

Doğanlar Furniture Group serves with 657 sales points in Türkiye and abroad.

Doğanlar Furniture Group in Türkiye and the World

Points of Sale

Channel	2020	2021	2022
Domestic Retail	71	101	110
Doğtaş	24	31	31
Kelebek	35	46	43
Lova Sleep (Exclusive)	12	21	33
Lova Sleep (Corner)*	54	77	70
Kelebek Kitchen-Bathroom		3	3
Domestic Franchise	286	338	451
Doğtaş	152	163	195
Kelebek	107	127	166
Lova Sleep (Exclusive)	9	25	51
Lova Sleep (Corner)*	213	262	357
Kelebek Kitchen-Bathroom	18	23	39
Domestic Total	357	439	561
Overseas Retail (Affiliate)		2	4
Doğtaş		2	3
Kelebek			1
Lova Sleep (Corner)*		2	3
Overseas Franchise	58	68	92
Doğtaş	44	49	55
Kelebek	14	9	20
Kelebek Kitchen-Bathroom			1
Lova Sleep (Exclusive)		1	7
Lova Sleep (Corner)*		45	49
Ruumstore		9	9
Overseas Total	58	70	96
Grand Total	415	509	657

* Lova Sleep corners located inside Doğtaş and Kelebek points of sale are not included in the calculation.

Doğanlar Furniture Group has 561 sales points in Türkiye and 96 abroad.

Overseas Points of Sale

Geographical Region	Country	Brands
Europe	Bosnia & Herzegovina	Doğtaş
Europe	France	Doğtaş
Europe	Kosovo	Doğtaş, Kelebek
Europe	Switzerland	Doğtaş
Europe	Croatia	Doğtaş
Europe	UK	Doğtaş, Kelebek
Europe	Germany	Doğtaş
Europe	Austria	Doğtaş, Kelebek
Europe	Malta	Kelebek
Europe	TRNC	Doğtaş, Kelebek
Europe	Romania	Doğtaş
Europe	Montenegro	Doğtaş
Europe	Belgium	Doğtaş
Asia	Uzbekistan	Doğtaş, Kelebek
Asia	Tajikistan	Doğtaş, Lova Sleep
Asia	Kazakhstan	Doğtaş, Kelebek, Lova Sleep
Asia	Turkmenistan	Doğtaş, Lova Sleep
Asia	Azerbaijan	Doğtaş, Kelebek, Lova Sleep
Asia	Pakistan	Doğtaş
Asia	Kyrgyzstan	Doğtaş, Lova Sleep
Asia	Mongolia	Kelebek
Asia	Sri Lanka	Kelebek
Middle East	Saudi Arabia	Doğtaş
Middle East	Iraq	Doğtaş, Kelebek, Lova Sleep
Middle East	Lebanon	Doğtaş
Middle East	Palestine	Doğtaş, Kelebek
Middle East	Israel	Doğtaş
Middle East	Oman	Doğtaş
Africa	Libya	Doğtaş
Africa	Angola	Doğtaş
Africa	Zambia	Doğtaş
Africa	Liberia	Doğtaş
Africa	Uganda	Doğtaş
Africa	Kenya	Doğtaş
Africa	Nigeria	Doğtaş, Kelebek
Africa	Senegal	Doğtaş
Africa	Ghana	Doğtaş
Africa	Mauritius	Doğtaş, Kelebek
Africa	Rwanda	Doğtaş
Africa	Gabon	Kelebek
America	America	Doğtaş

Serving customers and investors in different fields, **Doğanlar Holding** is among Türkiye's 100 largest companies.

About Doğanlar Holding

Doğanlar Holding has taken its place among the exemplary companies both in Türkiye and in the world with its achievements since its establishment.

The story of Doğanlar Holding, which operates in 4 different sectors, namely energy, construction, furniture, and retail, begins with Kelebek, which produced plywood to be used in the first domestic airplane wing in Haliç in 1935. Meanwhile, Doğtaş was being established in 1972 in Çanakkale Biga by Hacı Ali Doğan in a small workshop under the name Doğan Mobilya. In 1978, Kelebek started producing panel furniture and opened its first kitchen store in 1985, while Doğtaş became Doğtaş A.Ş. in 1987 and started its first progress towards institutionalization.

The furniture group, which was offered to the public on the BIST in 1990, opened its first store abroad under the Kelebek brand in Dortmund, Germany, in 1991. Doğtaş made its first exports to Albania in 1994 and opened its retail stores two years later. Troy Park AVM, an investment of the Holding, which also operates in the construction sector, was opened in Çanakkale in 1999. In the following year, Doğtaş

Exclusive concept stores were started to open. Doğanlar Furniture Group acquired Kelebek Furniture in 2012, strengthening its position in the industry. In 2013, Doğtaş and Kelebek companies merged to become Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. In 2017, the energy sector was entered and Biotrend Energy, Doğanlar Holding's company operating in the energy sector, was founded. In 2021, Biotrend Energy was offered to the public and the BIGA HOME brand, which would manufacture in Senegal, Africa, was founded.



Doğanlar Holding continues its story with public offering plans, collaborations with local and foreign partners, and investments in innovative projects. Doğanlar Holding, which is among the 100 largest companies in Türkiye, serves customers and investors in different fields with its companies Biotrend Enerji in the energy industry, Doğanlar Furniture Group (formerly Doğtaş Kelebek) in the furniture industry, Doğyap in the construction industry, and Troypark AVM in the retail industry.

Awards Received by Doğanlar Holding in 2022

Winner of 10 design awards, five advertising awards, four export awards, 36 brand, employment, quality and service awards, Doğanlar Holding has taken its place among the exemplary companies both in Türkiye and in the world with its achievements since its establishment.

Doğanlar Holding in Figures

4

Industries

9

Brands

3,200

Employees

41

Countries as export destinations

2

Design Centers

22

Production Facilities

650+

Points of sale in Türkiye and abroad

1

R&D Center

With an ever-expanding network of stores and sales channels, Doğanlar Furniture Group offers **its consumers modern designed furniture at affordable prices.**

About Doğanlar Furniture Group

Doğanlar Furniture Group offers quality and functional collections to its customers with its production facilities equipped with advanced technology and its external supply network, where it controls every stage of production.

The story of Doğanlar Furniture Group begins with Kelebek Furniture, which started plywood production in Haliç in 1935 to be used in the wings of the first domestic airplanes. Then in 1972, Doğan Furniture, now Doğtaş, was founded in a small workshop in Biga, Çanakkale by Hacı Ali Doğan. Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. acquired 67% of the shares of Kelebek Mobilya Sanayi ve Ticaret A.Ş. on September 6, 2012, further strengthening its power. In 2013, Doğtaş, Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş., and Kelebek Mobilya Sanayi ve Ticaret A.Ş. were merged through acquisition, and the Company was renamed Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. In 2021, the title of the Company was changed to "Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş." after evaluating the individual journeys of the brands existing and those that will be included in the future within the group.

Doğanlar Furniture Group, which is among the best companies in Türkiye in terms of furniture production and sales, is registered with the Capital Markets Board and its shares are traded on Borsa İstanbul A.Ş. under the ticker DGNMO. As of December 31, 2022, the Company's free float ratio is 50.61%.

Doğanlar Furniture Group, which has an ever-expanding store network and sales channels with its well-designed store concept, offers its consumers modern designed furniture at affordable prices. Doğanlar Furniture Group, which has a growing online and e-commerce network with the websites of its brands, marketplaces, and the Ruum Store brand, continuously increases its value with its new and ongoing investments. The Company offers quality and functional collections to its customers through its production facilities equipped with advanced technology and its external supply network, where it controls every stage of production.



Having a strong management structure with its valuable Board members, Doğanlar Furniture Group continues its successful journey with Doğtaş, Kelebek, Lova Sleep, Kelebek Kitchen-Bathroom, and Ruum Store brands.

Doğanlar Furniture Group produces and sells living groups, bedrooms, dining rooms, youth rooms, kitchens, bathrooms, and beds for all types of spaces. In addition to accessories, lighting, and decorative products in the Home category, our Group also sells garden furniture in the Garden category and home textiles in the sleep category.

Doğanlar Furniture Group manufactures and sells modern design furniture at affordable prices and is the 3rd largest furniture company in Türkiye in terms of store numbers. It has been among the Brand Türkiye 100 companies, which is organized by Brand Finance every year since 2017.

Continuing its successful journey with a strategy of sustainable profitable growth with new brands, new product ranges, and new markets, Doğanlar Furniture Group continues to develop its collections in its production facilities using advanced technologies to increase customer satisfaction.

Since 2017, Doğanlar Furniture Group has been among the Brand Türkiye 100 companies, which is organized annually by Brand Finance and includes Türkiye's most valuable brands.

Doğanlar Furniture Group aims to contribute **to a more livable world with social and environmental approaches.**

About Doğanlar Furniture Group

Our Vision, Mission, Values and Objectives

Our Vision

To be a leading "Global Brand" in the furniture industry.

Our Mission

To contribute to a more livable world with social and environmental approaches while creating lifestyles with its innovative identity based on people in the furniture industry.

Our Values

Our Brand: In every activity we carry out, we act with the awareness that our most valuable asset is our brands.

Transparency: To always favor openness in our management and business ethics. To adopt the mechanism of self-criticism as a company culture.

Warmth: To prioritize family closeness and geniality in our internal and external relations, to imprint and make us feel like a family in our organization. To see our employees, solution partners, and dealers as members of our family.

Social and Environmental Company Culture:

In line with our mission, our journey will be continued with a social and environmental company understanding that emphasizes social-sharing and humanitarian values.

Reliability: Our principle is to offer the most reliable product in terms of price and quality performance and the most reliable presales and after sales services. It is also the product of a corporate culture that provides a fair working environment for our employees, is managed transparently for shareholders, and respects environmental laws for society.

Our Objectives

As Doğanlar Furniture Group, we are working with all our might to make valuable contributions to the country's economy and employment. Together with our brands under our roof, we move towards becoming a company that offers social benefit. With our recent signature to the UN Global Compact, we have committed to align our strategies and operations with 10 principles in the areas of human rights, labor standards, environment, and anti-corruption, and to publicly report our efforts every year.

Our motto is to use the revenue from each of our investments in another one. Our objective is to achieve global recognition with our brands and to change the world's perspective. We aim to extend the quality and lifetime of our products thanks to the hybrid technology we have started to use in our Doğtaş and Kelebek brands. We apply this approach to production processes as well as the selection of raw materials.

We have important studies on CRM as well. Our objective will be to feed the brands from top to bottom with the roof CRM to be created.

Strategy and Strong Growth Areas

- Sustainable profitable growth with new brands, new product lines, and new markets.
- Increasing customer satisfaction.
- Investment in technology and human resources.
- Environmentally sustainable production and resource use.



Shareholding Structure

Committed, registered, and issued capital of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi (Doğanlar Furniture Group) as of December 31, 2021 and December 31, 2022 are shown on this page.

The permission letters required by the Capital Markets Board and the Ministry of Customs and Trade were obtained following the application made for the amendment of Article 6 titled "Company Capital" of the Articles of Association to extend the validity period of the Registered Capital Ceiling with the decision of the Board of Directors dated 03.06.2020. The amendment to the Articles of Association, which included the matter of Registered Capital Ceiling being valid as TL 500,000,000 for the period between 2020-2024 (five years), was approved at the 2019 Ordinary General Assembly held on October 30, 2020.

Other*
TL 177,441,604.21
50.7%

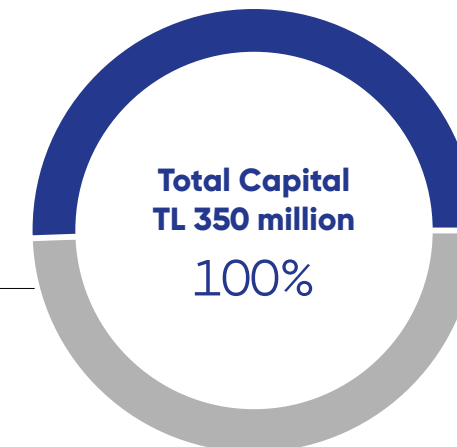
* Free Float Ratio is 50.6%.

	31.12.2021	31.12.2022
Registered capital ceiling	500,000,000	500,000,000
Issued capital	350,000,000	350,000,000

To strengthen the capital structure of the Company, it was decided to increase the capital through rights issue with the Board of Directors decision dated 22.10.2020. Within the prospectus approved by the decision of the Capital Markets Board dated December 31, 2020 and numbered 79/1619, the request to increase the issued capital of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. from TL 269,069,767 to TL 350,000,000 was approved.

The issuance of shares with a nominal value of TL 80,930,233 increased in cash was completed on 02.02.2021 within the framework of the conditions specified in the prospectus. The new issued capital of the Company was increased to TL 350,000,000 as announced in the Turkish Trade Registry Gazette dated June 7, 2021 and numbered 10343.

As of December 31, 2022, Doğanlar Furniture Group's shareholders and their shares in the capital are as follows.



Doğanlar Yatırım Holding A.Ş.
TL 172,558,395.79
49.3%

Doğanlar Furniture Group's issued capital is TL 350 million.

About Doğanlar Furniture Group

Changes in the shareholders and their shares in the capital of Doğanlar Furniture Group during the period;

During the period, Davut Doğan, Adnan Doğan, Şadan Doğan, İsmail Doğan, İlhan Doğan, and Murat Doğan, who are the real person shareholders of our Company, each holding 5,96% shares in the capital of our Company, notified our Company about the sale of 12,524,523,827 shares with a total nominal amount of TL 125,245,238.27 on 28.12.2022 at a price of TL 8.284.

As a result of this share sale transaction, Doğanlar Yatırım Holding Anonim Şirketi became the owner of the shares with a nominal value of TL 172,558,395.79 in the capital of our Company and its shareholding in the capital of our Company reached 49.30%.



Subsidiaries

Commercial Title	Company's Business Areas	Establishment and Place of Business	Currency	Paid-in Capital	Company's Share in Capital (%)
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş.	Sofa Manufacturing, Construction and Contracting	Türkiye	TL	1,164,250	100
3K Mobilya Dekor. San. ve Tic. A.Ş.	Furniture Manufacturing and Trade	Türkiye	TL	15,700,000	100
Doğtaş Mobilya Pazarlama Ticaret A.Ş.	Retail Furniture Trade	Türkiye	TL	19,250,000	100
Doğtaş Bulgaria Eood	Retail Furniture Trade	Bulgaria	BGN	40,000	100
Doğtaş Holland B.V.	Retail Furniture Trade	Netherlands	EUR	1,650,000	100
Doğtaş Germany GmbH	Retail Furniture Trade	Germany	EUR	1,200,000	100
Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti.	Retail Furniture Trade	T.R.N.C	TL	490,000	99
Doğtaş Kelebek Mobilya Senegal Sarl	Furniture Manufacturing, Export, Import	Senegal	XOF	1,000,000	100
Doğtaş Furniture USA INC.	Retail Furniture Trade	U.S.A.	USD	100,000	100
Kelebek Furniture UK Limited	Wholesale and Retail Furniture Trade	UK	GBP	1,000	100
FTR Dış Ticaret Mobilya Anonim Şirketi	Export Oriented Intermediary, Consulting and Foreign Trade	Türkiye	TL	10,010,000	14

Within 3K Mobilya Dekorasyon San. ve Tic. A.Ş. ("3K"), a chain of stores was established to sell furniture and commercial products since 2006. The production activities of 2K Oturma Grupları İnşaat Taahhüt Sanayi ve Ticaret A.Ş., another subsidiary of the Company, were terminated as of March 28, 2007 and the manufacturing plant was closed. Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Marketing") was established in 1996 to sell furniture and sofa sets and commercial products through its branches across Türkiye. As of December 31, 2022, the companies in question are inactive.

Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti. ("Doğtaş Cyprus"), a subsidiary of the Company, was established on 04.06.2021 in the Turkish Republic of Northern Cyprus. Doğtaş Cyprus was established to engage in retail furniture sales and marketing activities. As of December 31, 2022, Doğtaş Cyprus has 1 (one) branch office.

Doğtaş Kelebek Mobilya Senegal Ltd. Şti. (Doğtaş Senegal), a subsidiary of the Company, was established on 27.04.2021 in Senegal. Doğtaş Senegal was established to manufacture, export, and import furniture. As of December 31, 2022, Doğtaş Senegal has 1 (one) branch office.

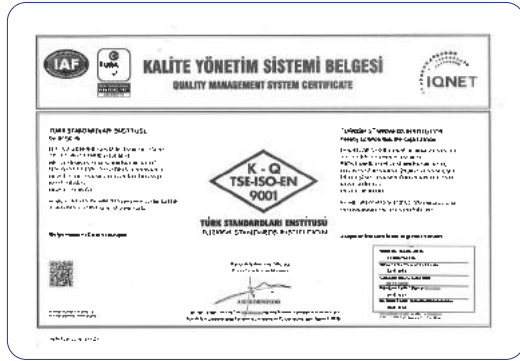
Doğtaş Furniture USA INC., a subsidiary of the Company, was established on 28.07.2021 in New Jersey, USA in order to manage and develop the Company's overseas retail sale activities more effectively. As of December 31, 2022, Doğtaş USA has 1 (one) branch office.

Kelebek Furniture UK Limited (Kelebek UK), a subsidiary of the Company, was established on 26.04.2022 in the UK in order to manage and develop the Company's overseas retail sale activities more effectively. As of December 31, 2022, Kelebek UK has 1 (one) branch office.

Doğtaş Germany, Doğtaş Holland, and Doğtaş Bulgaria, subsidiaries of the Company, were not included within the scope of consolidation and accounted as available-for-sale financial assets since they were not material for the consolidated financial statements.

About Doğanlar Furniture Group

Documents and Certificates Received



ISO 9001 Quality Management System Certificate



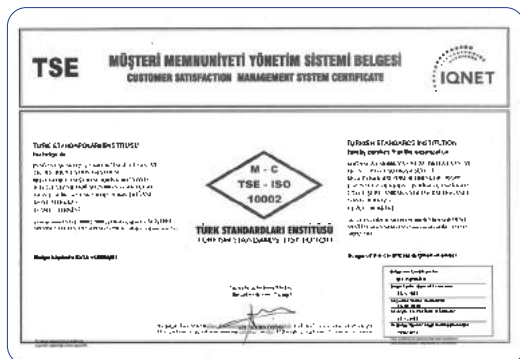
ISO 14001 Environmental Management System Certificate



ISO 45001 Occupational Health and Safety Management System Certificate



ISO 50001 Energy Management System Certificate



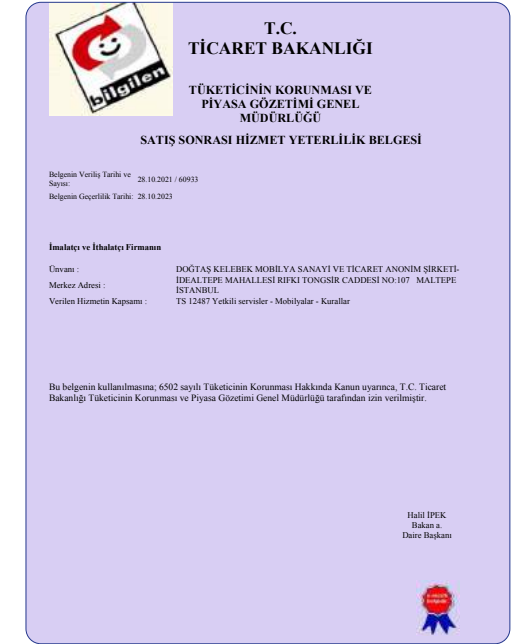
ISO 10002 Customer Satisfaction and Complaints Handling Certificate



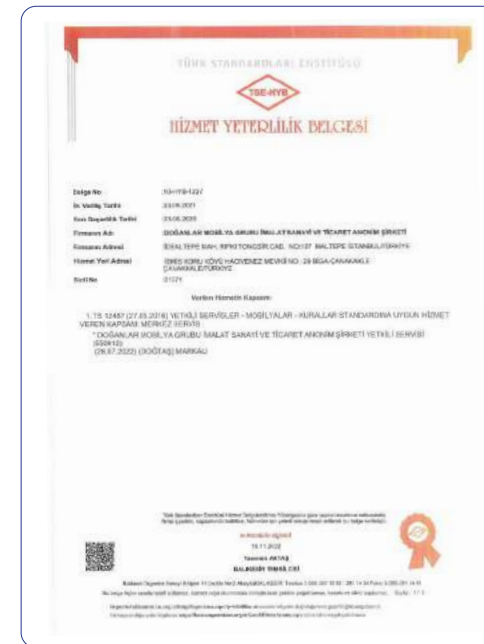
ISO 27001 Information Security System



FSC® Certificate



After Sales Service Competence Certificate



Biga Factory Service Competence Certificate

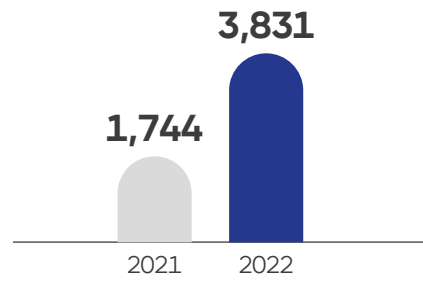


Düzce Factory Service Competence Certificate

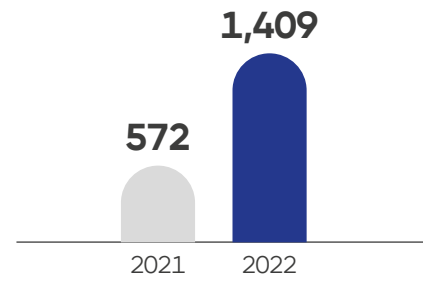
Doğanlar Furniture Group achieved a **revenue of TL 3,831 million in 2022 with an increase of 120%** compared to the previous year.

Key Financial and Operational Indicators

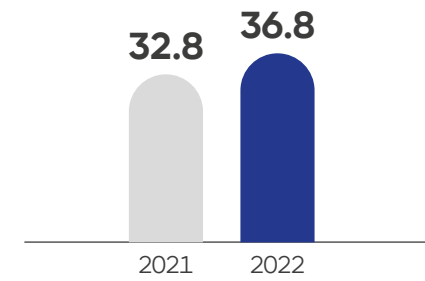
Revenue (TL million)



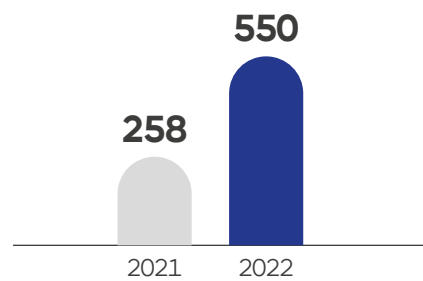
Gross Profit (TL million)



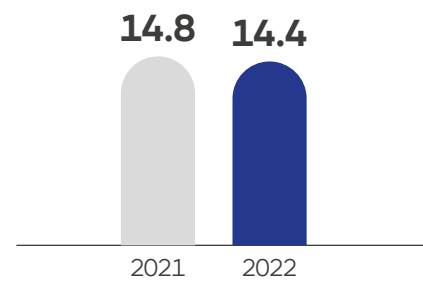
Gross Profit Margin (%)



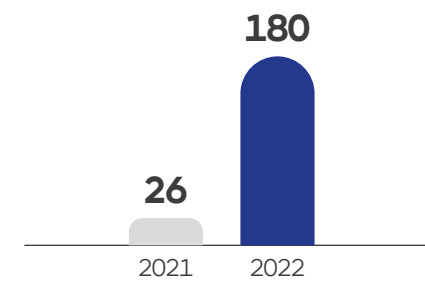
EBITDA (TL million)



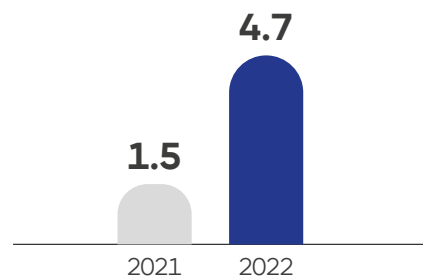
EBITDA Margin (%)



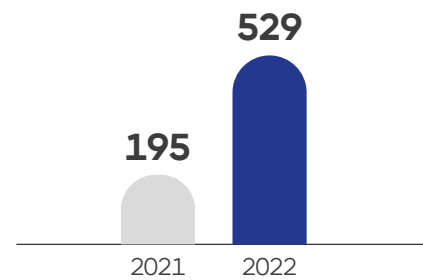
Net Profit (TL million)



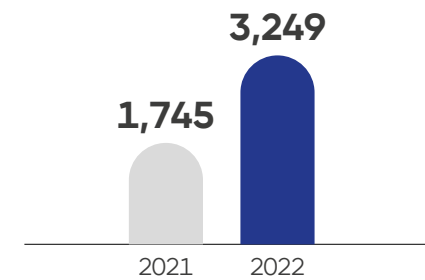
Net Profit Margin (%)



Equities (TL million)



Size of Assets (TL million)



The Company's financial statements for the period 01.01.2022 - 31.12.2022 were published on the Public Disclosure Platform, and these reports can be accessed on the Company's "Investor Relations" page at www.doganlarmobilyagrubu.com.

Financial Position Statement (TL thousand)	31.12.2020	31.12.2021	31.12.2022
Current Assets	567,713	990,306	1,816,441
Non-Current Assets	440,399	754,942	1,432,651
Short-Term Liabilities	703,533	1,077,529	1,988,996
Long-Term Liabilities	274,620	473,117	731,502
Shareholders' Equity	29,958	194,602	528,594
Size of Assets	1,008,112	1,745,248	3,249,092

Income Statement (TL thousand)	2020	2021	2022
Revenue	994,832	1,744,207	3,831,312
Cost of Sales (-)	(669,028)	(1,172,240)	(2,422,078)
Gross Profit	325,804	571,966	1,409,234
Real Operating Profit	161,056	293,033	422,102
Net Period Profit/(Loss)	25,753	25,756	179,834
EBITDA	165,165	257,843	550,445

Profit Margins (%)	2020	2021	2022
Gross Profit Margin	32.7%	32.8%	36.8%
EBITDA Margin	16.6%	14.8%	14.4%
Net Profit Margin	2.6%	1.5%	4.7%

Doğanlar Furniture Group has
a total sales area of 655 thousand m²
by the end of 2022.

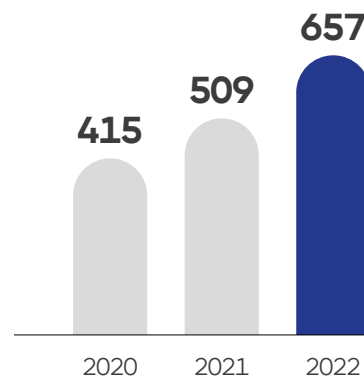
Key Financial and Operational Indicators

Doğanlar Furniture Group's total sales areas increased by 29% compared to the previous year and reached 655 thousand m² in 2022.

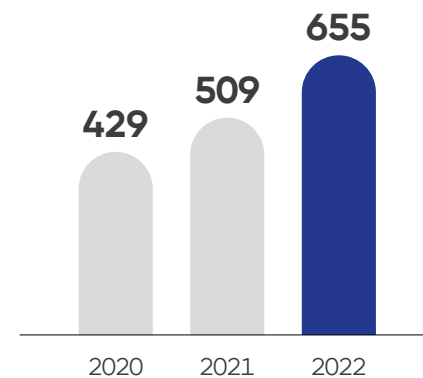
Domestic and Overseas Points of Sale by Years (points)	2019	2020	2021	2022
Doğtaş	194	220	245	284
Kelebek	135	156	182	230
Lova Sleep		21	47	91
Kelebek Kitchen & Bathroom	17	18	26	43
Ruum Store			9	9
Total	346	415	509	657

Domestic and Overseas Sales Area by Years (m ²)	2019	2020	2021	2022
Doğtaş	280	248	279	367
Kelebek*	161	177	220	271
Lova Sleep		4	10	17
Total	441	429	509	655

Total Domestic and Overseas Points of Sale by Years (points)



Total Domestic and Overseas Sales Area by Years (m²)



* Kelebek Kitchen-Bathroom sales areas are also included.

Expectations for 2023

Doğanlar Furniture Group announced its expectations for 2023 with the PDP disclosure dated 17.01.2023 and titled "Forward Looking Evaluations". Doğanlar Furniture Group's evaluations for the financial year 2023 are as follows:

2023 Goals of Doğanlar Furniture Group



*Includes all stores (including Lova Sleep) belonging to Doğanlar Furniture Group.

2023 Goals of Lova Sleep



Milestones



1930s

1935

- Kelebek was established as a panel manufacturer.



1970s

1972

- Doğtaş started furniture production.

1978

- Kelebek started furniture production.



1980s

1981

- Kelebek joined the Enka Group.

1987

- Doğtaş Mobilya A.Ş. was established.



1990s

1990

- Kelebek was offered to the public on Borsa Istanbul.

1991

- Kelebek's first overseas store was opened in Germany.

1994

- Doğtaş' first export was to Albania.

1996

- Doğtaş' retail operations started.



2000s

2005

- Doğtaş invested in flooring and bedding group.

2006

- Two industrialist families bought the majority shares of Kelebek.

2008

- Doğtaş was included in the Turquality support program.

2009

- Doğtaş' "Exclusive" concept stores were opened.



2010s

2012

- Kelebek was acquired by a partnership between Doğtaş and International Furniture B.V.

2013

- Doğtaş and Kelebek companies merged through a reverse merger in October 2013. The new title of the company became "Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş."

2014

- Kelebek Brand was included in the Turquality support program.

2017

- Maltepe design center was established.
- International Furniture B.V. sold its shares on the stock exchange and left.
- Management transferred to Doğanlar Holding and Doğan Family members.
- Lova Sleep became operational.

2019

- Ruumstore, Doğtaş' online sales brand, became operational.



2020s

2021

- Title changed to 'Doğanlar Furniture Group'.
- Companies were established in Northern Cyprus, Senegal, and the USA.
- Doğtaş and Amazon collaborated.



2022

- Kelebek Furniture was established in the UK.
- Reached over 650 points of sale.
- Doğanlar Furniture Group ranked among the top 100 Women-friendly companies.
- "Share Pledge Program" was launched to increase collateral diversity and liquidity.
- Inclusion in the BIST Participation All and BIST Participation 100 indices.

Doğanlar Furniture Group is **among the top 100** women-friendly companies.

Awards and Accomplishments

The Paw Guarantee project **won the Crystal Award** in the social responsibility project campaign category at the Crystal Apple.



Doğanlar Furniture Group is the "Türkiye's Happiest Workplace"

Doğanlar Furniture Group was selected as the "Türkiye's Happiest Workplace" as a result of the research conducted by Happy Place To Work, an independent research and consultancy company founded by academics and consultants.



"Youngest Entrepreneur Woman" Award

Başak Doğan, Executive Board Member in Charge of Brand and Marketing at Doğanlar Furniture Group, received the "Youngest Entrepreneur Woman Award" at the 4th Women Entrepreneurs Support Summit.



Crystal Apple Award for the "Paw Guarantee" Project

Doğtaş received the Crystal Award in the social responsibility project campaign category at the Crystal Apple, the most prestigious award of the advertising industry, for its Paw Guarantee project, which offers convenience to customers with its animal-friendly approach.



Brandverse Awards Silver Award

Doğtaş received the silver award in the furniture category in the SocialBrands Data Analytics Section of the Brandverse Awards organized in cooperation with Marketing Türkiye & BoomSonar and supported by the Digital Marketing Communication Platform (DPIP).



The Hammers Gold Award

Lova Sleep received a gold award in the category of 'Best Marketing Team in the Home Decoration Sector' at The Hammers awards with its "My Physiotherapist is at Lova" project.



A.C.E Awards Excellent Customer Satisfaction Achievement Awards

With its Customer Satisfaction Management System, which is maintained with an understanding of quality service as well as products in after-sales services, Kelebek received an award in the furniture category at the A.C.E Awards Excellent Customer Satisfaction Achievement Awards by Sikayetvar.com, Türkiye's first and only platform for measuring customer satisfaction.

Webcast presentations are conducted with corporate investors after the announcement of financial and operational results.

Investor Relations and Share Performance

In 2022, the Company participated and organized over 50 video conferences and face-to-face meetings, including webcasts.

Within the scope of Investor Relations disclosure policy, Doğanlar Furniture Group shares information about the Company's activity results, performance, and other developments during the period through meetings with shareholders, investors, research experts of intermediary institutions, and other stakeholders.

Webcast presentations are conducted with corporate investors after the announcement of financial and operational results. Meetings are held with the broad participation of the Company's CEO and CFO, and questions from investors are answered immediately. One-on-one meetings are held with investors, and attention is paid to holding meetings frequently for transparency, accurate information sharing, and corporate governance. In 2022, the Company participated and organized over 50 video conferences and face-to-face meetings, including webcasts.

At the same time, the website www.doganlarmobilyagrubu.com is prepared in Turkish, English, and French so that institutional and individual investors have direct access and can be informed about developments. Care is taken to transparently answer the questions of corporate and individual investors who contact the Company by phone or e-mail, at General Assembly Meetings via the Electronic General Assembly (e-GKS) system, within the framework of the information disclosed to the public.

The Company's Investor Relations Department reports to the CEO. Investor Relations Manager Aysun Vardan serves as a member of the Corporate Governance Committee.

Aysun Vardan – Investor Relations Manager

License Documents: Capital Market Activities Level 3
Corporate Governance Rating License

Investor Relations General Contact

Tel: 0 216 425 1224
E-mail: ir@doganlarmobilyagrubu.com

Share Performance

The shares of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. are being traded on Borsa Istanbul A.Ş. since 1990. The closing price of the shares on 31.12.2022 was TL 8.46 and the share performance information of the Company is given below.

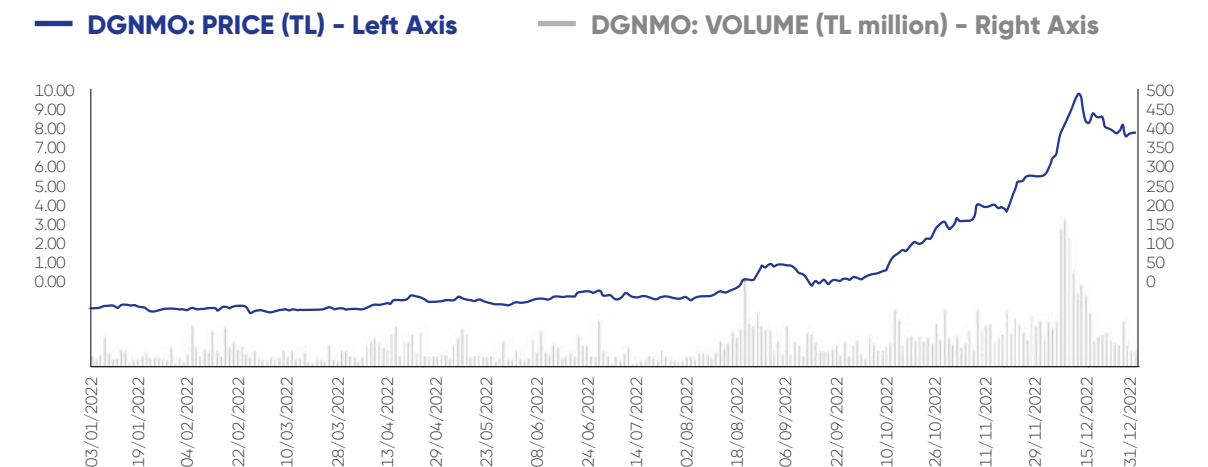
Share Information

Stock Market Being Traded	Borsa Istanbul (BIST)
BIST Ticker	DGNMO
Initial Public Offering	1990
Number of Free Float Shares	177,167,532.01
Free Float Ratio	50.61

31.12.2022 Share Value

	TL	USD
Lowest (24.02.2022)	1.94	0.14
Highest (13.12.2022)	9.94	0.70
Total Market Value of Shares	2,961,000,000	158,000,000

As of the end of 2022, the market value of Doğanlar Furniture Group is TL 3 billion.



Board of Directors



DAVUT DOĞAN
Chairman of the Board of Directors

Born in Biga district of Çanakkale in 1960, Davut Doğan completed his primary and secondary education in Biga. Having graduated from Anadolu University, Faculty of Economics, Doğan continues his education at Istanbul University, Department of Philosophy. Doğan resigned from the civil service in 1986 and founded Doğtaş A.Ş. with his brothers in 1987. He became an industrialist in 1988 by establishing the company's production facility. Doğtaş Furniture quickly became one of Türkiye's leading furniture brands, and in 2011; the Company acquired Kelebek Furniture, one of Türkiye's oldest furniture brands. Doğan also entered the construction sector with Doğyap, a company established to operate in the field of real estate development in Türkiye and abroad. In 2017, with the aim of making investments in alternative energy production, Doğan established Biotrend Enerji, expanding the holding to include four new sectors. In 2021, Biotrend Enerji went public and received investment from the European Bank for Reconstruction and Development (EBRD) and signed the United Nations Global Compact as well. Davut Doğan served as the chairman of the Biga Chamber of Commerce and Industry between 1999 and 2009. He established the Turkish Furniture Manufacturers Association (MOSDER) in 2003 by gathering the branded furniture manufacturers in Türkiye under one roof. He served as the chairman of the association for a while. Doğan is also a member of the Turkish Industry and Business Association (TÜSİAD) and the Foreign Economic Relations Board (DEİK). Doğan served as the Chairman of the Furniture Sector Board of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) for 10 years. Between 2002-2005, he taught "Entrepreneurship" courses at Çanakkale Onsekiz Mart University Biga Faculty of Economics and Administrative Sciences. He was the finalist of Türkiye in 2005 for the World Entrepreneurship Competition. In 2007, he was selected the "Most Productive Businessperson of the Year" by the National Productivity Center. Davut Doğan has three published books titled "Projection," "Impressions," and "My Experiences". Still acting as the Chairman of the Board at Doğanlar Holding A.Ş. and Doğanlar Mobilya Grup İmalat Sanayi ve Ticaret A.Ş., Davut Doğan is also an angel investor.



ŞADAN DOĞAN
Vice Chairman of the Board of Directors

Born in Biga district of Çanakkale in 1965, Şadan Doğan completed his primary and secondary education in Biga. He pioneered the foundation of Doğtaş A.Ş. with his brothers in 1987. He became an industrialist in 1988 by establishing the company's furniture and decoration manufacturing facilities. Aside being a founding member and manager in many non-governmental organizations, Doğan was elected as the Chairman of the Biga Chamber of Commerce and Industry in 2013. Şadan Doğan is the Chairman of Boards of Directors of Biga Chamber of Commerce and Industry and the Biga Organized Industrial Zone. He also serves as a Member of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) European Union (EU) Harmonization Commission.



İSMAİL DOĞAN
Board Member and CEO

Born in Biga District of Çanakkale in 1968, İsmail Doğan graduated from Biga Industrial Vocational High School. He worked as Production Manager and Factory Manager at Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. Between 2004-2012, he served as General Manager at Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. In 2016-2017, he served as the Chairman of the Board of Directors of the Turkish Furniture Manufacturers Association - MOSDER. İsmail Doğan has been serving as the CEO of Doğanlar Furniture Group İmalat Sanayi ve Ticaret A.Ş. since June 12, 2020.



SALİH TUNCER MUTLUCAN
Board Member

Born in Istanbul in 1968, Tuncer Mutlucan obtained his high school diploma from Lycee de Galatasaray and has a degree in Civil Engineering from Boğaziçi University. Fluent in English and French, Mutlucan attended the Construction Management Master program at Istanbul Technical University and started his career in banking in 1992. He was the head of the Luxembourg Branch of Garanti Bank between 1995-2006, and the Managing Director of Akbank NV Netherlands between 2006-2010. Between 2010-2015, he served as CEO of Ak Financial Leasing. Mutlucan was also a Founding Board Member of the Association of Financial Institutions. Mutlucan was a member of the Board of various organizations at Çalık Holding between 2015-2018, and sat at the Boards of Güven Health Group, Active Shipping and Umur Printing Group between 2018-2019. He is an Independent Board Member at Astar Enerji A.Ş., Board Member and Group Head of Strategy and Business Development at Doğanlar Holding, and Board Member at Biotrend Enerji. He is also a Member of the Chamber of Civil Engineers and Istanbul Rotary Club.

Board of Directors



MUTLU ERTURAN
Board Member - Independent Member

After graduating from Izmir American College, Mutlu Erturan graduated from the Department of Economics of the Middle East Technical University in 1997 and obtained a master's degree in MBA from Nottingham University in England. She started her career at Yapı Kredi Bank as a consultant in 1997. She then assumed senior management roles in different departments at IBM, one of the leading brands in the technology industry, between 2007 and 2015. Having assumed the role of Chief Business Officer at Doğan Online as of 2015, Erturan served as the Chief Commercial Officer of Hepsiburada, Türkiye's leading e-commerce platform, between 2018-2022. Mutlu Erturan has been serving as the CEO of HLY Aromatherapy.



ZEYNEP YALIM UZUN
Board Member - Independent Member

After graduating from Robert College, Zeynep Yalim Uzun completed her university education at Agnes Scott College in Atlanta, USA with a scholarship in economics and psychology. She has been on level C positions for the last 15 years of her career and has great experience in global brands, marketing and business management. She has expertise in the Fast Moving and Durable Consumption sectors in addition to team and brand management in markets such as Latin America, USA, Far East, India, Pakistan, Europe, China, and Africa. She had a career of over 25 years at Unilever, one of the world's largest fast moving consumer goods companies. During this period, she worked in Poland, Türkiye, and the UK and managed the global and regional operations of different brands of Unilever. While based in London, she served as the Vice President of Omo, the second largest brand of Unilever, which has operations across 80 countries. Zeynep Yalim Uzun served as Chief Marketing Officer at Arçelik. Uzun, who manages a marketing team of 2,000 people spread over a wide region from Thailand to the USA, including areas such as global brand and product management, consumer insight, industrial design, consumer services, and small household appliances at Arçelik, assumed the responsibility for 14 global and local brands, including Beko. Uzun has 10 years of experience in the international start-up ecosystem, including the Boston-based accelerator Mass Challenge and currently provides mentoring and consulting services to various start-up companies. She also serves as an Independent Board Member at Doğanlar Furniture Group. She is on the Board of Directors of European Women on Boards, a network which works on gender equality in the business world. She is also a Board member of the Futurists Association of Türkiye, a member of the Northwestern University Family Council, and a trustee of the Koruncuk Foundation. Zeynep Yalim Uzun received many awards throughout her career. The most recent of these is that she was selected as one of the 20 female leaders in Europe's "Women to Watch" list by Advertising Age in 2020.



BERNA AKYÜZ ÖĞÜT
Board Member - Independent Member

Berna Akyüz Öğüt graduated from Boğaziçi University, Department of Business Administration in 1996 and obtained her Master's Degree in Executive MBA at the same university. During her professional life of 28 years, she has assumed the roles of sales, global marketing, and general manager at various sectors such as telecommunication, fast moving consumption, and retail. She was ranked 3rd among Türkiye's Top 50 Strong Female CEOs by Capital & Economist Magazines in 2021 and 2022 in a row. Berna Akyüz ÖĞÜT is still General Manager of Retailing at LC WAIKIKI. She is married and has 1 daughter.

The Members of the Board of Directors were elected in accordance with the criteria specified in the Turkish Commercial Code, Capital Markets Legislation and Corporate Governance Communiqué (II-17.1), and the Company's Articles of Association. At the 2021 Ordinary General Assembly held on 16.05.2022, the Members of the Board of Directors were re-elected and appointed for three years.

Name - Surname	Position	Date of Assignment by the GA	Term End Date
Davut DOĞAN	Chairman of the Board of Directors	16.05.2022	16.05.2025
Şadan DOĞAN	Vice Chairman of the Board	16.05.2022	16.05.2025
İsmail DOĞAN	Board Member/CEO	16.05.2022	16.05.2025
Salih Tuncer MUTLUCAN	Board Member	16.05.2022	16.05.2025
Berna AKYÜZ ÖĞÜT	Independent Board Member	16.05.2022	16.05.2025
Mutlu ERTURAN	Independent Board Member	16.05.2022	16.05.2025
Zeynep YALIM UZUN	Independent Board Member	16.05.2022	16.05.2025

Senior Management



İSMAİL DOĞAN
Board Member and CEO

Born in Biga District of Çanakkale in 1968, İsmail Doğan graduated from Biga Industrial Vocational High School. He worked as Production Manager and Factory Manager at Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. Between 2004-2012, he served as General Manager at Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. In 2016-2017, he served as the Chairman of the Board of Directors of the Turkish Furniture Manufacturers Association – MOSDER. İsmail Doğan has been serving as the CEO of Doğanlar Furniture Group İmalat Sanayi ve Ticaret A.Ş. since June 12, 2020.



İLHAN TUNÇMAN
Doğtaş General Manager

İlhan Tunçman, born in 1970 in Çanakkale's Biga district, completed his undergraduate studies at Uludağ University Business Administration Department. He started his professional career at Doğtaş Furniture in 1992 as Çanakkale Store Manager. Between 1996-2012, he worked at Doğtaş Furniture as Ege Store Manager, Marketing Sales Supervisor, Istanbul Regional Manager, Sales Manager, Benino Brand Manager, Sales Coordinator, and Marketing Sales Director, respectively. He also served as Sales Director at Yataş A.Ş. between 2013-2016. Since May 21, 2018, Tunçman has been serving as the General Manager at Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.



TOLGA KAYA
Kelebek General Manager

Born in Istanbul in 1977, Doğan Tolga Kaya earned an associate degree in Tourism and Hospitality Management from Sakarya University in 2000 and went on to get a bachelor's degree in Business Administration from Eskişehir Anadolu University in 2000-2004. He started his career in 2001 as a sales team member at Mudo Satış Mağazaları A.Ş. At Mudo, he became Store Manager, Regional Director, and Türkiye Sales Coordinator, respectively. Between 2016 and 2020, he worked as the Domestic Sales Director responsible for the Retail Business Development and Sales channel at Yataş Group - Enza Furniture. Kaya has been serving as the Assistant General Manager of Kelebek at Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.



ASLAN FARUK ŞAHİN
Technical Deputy
General Manager

Born in 1966 in Trabzon, Aslan Faruk Şahin graduated from Dokuz Eylül University, Faculty of Engineering and Architecture, Department of Industrial Engineering. He started his professional career at Ankara Engineering in 1987 and worked as a Planning Engineer at the 3rd HİBM. In 1990, he served at Kelebek Mobilya A.Ş. as Production Engineer, Production Supervisor, Production and Planning Manager, Production Planning and Logistics Group Manager, and Operations Director. Şahin has been serving as Technical Deputy General Manager at Doğanlar Mobilya Grubu İmalat ve Sanayi ve Ticaret A.Ş. since November 1, 2021.



ALİ DEMİRKAN
CFO

Born in 1979 in Istanbul, Ali Demirkan received his bachelor's degree in Economics from Boğaziçi University in 2001. He started his professional career as a tax auditor in 2002. Between 2004-2008, he worked as Senior Accountant at Beckman Coulter, a medical device company in the USA, and between 2008-2013, he worked as Financial Affairs Manager at Bausch & Lomb, an eye health company in the USA. Between 2013-2021, he served as CFO at Kahve Dünyası, Watsons Türkiye, Vivense, and Enuygun. com, respectively. With 21 years of experience in financial affairs, finance and consultancy, Demirkan currently serves as CFO at Doğanlar Furniture Group.



YAŞAR RAMAZAN ÇİFTÇİ
Strategic Planning Director

Yaşar Ramazan Çiftçi received his bachelor's degree in Industrial Engineering from Kocaeli University in 2004. He started his career at Kervan Gıda in 2006 and worked as Budget and Cost Manager between 2006-2009. Between 2009-2014, he worked as Strategic Planning and Information Technologies Manager at Korkmaz Mutfak Eşyaları company. Between 2014-2016, he worked as Strategic Planning Director at Demirören Group of Companies. He served as Strategic Planning Director at Yataş Group between 2016-2021, and since May 17, 2021, he has been working as Strategic Planning Director at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.

Senior Management



ELİF YILMAZ
Human Resources Director

Born in 1978 in Istanbul, Elif Yılmaz received her bachelor's degree in Industrial Engineering from Sakarya University and her MBA in Business Management from Işık University. She has 20 years of work experience in human resources, organizational development, digital transformation projects, and quality management in different sectors. In 2018, she started working at Doğanlar Furniture Group, a group company of Doğanlar Holding, and was appointed as Doğanlar Holding Human Resources Group Director in 2020 to manage the centralization and integration projects of the Holding and Group companies' Service Group departments. In addition to all strategic HR processes in Holding Group companies, she also carried out studies in the fields of industrial relations, training development, and corporate governance. Since May 2022, she has been working as Human Resources Director at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.



GÖZDE ÇİVICİ
Doğanlar Holding Investor Relations Director and Secretary General

After graduating from Koç High School, Gözde Çivici received her bachelor's degree in Economics from Emory University in Atlanta, USA and her master's degree in Economics and Finance from Boğaziçi University. She started her professional career as a Financial Analyst at American Express in 2006 and worked in investment banking, project finance, and consultancy roles at İş Yatırım, KPMG, Ak Yatırım, Akbank, and TSKB. Çivici, who has 17 years of finance and consultancy experience, joined Doğanlar Holding in 2021. She is a member of the Turkish Investor Relations Society (TÜYİD) and the Corporate Governance Association of Türkiye (TKYD). She currently serves as Doğanlar Holding Investor Relations Director and General Secretary.



ABDİ SİNAN BOYSAN
Procurement Director

Born in 1974 in Istanbul, Sinan Boysan received his bachelor's degree in Electrical Engineering from Istanbul Technical University. Subsequently, he completed his MBA at Yeditepe University and received his master's degree. Boysan started his career as a Sales Engineer at Panel Elektro in 1998 and continued his career as Sales Manager at Danfoss Automation. He then worked as Procurement Manager at Areva T&D, Middle East Region Procurement Group Manager at Schneider Elektrik, Procurement Coordinator at Çalık Enerji, and Procurement Director at Gemak Gemi. Sinan Boysan joined Doğanlar Holding as Procurement Director at the beginning of 2020 and has been serving as Procurement Director of Doğanlar Furniture Group since the beginning of 2022.



KÜRŞAT TOPAKTAŞ
Information Technologies Director

Born in 1982 in Kahramanmaraş, Kürşat Topaktaş received his bachelor's degree in Industrial Engineering from Yıldız Technical University and his master's degree in Business Administration from Yıldız Technical University and Sabancı University. Topaktaş started his professional career as IT Business Development Specialist at Collezione in 2006 and worked as Corporate Governance Specialist at Brisa Bridgestone Sabancı between 2008-2013. Between 2013-2015, he worked as Project Portfolio Manager at BNP Paribas Cardif. Between 2015-2018, he worked as IT Manager at Eczacıbaşı Esan. Topaktaş has been serving as the Information Technologies Director at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. since July 2020.



AYHAN ÖZCAN
Lova Sleep Brand and Sales Director

Born in 1982, Ayhan Özcan received his bachelor's degree in Philosophy from Pamukkale University, his master's degree in Marketing Management from Istanbul Commerce University and successfully graduated from Istanbul University Turquality Executive Development Program. Özcan started his professional career as a Store Manager at Doğtaş Furniture and worked as Coordinator at Doğtaş MMC Azerbaijan, Regional Sales Manager, Türkiye Sales Manager, and Strategy Development Manager at Doğtaş Furniture, respectively. Since March 21, 2020, Özcan has been working as Lova Sleep Brand and Sales Director at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.



TANER KIRCI
International Markets Director

Born in 1976 in Bulgaria, Taner Kırıcı received his bachelor's degree from Uludağ University, Faculty of Economics and Administrative Sciences. He started his professional career as a Customer Representative at Küçükçalık Textile in 2000. Between 2001-2003, Kırıcı worked as a Sales Representative at Reinacance Textile in New York, USA. He then worked as Area Sales Manager at Pürkim Kimya between 2003-2005. Between 2005-2016, he served as Sales and Marketing Coordinator at Boydak Dış Ticaret A.Ş. Kırıcı started to work as Doğtaş International Markets Manager at Doğanlar Furniture Group on October 1, 2016 and has been serving as Doğtaş International Markets Director since July 1, 2020.

Senior Management



ÖNDER BAKAL
E-Commerce Director

Born in 1984 in Istanbul, Önder Bakal graduated from Sakarya University, Faculty of Economics and Business Administration. During his undergraduate education, he attended University College Leuven-Limburg as a student of the Erasmus exchange program called "Business Innovation". He graduated from Sabancı University Executive Development Program and completed his master's degree at Üsküdar University with a scientific thesis on Neuromarketing. He is a part-time lecturer at Medipol University and Üsküdar University. He started his career as a Business Development Specialist at the global consulting company Ideal Future Consultancy and then worked as E-Commerce Manager at Kiğılı Giyim A.Ş. between 2012-2016 and E-Commerce Group Manager at Yataş Group between 2016-2020. Since October 19, 2020, Bakal has been serving as E-Commerce Director responsible for Group brands at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.

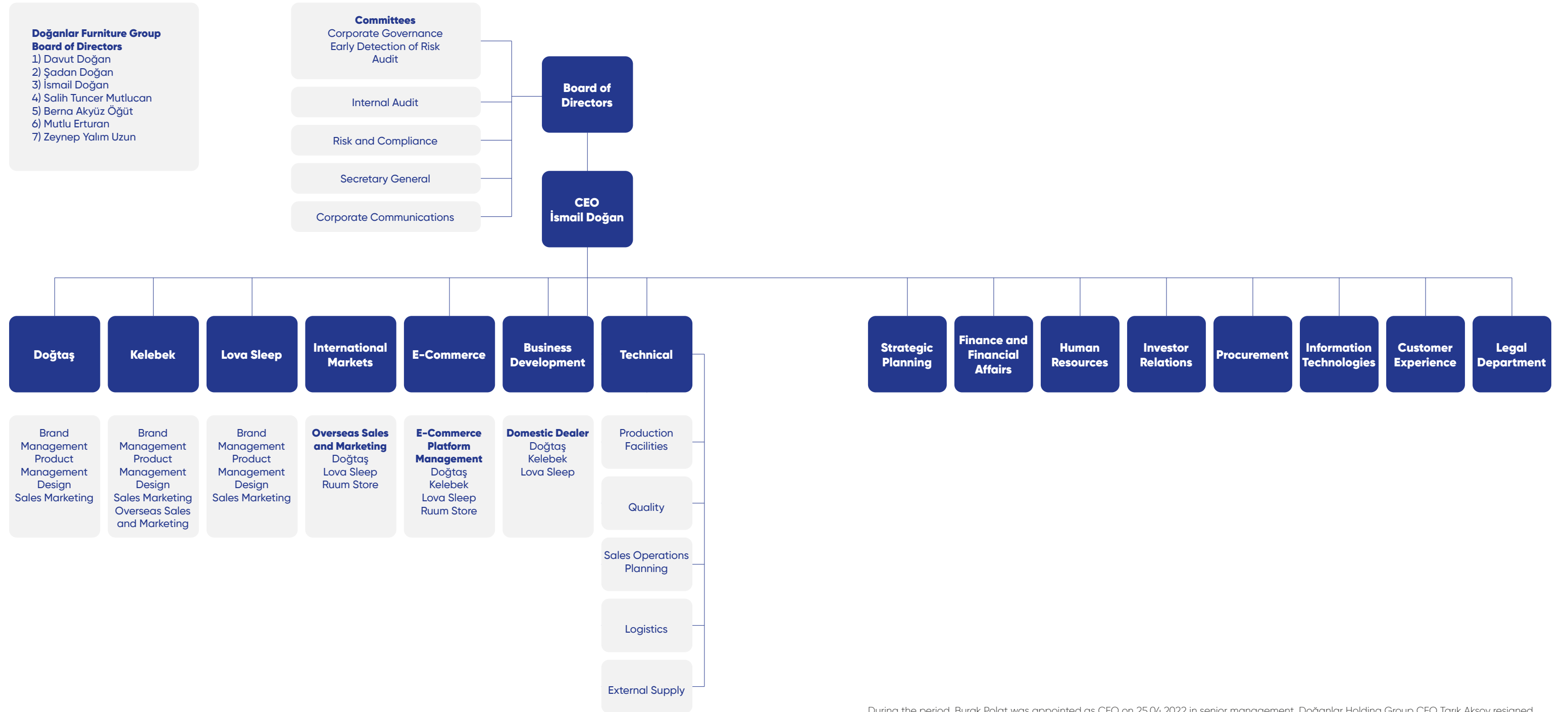


HİKMET ÖZSALMANLI
Business Development Director

Born in 1982 in Izmir, Hikmet Özsalmanlı graduated from Dokuz Eylül University, Department of Public Administration and Politics. He completed his master's degree in Business Administration at Bakırçay University. He started his career at United Parcel Service (UPS) international transportation company in 2004 as a Regional Sales Supervisor. In 2006, he worked for the same company in Adana province as Southern Anatolia Regional Domestic Sales Manager. In 2008, he served at Alfemo Furniture as Sales Manager, Corporate Sales Manager, and Business Development Manager, respectively. Since October 2016, Özsalmanlı worked at Doğanlar Furniture Group as Business Development Manager and Doğtaş Türkiye Sales Manager, respectively. Özsalmanlı has been serving as the Group All Brands Business Development Director since June 10, 2020.



Organizational Chart



During the period, Burak Polat was appointed as CFO on 25.04.2022 in senior management. Doğanlar Holding Group CFO Tarık Aksoy resigned on 22.04.2022. Mr. Tolga Kaya, who served as the Assistant General Manager of the Kelebek brand, was appointed as the General Manager of Kelebek on 26.07.2022. Mr. Hasan Gözde, who served as Sales Operations Planning Manager, was appointed as Sales Operations Planning Director. Mr. Cihan Engin Pusuluk, who was serving as Doğtaş Commercial Marketing and Retail Development Manager, was appointed as Doğtaş Commercial Marketing and Retail Development Director. Mr. Erim Tamer, Doğtaş Assistant General Manager, resigned from his position on 1.10.2022. On February 23, 2023, Mr. Ali Demirkan, CFO of Doğanlar Furniture Group, was appointed to the position vacated by Mr. Burak Polat.

Doğanlar Furniture Group creates collections that shape the furniture sector with its state-of-the-art production facilities in Düzce and Biga.

Production Facilities

Doğanlar Furniture Group creates collections that shape the furniture sector with its state-of-the-art production facilities in Düzce and Biga. The Company's total production area at the Düzce Facility is 159,500 square meters and 233 thousand square meters at the Biga Facility.

Düzce Factory

On Ankara Road 9. km, Doğanlı Village, 81100, DÜZCE

Total area
159,500 m²

Indoor area
55,000 m²

Production capacity
1,920,000 m²/year panel,
53,500 pieces/year flooring



Biga Factory

İdriskoru Village, Hacivenez Site,
No: 29, Biga, CANAKKALE

Total area
233,000 m²

Indoor area
84,000 m²

Production capacity
2,400,000 m²/year panel,
96,000 pieces/year flooring

Annual bed production capacity
75,600 pieces



Doğanlar Furniture Group offers reliable and quality service to its customers with Doğtaş, Kelebek, Kelebek Kitchen-Bathroom, Lova Sleep, and Ruum Store brands.

Brands



Doğanlar Furniture Group offers reliable and quality service to its customers with Doğtaş, Kelebek, Kelebek Kitchen-Bathroom, Lova Sleep, and Ruum Store brands. Doğanlar Furniture Group, which carries its success graph higher and higher every day with its five well-established brands, continues to be the best in the furniture sector with its collections created by using all means of technology.

284
Doğtaş
Sales Points

230
Kelebek
Sales Points

43
Kelebek Kitchen-
Bathroom Sales Points

91
Lova Sleep
Sales Points

9
Ruum Store
Sales Points



Doğtaş stands out with its wide range of products, from living rooms to bedrooms, from furniture for children and teenagers to dining rooms.

Doğtaş grows steadily with Doğtaş Youth, Home, and Garden sub-brands and continues its journey as one of the leading brands in the sector.

Doğtaş, which was established in 1972 as an 80 m² workshop in the Biga district of Çanakkale under the name Doğan Furniture, maintains its production as a well-established brand that has continued its growth and development ever since.

Doğtaş, which has become widespread in many distinguished points of the world with its strong business partners, today is one of the most important players in the furniture industry with its more than 250 concept stores in Türkiye and abroad.

Doğtaş offers its customers functional, high quality and accessible collections that are suitable for all kinds of decoration needs, and supports them in creating living spaces of all styles and types. The brand stands out with its wide range of products, from living rooms to bedrooms, from furniture for children and teenagers to dining rooms. From material to fabric, color to design, Doğtaş products give people the freedom to have the combination they want in their living spaces. The designs masterfully reflect years of experience and expertise. Customers are free to choose from 300 types of fabric and 35 types of wood color. In addition to the furniture group, Doğtaş also operates in the Doğtaş Youth, Doğtaş Garden, and Doğtaş Home categories and continues to grow in the furniture sector on a category basis as well. Doğtaş continues to grow steadily with Doğtaş Youth, Home, and Garden sub-brands and continues its journey as one of the leading brands in the sector.

Doğtaş continues its journey as a brand that draws attention with the innovations it has made so far, its pioneering works, the steps it has taken for the unity and solidarity of the industry, and the value it attaches to design and designers in particular.

Brands

DOĞTAŞ

284
Total Sales Points

250+
Domestic Sales Points

www.dogtas.com



Doğtaş launched its **New Design and Innovation Center project** in 2022.

Brands

Doğtaş realized the Guest Paw project in stores in order to be a social and environmentally friendly brand.

What Did Doğtaş Do in 2022?

- Store investments were made at home and abroad.
- Expansion was achieved with new categories (Doğtaş Garden, Doğtaş Youth, Doğtaş Home).
- Projects prepared according to customer insights (Paw Guarantee and Paw Friendly Fabrics, Easy to Clean Fabrics) were implemented.
- In order to be a social and environmentally friendly brand, the Guest Paw project was implemented in stores.
- New product designs were made according to current design and trend applications.
- As more time is spent at home, comfort will be at the forefront and in this direction, the Hybrid Technology created by the R&D Center started to be used.
- The New Design and Innovation Center Project was implemented.
- Overseas fair studies were carried out.

What Will Doğtaş Do in 2023?

- Store investments at home and abroad
- Expansion with new categories (Doğtaş Garden, Doğtaş Youth, Doğtaş Home)
- Recycle activities to become a social and environmentally friendly brand
- New product designs according to current design and life trends
- As more time is spent at home, comfort will be at the forefront and in this direction, development of new versions of hybrid technology are created by R&D
- Technological applications (VR retailing)
- Qualified architectural services and decoration works
- Brand and designer collaborations
- Integration into alternative sales channels
- Portfolio studies specific to target countries
- End-to-end customer experience management
- Participation in fairs at home and abroad (Türkiye-Italy-USA)
- Domestic and international e-commerce activities
- Studies for transition to a website with an infrastructure that will provide a good customer experience 24/7



Kelebek continues its success in design, quality, and service from past to present and wins valuable awards.

With the goal of becoming a mass and global brand, Kelebek offers its products to consumers in over 200 furniture stores at home and abroad.

Kelebek Furniture is one of the well-established industrial enterprises of the Republic, founded in 1935 with the signature of the Great Leader Atatürk and started to operate with production of plywood wings for domestic airplanes in Haliç. The well-established organization, which was founded to manufacture plywood and aircraft wings, chose its name inspired by butterfly wings.

In 1978, Kelebek Furniture opened its furniture factory in Düzce and started Türkiye's first panel and kitchen manufacture. Kelebek Furniture entered the retail sector in Türkiye with its first store in 1979 and abroad with its store in Dortmund, Germany in 1991. Representing the firsts in its sector, Kelebek Furniture introduced lamination technology, an innovative system for the furniture industry, to Türkiye in 1983. In 1984, Kelebek Furniture realized the first television series commercial break and color advertisement activity. In 1985, Kelebek received its first environmental award and was deemed worthy of the ISO Environmental Award. In addition, the company received TSE and TISEK certification in 1987 and became the first furniture company to be listed on the stock exchange in 1990. Kelebek continues its success in design, quality, and service from past to present and wins valuable awards.

Brands



230
Total Sales Points

200+
Domestic Sales Points

www.kelebek.com



With the goal of becoming a mass and global brand, Kelebek offers its products to consumers in over 200 furniture stores at home and abroad. It is among the distinguished brands in the international market with its export of standard and special Kelebek products to about 15 countries and also with its concept stores abroad.

Offering furniture suitable for every taste and style with its wide product range, Kelebek maximizes customer satisfaction with its stylish and trendy designs in living room, bedroom, dining room, and youth room furniture, as well as its free architectural services. Kelebek continues its journey of more than 80 years by growing on category basis.

In 2022, the Kelebek UK store was opened.

Brands



What Did Kelebek Do in 2022?

- Two separate commercial films starring Almeda and Tolgahan Sayışman were released.
- A commercial film for International Women's Day, dedicated to the New Generation Women, was released, and the commercial "All Sorts of Gifts Your Mother Will Fall in Love With," starring Almeda Abazi, was posted on social media. On October 29, the 99th anniversary of the Republic was celebrated with a commercial with Şebnem Sungur.
- **Kelebek Kids Children's Festival:** Kelebek Kids' own children's choir "Umut Benim" performed at the festival accompanied by Cem Belevi's songs.

- **Collaboration with Aposto:** A collaboration was realized with Aposto, one of the publications frequently followed by Generation Z. In addition to traditional newsletters, Generation Z newsletters with the theme of designers attracted the attention of the new generation and a large number of readers.
- **All Sorts of Gifts Your Mother Will Fall in Love with:** In May, Mother's Day of all mothers was celebrated with gifts and campaigns through the commercial film with Almeda Abazi, the face of Kelebek Dekor, which was broadcast only on social media.
- **Vadi Istanbul Store opening and Kelebek Sustainability Exhibition:** The Kelebek Sustainability Exhibition is the first Upcycling exhibition to bring artists and customers together and draw attention to nature and environmental issues after Kelebek's Eco-Friendly Sofas initiative.
- The 3rd issue of Kelebek Dekor magazine met with its readers.
- The Kelebek UK store was opened.

- At the festival organized for the World Animal Day under the theme "One for All," Kelebek took the stage with the "Umut Benim" Children's choir.
- The launch of the Phygital store was announced at the Fifteen Seconds Festival. With Phygital, Kelebek combines physical and digital retailing with free architectural services and offers its customers the opportunity to make drawings of their homes free of charge and experience the furnishing of their homes with Kelebek furniture in a virtual environment.
- On the International Day of Persons with Disabilities, Kelebek sponsored a theater play organized in cooperation with Atta Festival for visually impaired and Down syndrome children.



Kelebek Kitchen-Bathroom receives intense demand from projects abroad.

Brands



43

Sales Points

With the power of 87 years of experience in the sector, the Kelebek Kitchen-Bathroom brand today offers each customer a comfortable living space that meets their needs, wishes, and living standards. The important construction projects it is involved in at home are also a reference for abroad, and it has been receiving intense demand from projects abroad, especially in recent years.

Offering the first and only 5-year warranty on all kitchen models in Türkiye, the brand provides free measurement, transportation, and assembly services.

What Did Kelebek Kitchen-Bathroom Do in 2022?

- Bathrooms were added to the product portfolio.
- 17 dealers were opened.
- Events with famous chefs were organized in domestic stores.
- Creativity Academy shootings were organized with Home Art Magazine.
- Website renewal works started.
- A contract was signed for the manufacturing of bathroom and kitchen cabinets for the DAP Yapı İnş. San. ve Tic. A.Ş. residential project located at Sarıyer 10648 Istanbul Plot 1 Parcels (Levent Construction Site).

What Will Kelebek Kitchen-Bathroom Do in 2023?

- Launching a sponsorship campaign for Sign of the City Awards
- VR glasses in stores
- Launch of the new website
- Design competition launch
- Ready package kitchen work
- Adapting the quotation and ordering system for use in different languages



Lova Sleep develops products tailored to individual needs by applying globally recognized technologies and developments, together with scientific studies.

Doğanlar Furniture Group, the creator of Türkiye's pioneer furniture brands, presents Lova Sleep, Türkiye's youngest and most dynamic sleep brand, to consumers with more than 50 years of know-how in the sector. Aiming to be Türkiye's "comfortable sleep brand", Lova Sleep continues to improve its mattresses every day in order to offer its users a quality and comfortable sleep experience. Combining more than 50 years of design, production, and retail experience in the furniture industry with state-of-the-art materials, Lova Sleep mattresses rewrite the rules with mattress options for different sleep needs, personalized comfortable sleep experience suitable for body structure and sleeping habits and provide a unique sleep and comfort experience to its users.

In the production facilities located in the Biga district of Çanakkale, state-of-the-art production lines meet user-friendly ergonomic designs. At the METU-ASO Teknopark R&D center in Ankara, scientists work to provide people with a comfortable and healthy sleep experience with their research on different body anatomies and lying positions. The product portfolio is shaped by the findings obtained as a result of the studies at the R&D center and developments using technological measurement devices.

Today, Lova Sleep, one of the companies with the widest product portfolio in the sector, develops products tailored to individual needs by applying globally recognized technologies and developments, together with scientific studies. It designs mattresses and pillows that support ideal body orthopedics with its high technology and special techniques, protect spinal health, and facilitate the transition to sleep by regulating body temperature. Lova Mattress, which meticulously combines the new generation in-bed materials it developed within its products, offers a comfortable sleep for every body type. Lova Sleep aims to be environmentally friendly for a sustainable world with its fabrics and materials made from recycled materials.

Brands



91
Total Sales Points

479
Corner Points

www.lovayatak.com



Lova Sleep was awarded **the Felis and the Hammers awards in 2022** with its **Physiotherapist project**.

Brands

What Did Lova Sleep Do in 2022?

- A 360-degree communication was performed to promote the launched physiotherapist project, to bring it to stores, and to deliver this service to customers. Uninterrupted communication continued through radio, television, outdoor, magazine, and digital platforms.
- Accessibility was enhanced by increasing the number of stores.
- The website was updated, and the infrastructure was switched to provide a better customer experience. On the website, which operates as a 24/7 online sales channel, features such as live customer support and 360-degree virtual store tours were activated.
- Online platforms that allow customers to tour the store without leaving their seats and connect to a live customer representative without waiting were launched.
- Performance systems were implemented in the retailing channel, and the customer experience was improved by establishing a more measurable and traceable structure.

- Lova Sleep comfort and innovation center was inaugurated. In the center, a study was initiated with the Turkish Physiotherapists Association and Hacettepe University lecturers to archive Türkiye's sleep habits, body and spine types through tests using technological devices, and to use this archive in productions.
- With the Comfortable Sleep Test, prepared with the results of R&D studies, a test study was launched on the website by which customers can choose the right product online.
- The product portfolio was expanded by adding new categories such as towels and bathrobes.
- The Physiotherapist project received Felis and The Hammers awards within the year.

What Will Lova Sleep Do in 2023?

- Expanding the product range and increasing the product diversity in home and sleep textiles
- Presenting a portfolio of room fragrances, candles, and other complementary sleep accessories to meet all customers' sleep needs
- Increasing the number of products such as mattresses and duvet covers made from fabrics obtained by recycling, which are currently included in the product range within the scope of sustainability efforts
- Participation in 2023 Istanbul Furniture Fair and Germany/ Cologne Furniture Fair in line with Lova Sleep brand promotion and international growth strategies



ruumstore.com offers quality, modular and functional home needs to its internet customers at affordable prices with **77** categories and **30 thousand** products.

Having met its online customers in 2019 as the youngest brand of Doğanlar Furniture Group with the motto "The most stylish solutions for narrow spaces," ruumstore.com is the online sales brand of Doğtaş. ruumstore.com offers quality, modular, and functional home needs at affordable prices to its internet customers with 77 categories and 30 thousand products, reaching those looking for practicality and function in their living spaces with Doğtaş quality and assurance. Designed with every detail in mind without compromising on material quality, ruumstore.com furniture is delivered to the cargo in one business day and provides easy installation with

very clear guidelines. ruumstore.com offers a wide range of functional furniture from coffee tables to desks, bookcases to poufs, bedside tables to TV units, as well as the sale of Lova Sleep products, the mattress brand of the Doğanlar Furniture Group family. Thinking long-term in its designs, ruumstore.com includes pieces that can be easily combined with each other in its collections.

Ruum Store offers physical and digital concepts together in its Phygital Experience stores, designed as a first in the sector. In 2023, Ruum Store Phygital Experience Stores,

which are preparing to take a step towards retailing, offer showroom, cafe, gaming, and metaverse areas inside. Ruum Store, which offers 10 thousand products to its customers through VR&AR and smart screen in the metaverse area, has brought a brand new perspective to the sector with its ability to display more than 10 thousand products in 86 m². Ruum Store makes a strong impression as a brand that comes to mind when it comes to sector innovation and that guides the sector with its innovative approaches.

Brands



77
Number of Product Categories

30 thousand
Products Sold

10 thousand
Number of products offered in Metaverse

www.ruumstore.com



Ruum Store became the supplier of Amazon EU in Türkiye in 2022 and prepared sales areas in 12 different channels globally.

Brands

Ruum Store increased the number of products on its website six-fold to over 25 thousand.

What Did Ruum Store Do in 2022?

- Started sales in global marketplaces through its warehouses established in the USA and UK.
- Became the supplier of Amazon EU in Türkiye and prepared sales areas in 12 different channels globally.
- Increased its sales in all marketplaces in Türkiye.
- Participated in market projects such as BIM, bringing sales penetration to the level of household.
- Increased the number of products on the website six-fold to over 25,000.
- Increased the number of categories and subcategories four-fold to 141 subcategories and planned regional product management, channel management, and efforts with localized global approach.

What Will Ruum Store Do in 2023?

- Commissioning of barrier-free shopping and digital experience stores projects
- For barrier-free shopping, voice command, shopping with sign language, free installation support for individuals with disabilities, special site design for color blind people, offering a holistic shopping process covering all disadvantaged groups
- Positioning of AR&VR glasses for sales purposes with phygital stores that display 10 thousand products in 100 m²
- Showing detailed content about the product to customers with smart screen panels
- Preparing the virtual store with the Metaverse area and providing player experience in the gaming area



Online sales projects of Doğtaş, Kelebek, Lova Sleep and Ruum Store brands through foreign dealers and affiliates **started as of 2022.**

Sales-Marketing

Doğanlar Furniture Group continues its sales and marketing efforts to publicize its products, services, and the solutions it offers to its customers in the most effective way. Within this scope, marketing teams utilized every opportunity to come together with their target audience in Türkiye and around the world on physical or online platforms and continued their successful efforts in 2022 as well.

Doğtaş

Sales-boosting activities such as country and region-based detailed advertising activities in all sales channels and market-specific social media activities were carried out, and new store opening operations were organized. The Company participated in the Isaloni Milano fair held in June. Market and competition analyses were conducted in travels to many countries.

In addition to Doğtaş's existing corner, chain, online, and project-based business sales channels, franchise store sales were realized. In 2022, 21 new store contracts were signed in addition to the existing franchise stores. Paris and Marseille in France, London 2 in the UK, Antwerp in Belgium, Tel Aviv in Israel,

Nablus in Palestine, Accra in Ghana, Ashgabat 2 in Turkmenistan, Bishkek in Tajikistan, and Podgoritsa in Montenegro commenced service as franchise stores, and New York in the USA and Dakar in Senegal as affiliate stores.

After 2023, sales and marketing activities will be carried out in line with the action plans to be determined in order to realize the necessary targets within the scope of the identified strategies "Growing by Maintaining Profitability in Existing Markets," "Growing in Project-based Businesses," "Creating Fortress Markets By Focusing on Priority Markets." The company will participate to leading international fairs such as Isaloni/Italy, High Point/USA, MOW/Germany.

Kelebek

In 2023, the Kelebek brand perception will be positioned design-oriented, communication activities will be planned accordingly, and it will be ensured that it continues its path as a brand that embraces design in the furniture sector.

Kelebek Kitchen-Bathroom

The Company continued to provide outdoor advertising support to both recently opened dealers and dealers needing advertising and to organize special events with chefs for architects in stores. In 2023, VR investments will be made in stores to enable customers to see their kitchens in 3D. The company plans to evaluate construction projects and sponsor an award organization in order to emphasize the project-based business aspect of its brand name.

Lova Sleep

In the year-long launch of the Physiotherapist project, 360-degree marketing communication was adopted. Through continuous communication on Radio, Television, Outdoor, Magazine, and Digital platforms and by increasing the number of stores, the aim was for the target audience to reach the product more easily. The 24/7 online sales website was updated and its infrastructure was strengthened to provide a better customer experience. Platforms that allow site visitors to tour the store at any time and from anywhere and to chat live with a customer representative were put into operation. The Comfortable

Sleep Test, prepared with the results of R&D studies to help customers choose the most suitable product for themselves, was made available on the website. The Company also launched online platforms where customers can tour the store without leaving their seats and connect to a live customer representative without waiting. Performance systems were introduced in the retailing channel, creating a more measurable and traceable structure.

Three new franchise stores in Germany, Turkmenistan, and Tajikistan started sales of the "Lova Sleep" brand, which is named as "Lova Yatak" in Türkiye. In 2023, the Company will continue to launch new sales points abroad. In addition, as "Lova Sleep", the Company will participate in the IMM Cologne/Germany fair.

In 2023, the Company plans to continue the marketing communication of the Comfort concept and carry out the necessary work to manage the operation faster and with higher quality by expanding its portfolio to meet customer demands and needs. Through investments in technological infrastructure, efforts will be made to shorten the waiting time for shopping and improve customer experience across all channels. Efforts to improve the customer experience as a "talking store" will be continued by making improvements in in-store visuals, POP, and promotional materials.

Ruum Store

"Ruumstore", the newest brand of Doğanlar Furniture Group created for online sales, successfully completed the Amazon audit processes, and the first shipments were made to Amazon Europe.



The first NFT collection in the furniture industry was prepared for Ruumstore, Türkiye's first phygital and metaverse store. The aim is to turn the Atlas software into a global solution with a smart sales screen that can perform channel engineering and integrate with marketplaces.

In 2023, along with the barrier-free shopping experience, solutions are being produced under the name of concept marketing, which offers solutions on the marketing area and markets all the needs of a room/home.

E-commerce

Our brands have online sales via www.dogtas.com/tr, www.kelebek.com/tr, www.lovayatak.com, and www.ruumstore.com.

Online sales projects of Doğtaş, Kelebek, Lova Sleep, and Ruum Store brands through foreign dealers and affiliates started as of 2022.

For the Doğtaş brand, online sales of Doğtaş products were launched primarily in New York and New Jersey through the website dogtas.us.

Investments are also being made that will enable delivery and sales to the entire USA in the near future. In Europe, the UK and Germany are among the prioritized countries.

In the UK, online sales started with the website www.kelebekfurniture.co.uk. The site, which offers the opportunity to review and purchase many products sold in the store through the website, has provided the infrastructure to sell to the entire UK.

Infrastructure works were started for Lova Sleep in the USA and in Europe, primarily in Germany and the UK. In this project, which is carried out as Lova Sleep, the mattress, storage bed, headboard, colored and white home textile product portfolio will be put for sale and presented to customers.

In addition to the dealer and affiliate network, sales activities were also initiated through marketplaces such as Amazon, E-bay, Wayfair, and Etsy.

Phygital experience stores were brought into action at Ruum Store, and product control panels were built with smart screens.

Investments

Doğanlar Furniture Group made a capital expenditure of TL 445 million in total in 2022.

Realized Investments

Artificial intelligence-powered shopping experience

Phygital experience stores were brought into action at Ruum Store, and product control panels were built with smart screens. Atlas with multiple functions was developed as an infrastructure, holophonic assistants were prepared for barrier-free shopping experience and the design of the metaverse store was completed. The NFT collection was made, an artificial intelligence-powered installation-solution robot with QR Code was developed for the installation processes of the products, and room design and shopping experience were realized with VR&AR glasses.

Customer-oriented production investments

Lova Sleep started to use the latest technological machines in mattress production. While production investments were made to provide customers with the most accurate mattress, production volume and stock capacity were increased.

Improvements were achieved in warehouse and logistics costs through investments in packaging machines. While accessibility was enhanced with new store openings, concept renewal efforts continued in existing stores. The website was renewed and the transition to a customer experience-oriented website was completed.

Innovation center was launched

Kelebek Kitchen-Bathroom design and innovation center was launched and kitchen production facility and machinery investments were completed.

In 2022, Doğanlar Furniture Group made capital expenditures amounting to TL 444,890,379 in total, including modernization of retailing, marketing, and production facilities, as well as IT and fixture investments.

In 2023, the Group aims to realize a capital expenditure at the level of 5%-8.5% of consolidated sales revenues.

Doğanlar Furniture Group's Design and R&D Center **has 67 employees, 14 of whom are designers.**

R&D Activities



At Doğanlar Furniture Group, all stages of design are handled carefully and meticulously, from the creation of the design idea to the selection of the right and different materials, from product projecting to the creation of product prototypes, from ensuring the manufacturability and validity of the product to giving the product a commercial identity.

As a result of the applications made to the Ministry of Industry and Technology in order to operate within the scope of Design Centers, Doğanlar Furniture Group was found suitable and was entitled to receive a Design Center Certificate following an examination by the Ministry for Maltepe Design Center on 03.08.2017 and Düzce Design Center on 10.01.2020.

Doğanlar Furniture Group Design and R&D not only provides guidance that will contribute positively to the company's vision, but also creates an infrastructure for different studies and researches that can be described as the first in the sector. Doğanlar Furniture Group Design and R&D expenditures amounted to TL 25,195,100 in 2022. Doğanlar Furniture Group's Design and R&D Center has 67 employees, 14 of whom are designers.

Doğtaş

- The Company moved to a new 1,175 m² design and innovation area.
- Production machines were upgraded to the latest technological level.
- More comfortable products were designed with hybrid technology.
- Technological modules were integrated into the products.

Kelebek

- Environmentally friendly sofas were introduced.
- The Company moved to a new 1,335 m² design and innovation area.

Kelebek Kitchen-Bathroom

- The VR application, which is a TÜBİTAK project, is planned to be implemented for kitchen sales.

Lova Sleep

- The R&D center was inaugurated in Ankara METU-ASO Teknopark.
- In the center, a study was initiated with the Turkish Physiotherapists Association and Hacettepe University lecturers to archive Türkiye's sleep habits, body and spine types through tests using technological devices, and to use this archive in productions.
- Free physiotherapist consultancy service is now provided in stores to recommend the right mattress and pillow to customers.

Ruum Store

- The cover approach produced better products that are fit for online sales culture, one box, less desi, and accelerated in global sales channels.

Penetration tests were conducted as part of cyber security and **necessary actions were taken according to test results.**

Information Technologies

Doğanlar Furniture Group improves and develops its digital infrastructure every day and adapts it to the requirements of the day. In 2022 as well, the Company implemented important projects and applications in the field of Information Technologies.

What Was Done in 2022?

- Infrastructure renewal works were completed in Düzce and Biga locations.
- Servers were moved to the data center, and an infrastructure that would operate redundantly in disaster scenarios was established.
- Penetration tests were conducted as part of cyber security and necessary actions were taken according to test results.
- New software infrastructure was established for e-invoice, e-dispatch and e-reconciliation processes.
- Project Management Office was established and a project portfolio was created. The works for projects in the portfolio are carried out in accordance with the project management standards within the plan.
- Works for SAP process improvement projects are ongoing.
- The sales and service sections of mobile development projects were completed and put into practice.

- Business intelligence reporting system infrastructure was completed, and dashboard studies are underway.
- Infrastructure work was carried out for foreign affiliates. Harmony project studies are being carried out for dealer data integration.
- Information Technologies studies on obligations under the Law on Protection of Personal Data are being carried out.
- Teknokent Informatics Valley project application was accepted.

Doğanlar Furniture Group plans to start many new projects and applications in the field of Information Technologies in 2023 as well. These projects and applications include the following;

- The works for the projects in the portfolio will be continued within the plan in accordance with project management standards.
- Works for SAP process improvement projects will continue.
- Phase 2 and 3 works of mobile development projects will continue.
- Work will be carried out on business intelligence re-organization and decision support systems.
- S4Hana Project activities will be initiated.
- Projects will be developed to improve delivery times.
- New investments and projects will be started in the field of automation.
- Works will continue on meta projects.

Business intelligence reporting system infrastructure was completed, and dashboard studies are underway.



In the recruitment process, the aim is **to recruit the most suitable candidates with the education, experience and competencies** required by the position at **Doğanlar Furniture Group**.

Human Resources

The employee development is supported by Competency, Professional Development, and Leadership trainings that can be differentiated as position-based within the needs analysis.

Doğanlar Furniture Group always acts with the awareness that its most important resource is the people, and in this context, it implements many practices for its employees. The Company's Human Resources approach is formed to create a meaning and purpose-oriented work culture. The basic principle of Doğanlar Furniture Group, which closely follows HR trends along with its human resources policy and strategy, is to ensure that employees continuously improve themselves in a balanced manner between company goals and individual goals and contribute to the organization.

Doğanlar Furniture Group Human Resources Principles

- Believes in open communication and supports it at all levels.
- Creates an environment in which employees are happy and proud to work and live in peace at work.
- Gives equal opportunity to those who have the necessary knowledge and skills and who are also behavioral role models without any discrimination or privilege while running career and talent management processes.

- Develops employees' expertise, personal and leadership skills by supporting them through training and development activities.
- Utilizes suggestion and reward systems to encourage innovative ideas that will improve the business.
- Encourages high performance and success while rewarding results.

Career Management

In line with the Company's strategic goals, planning studies are carried out at the beginning of each year to determine human resources requirements. The human resources planning process not only contributes to the sustainable success of the Company but also provides employees with different career opportunities within the company by contributing to their competency development. Employees within the organization who have a high potential to meet these requirements are considered first. Within succession studies, employees are given the opportunity to work horizontally or vertically at different positions within the Company through annual performance evaluations based on competencies and business objectives, and they are offered promotion, rotation, and reassignment opportunities.



The Company values the career plans of all employees. Within this scope, development plans are made for employees to transform their potential into performance, and trainings are provided to contribute to their development.

Recruitment

During recruitment, the aim is to recruit the most suitable candidates who suit the Company's values and corporate culture and who possess the education, experience, and competencies required by the position. The "Values", which guide all work and relationships, are at the center of the recruitment process, and candidates who share common values and can adapt to the culture are preferred.

The most important criteria in recruitment are education level, technical knowledge and skills, experience and competencies required by the position. The competencies and qualifications expected from candidates are defined separately for each position. Employment is being carried out in accordance with the job description. All applications made to the Company are recorded in the candidate database. In accordance with yearly workforce

planning, recruitment is managed with candidates who meet the required qualifications by performing research for available positions from this database. All applications made to the Company are evaluated within the scope of the principle of confidentiality, observing fairness and equal opportunity. In the recruitment activities carried out in line with the recruitment process, various assessment tools are used for new graduates or experienced candidates according to the position requirements.

Training and Development

The employee development is supported by Competency, Professional Development, and Leadership trainings that can be differentiated as position-based within the needs analysis. The results of the needs analysis are finalized by mutual agreement through meetings with senior management and department managers. Other requests (seminars, conferences, external technical and behavioral trainings, etc.) other than the trainings determined by needs analysis are evaluated by the Human Resources team and relevant managers in line with budget, benefits, and suitability.

- In 2022, 15 thousand person/hours of training was provided to a total of 2,007 employees, including Headquarters, enterprises, domestic and foreign dealers.
- Within the Retail School program, which aims to improve the sales skills of employees, a special training program is implemented for Sales Consultants, Interior Designers, and Store Managers. This program includes On-Site Learning, Target Realization Workshop, Business Trips, and Meeting with Subject Matter Experts.
- For white-collar employees at the Headquarters and enterprises, a development program is implemented to increase personal awareness.
- With a focus on Human Resources strategies, efforts are underway to transform the Corporate Academy into a pioneering academy that contributes to the sector.

In 2023, Doğanlar Furniture Group aims to focus on strengthening organizational competencies with hybrid training activities that will offer digital solutions in training and also to contribute to becoming a learning organization with the Internal Trainer Training Program.

With the suggestion system called Super Idea, employees **earn points and are rewarded for the ideas they propose** individually or as a team.

Human Resources

Success-oriented Performance Management

In line with the strategies of the Company, each department has targets to fulfill and performance indicators related to these targets. Within this scope, the extent to which employees fulfill their authorities and responsibilities specified in their job descriptions and their competencies in this context are periodically evaluated based on criteria and weights determined by department managers.

Employee Satisfaction and Loyalty Management

To receive employee feedback and determine actions that will increase employee loyalty, employee loyalty and satisfaction are regularly measured by independent companies, and the results are evaluated in terms of commitment, leadership, performance culture, and employee experience.

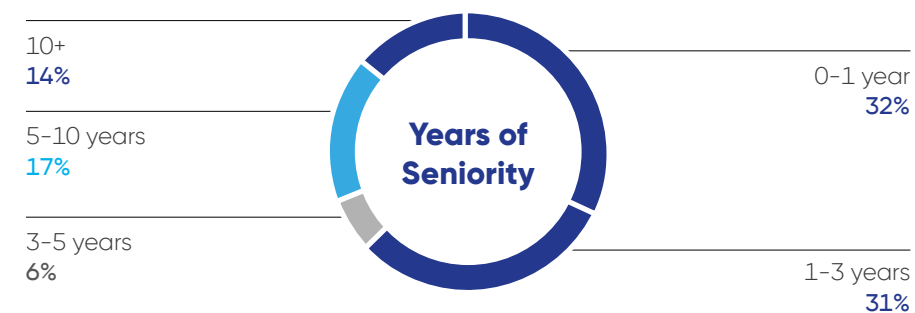
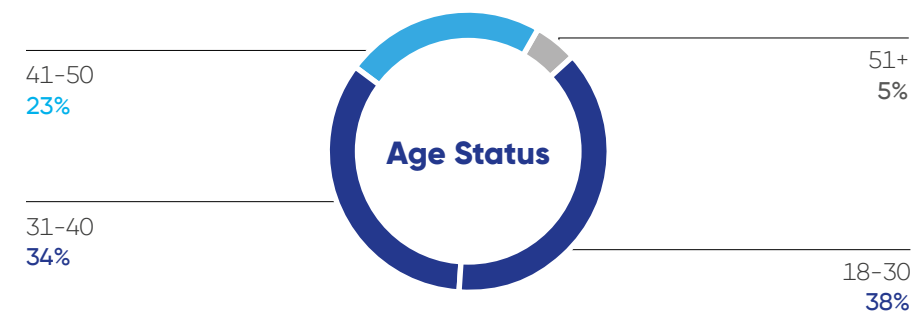
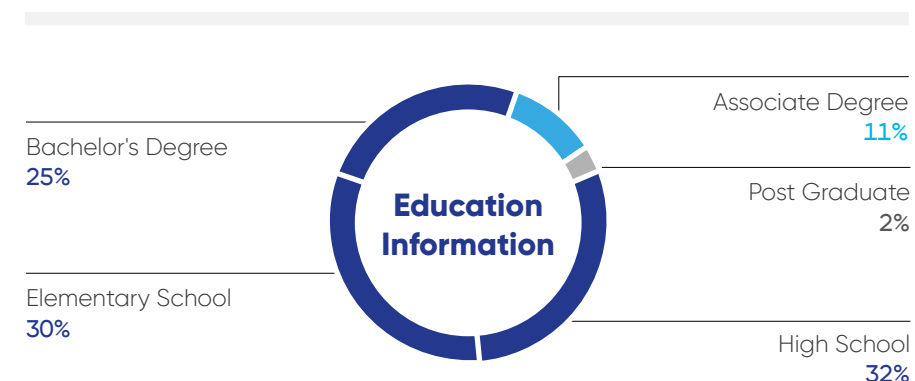
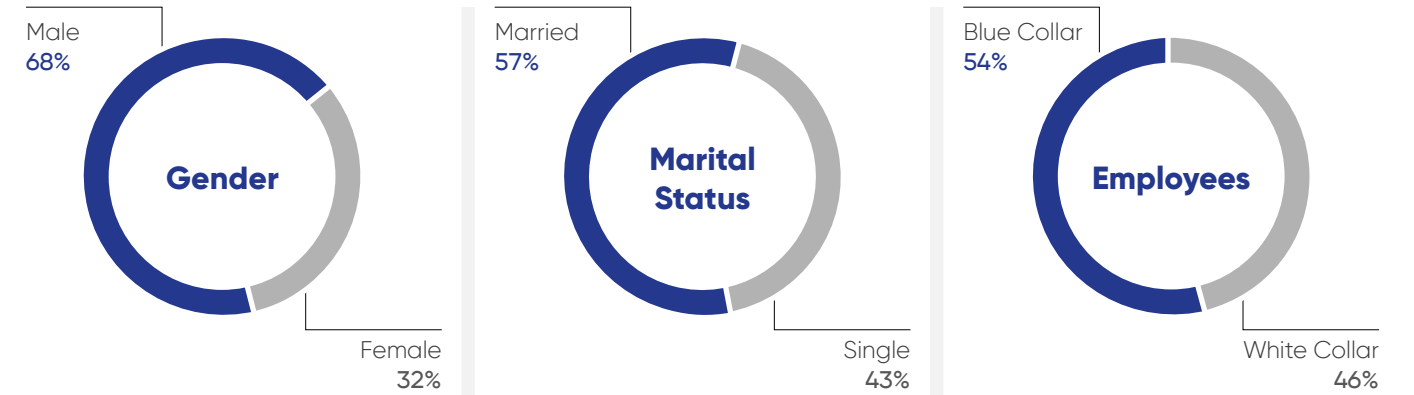
Motivation Practices

Employees' suggestions are carefully evaluated through the suggestion system, and applicable suggestions are implemented to improve processes. With the suggestion system called Super Idea, employees earn points and are rewarded for the ideas they propose individually or as a team.

Through the E.K.I.P "Entertainment, Culture and Communication Platform" established within the Company, employees come together to think about how to have more fun, how to be more cultured, how to communicate better, and generate ideas and find ways to realize them. Activities in line with the common interests of employees are carried out, and corporate social responsibility organizations aim to add value to the environment while reinforcing friendships in the workplace.

In 2022, Doğanlar Furniture Group,

- Implemented internal communication activities to enhance the communication of employees within the organization,
- Started to create building blocks to implement a development-oriented performance management system,
- Conducted employee satisfaction surveys and created action plans,
- Started working on the implementation of a corporate culture project in order to embark on a journey of transformation where cultural principles are embraced by everyone,
- Started to create the infrastructure of the academy to be established to create a structure that supports continuous development and inspires its environment in this context,
- Conducted training programs that ensure the development of employees and increase motivation,
- Provided internship opportunities to students.



As of December 31, 2022, Doğanlar Furniture Group has 2,525 employees. The Company's 1,201 employees are covered by Öz Ağaç-İş labor union. Collective Labor Agreement negotiations between the Company and Öz-Ağaç İş Labor Union resulted in an agreement, and a 3-year Collective Labor Agreement was signed and entered into force effective from 01.01.2022.

The company provides its employees with the opportunity to benefit from Private Health Insurance within the scope of social benefits. As part of this insurance, the spouses, dependents, and children of the employees are provided with the opportunity to benefit from this right. Nursery assistance is provided to working women with children who are covered by the union. In addition, social benefits such as transportation and food are provided.

What Will Be Done in 2023 in the Field of Human Resources?

Doğanlar Furniture Group Human Resources continues to work with the strategies of strengthening organizational competencies, designing the employee experience for happy and loyal employees, and creating an employer brand. Focusing on these 3 main strategies, the Company aims to realize its projects for the years 2023-2027. In 2023, the activities planned in the field of Human Resources include the transformation of the corporate culture, finalization of business analyses and completion of business outputs, conducting job valuation studies within the company and determining the grades of positions, establishing talent management, developing a performance management system and its adoption by employees, establishing and launching the Academy, defining flexible working and benefit packages, which are among the actions to ensure that employees are happy, building a rewarding system, and expanding the feedback culture.

Doğanlar Furniture Group acts to maintain its financial sustainability by identifying environmental, social, ethical, and governance risks and transforming opportunities into value.

Sustainability Approach

In addition to its current activities, Doğanlar Furniture Group attaches great importance to sustainability to create value for today and the future, and within this scope, it takes steps and implements projects that will bring about meaningful and beneficial changes in the society in terms of

- Environmental sensitivity
- Waste management
- Energy efficiency
- Responsible sourcing
- Gender equality
- Transparency.

The Company acts to maintain its financial sustainability as well by identifying environmental, social, ethical, and governance risks and transforming opportunities into value.




















Sustainability Strategy and Targets





A. Our Environmental Sustainability Strategies and Targets

Short-Term Strategies	Sustainable Development Goal
Establishing a zero waste system and obtaining zero waste certificates	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Reporting and verification of carbon footprint and announcing the Company's carbon footprint reduction targets and related achievements	13 CLIMATE ACTION
Water footprint reporting	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER
Medium-Term Strategies	Sustainable Development Goal
Environmental sustainability assessment of suppliers	11 SUSTAINABLE CITIES AND COMMUNITIES
Composting (manure production) for organic wastes (cafeteria, etc.)	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Implement carbon pricing and consider this price when making investment decisions (carbon tax and carbon emission trading system)	13 CLIMATE ACTION
Choose vehicle fleets in a way that allows the use of alternative, low-carbon, or renewable fuels and ensure their improvement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Set and realize targets to reduce energy and resource intensity in production and use	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Reduce consumption of plastic packaging	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Installation of SPP system (Renewable energy investments)	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Long-Term Strategies	Sustainable Development Goal
Net Zero Target (Carbon neutral)	13 CLIMATE ACTION
Participate in RE100 initiative (Renewable energy)	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Investigate how to recoup the value of a product when it reaches the end of its life	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Reduce the need for new resources and waste disposal by extending product life, repairing, reusing, remanufacturing, and recycling	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Go towards green investments	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION


Sustainability Approach

B. Our Social Sustainability Strategies and Targets

Short-Term Strategies	Sustainable Development Goal
Participate in initiatives such as Business for Peace and Business for the Rule of Law	
Improvements in workplace health and safety	
Join GBCHealth (a network of companies and organizations committed to creating a healthier world for their employees and communities)	
Join the Global Education Alliance (an organization that brings the business world together to accelerate progress to ensure quality education for every child)	
Participate in the Women's Empowerment Principles	
Implementation of a zero tolerance policy against discrimination at the workplace	 
Develop emergency plans (disaster, weather events, etc.)	
Prepare a strict anti-bribery and anti-corruption program by establishing a code of ethics	
Medium-Term Strategies	Sustainable Development Goal
Including women-owned businesses and SMEs in the supply chain	 
Reduce the amount of organic waste	
Apply for employee support programs	 
Investments to increase the physical activity of employees (sports, etc.)	
Create opportunities for low-wage workers to improve their skills and gain access to improved employment opportunities within and outside the sector	
Choose or develop products that improve the energy efficiency of offices, including lighting, ventilation, heating, and cooling	

Long-Term Strategies	Sustainable Development Goal
Provide training and support opportunities to women entrepreneurs and small business owners and include them in the value chain	
Provide internship opportunities for young people from disadvantaged groups to increase social mobility and enhance company performance through increased workforce diversity	
Increase access to technologies and innovations that can benefit underserved markets and communities	 

C. Our Economic Sustainability Strategies and Targets

Short-Term Strategies	Sustainable Development Goal
Develop policies to prevent corruption and bribery	
Medium-Term Strategies	Sustainable Development Goal
Investigating consumers in depth and conducting product testing that can elicit a positive response in the marketplace	
Create more jobs and prevent unemployment	
Ensure equal opportunity among employees	
Long-Term Strategies	Sustainable Development Goal
Incorporate innovation and R&D studies into production processes through technology, applications, and knowledge	
Go towards green investments	

Sustainability Approach

Doğanlar Furniture Group's Sustainability Priorities

Environmentally Friendly Practices

Doğanlar Furniture Group's most important target is to ensure the protection of people, society, and the environment in its investments, to develop efficient and creative business models, to meet the expectations of future generations with environmentally friendly and value-added products by prioritizing environmental sustainability in all its activities with the awareness that natural resources are not unlimited.

Climate Action

To define the impacts of climate change from a global, sectoral, and organizational perspective and to mitigate these impacts, necessary compliance efforts are being carried out.

Sustainable Product Design

The Company aims to design products that use materials from sustainable sources, as well as to conduct sustainable production and distribution, reducing the use of energy and limited resources from start to finish.

Inclusion and Diversity

The Company develops practices to ensure that individuals are not discriminated based on gender, ethnicity, religion, sexual orientation, age, etc. in the work environment and throughout the value chain.

Social Responsibility

To take part in social projects that add value to people and the environment, the Company continues to work in its activity fields through initiatives that will develop the local community and provide financial support for those in need and through donations to various foundations.

Occupational Health and Safety

Production conditions that eliminate the risks in our operating sectors within the scope of occupational health and safety are created, and all measures are taken in all group companies as per the Occupational Health and Safety Law No. 6331, Labor Law No. 4857, and the regulations and legal obligations related to these Laws.

R&D, Innovation and Technology

To provide products and services by creating value for all stakeholders, R&D and innovation are emphasized in all operating sectors and technological innovations are adapted to business processes.

Doğanlar Furniture Group's Sustainability Activities in 2022

- Projects were carried out for the zero waste system and inventory work was completed.
- Work was made to purchase money-box sets.
- Within the scope of the project, which aims to develop mattresses that will open the doors to comfortable and healthy sleep for people, it was decided to employ 1 physiotherapist at each Lova Sleep store in the new year.
- A project to collect rainwater and utilize it for irrigation purposes was initiated.
- An audit was carried out in 2022 by an institution authorized under the Amfori BSCI Social Compliance Certificate.
- Mattress production was started using yarns produced by 100% recycling of plastic waste collected from the oceans.



Sustainability Principles Compliance Framework

If the compliance with the principles status is determined as "Yes" or "Partially", the report details/link to the information disclosed to the public should be included.

Explanations on compliance with the principles status are included in the "Explanation" column.

The scope of the requested information presented as consolidated or solo should be stated in the "Explanation" column.

	Compliance Status				Explanation	Report Details (Page Number Also Needed)/Link to the Information Disclosed to Public
	Yes	No	Partially	Irrelevant		
A. General Principles						
A1. Strategy, Policy and Targets						
A1.1		X			Prioritization Analysis and Existing Status Analysis processes are ongoing and risks, opportunities, and policies will be established subsequently.	
			X		Employee Rights Policy, Remuneration Policy, Information Policy, and Donation and Aid Policies are available.	https://www.doganlarmobilyagrubu.com/policies
A1.2		X			Existing Situation Analysis studies are ongoing and studies for ESG policy targets are planned to be carried out in 2023.	
A2. Implementation/Monitoring						
A2.1		X			In 2023, the Sustainability Committee establishment is planned.	
		X			In 2023, the Sustainability Committee establishment is planned. Necessary reporting will be done after the committee is established.	
A2.2		X			After the Existing Situation Analysis studies are completed and ESG targets are determined, implementation and action plans will be created.	
A2.3		X			Work is planned to be carried out in 2023 within the scope of ESG Key Performance Indicators (KPIs).	
A2.4		X			Innovation work will be initiated after identifying sustainability performance opportunities for products and services.	
A3. Reporting						
A3.1		X			In 2023, the sustainability report is planned to be published. All necessary information will be included in the report.	
A3.2		X			In the 2023 sustainability report, the Sustainable Development Goals will be mentioned in detail.	
A3.3				X	In 2022, there are no lawsuits filed and/or concluded against environmental, social and corporate governance issues.	
A4. Verification						
A4.1				X	Verification by independent third parties is not performed.	

	Compliance Status				Explanation	Report Details (Page Number Also Needed)/Link to the Information Disclosed to Public
	Yes	No	Partially	Irrelevant		
B. Environmental Principles						
B1			X		ISO 14001 Environmental Management System Certificate is available.	Annual Report/Documents and Certificates Received p.32
B2			X		The scope of the report, the reporting period, the reporting date, and the limitations on the reporting conditions were disclosed to the public regarding the environmental reports prepared in providing information on environmental management.	In 2023, the sustainability report is planned to be published. All necessary information will be included in the report.
B3					Described in A2.1.	
B4			X		Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers, and employees) were disclosed to the public.	After the targets are set, incentive work will be provided for the management of environmental issues, if deemed necessary.
B5			X		The manner in which the prioritized environmental issues were integrated into business goals and strategies was disclosed to the public.	Environmental issues will be detailed after the strategy and targets are set.
B6					Described in A2.4.	
B7				X	The manner in which environmental issues were managed throughout the partnership value chain, including the operational process, as to include suppliers and customers, and the manner in which they were integrated into business goals and strategies were disclosed to the public.	*Doğtaş and Kelebek brands have the FSC-COC: Forest Stewardship Council Chain of Custody Certification. The FSC-COC-0079754 certificate indicates that the product comes from well-managed logging and forests and that these products are different from products of uncontrolled logging. It shows the uninterrupted path of the product from the forest to the consumer, including production, transformation, and distribution stages. *Mattress production is carried out by working with a supplier that produces 100% recycled yarn.
B8				X	Whether the relevant organizations and non-governmental organizations were involved in the policy-making processes on the environment and the collaborations with these institutions and organizations were disclosed to the public.	We have an integrated management system policy. In this context, 14001 EMS processes are also available. In cooperation with some universities, R&D-Design projects are carried out within the scope of eco-design.
B9			X		Information on its environmental impacts in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) is periodically disclosed to the public in a comparable manner.	In 2023, the sustainability report is planned to be published. Environmental impacts will be included in detail in the light of energy management, water and wastewater management, waste management, and biodiversity impacts.
B10			X		The standard, protocol, methodology, and base year details used to collect and calculate its data were disclosed to the public.	In the 2023 sustainability report, data and calculation standards will be specified.
B11			X		The increase or decrease of environmental indicators for the report year comparatively with previous years was disclosed to the public.	In the sustainability report to be prepared in 2023, comparisons will be made in the light of data from 2022 and before.
B12			X		Short and long-term targets were determined to reduce its environmental impacts, and these targets together with their progress with respect to the targets determined in previous years were disclosed to the public.	Within the scope of climate change efforts, projects such as measuring and reducing carbon footprint, investing in renewable energy systems, and reducing natural resource consumption are ongoing. Detailed information is planned to be included in the sustainability report.
B13			X		A strategy to combat the climate crisis was prepared and the planned actions were disclosed to the public.	The strategy and actions to combat the climate crisis will be explained in 2023.
B14			X		Programs or procedures were established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	Work is underway on the relevant Supplier Sustainability Data Monitoring and Development Project.
			X		Actions were taken to reduce greenhouse gas emissions of third parties (such as suppliers, subcontractors, dealers) and these actions were disclosed to the public.	Work is underway on the relevant Supplier Sustainability Data Monitoring and Development Project.
B15			X		The environmental benefits/gains and cost savings of initiatives and projects aimed at reducing environmental impacts were disclosed to the public.	There are efforts made to reduce environmental impacts. The action will be disclosed after the project, environmental benefit/gain, and cost savings were identified.

Sustainability Principles Compliance Framework

	Compliance Status				Explanation	Report Details (Page Number Also Needed)/Link to the Information Disclosed to Public
	Yes	No	Partially	Irrelevant		
B16		X			In 2023, the scope will be determined following calculations.	
B17		X			Relevant data is recorded and will be included in the sustainability reporting.	
B18		X			Project studies for SPP systems are ongoing. Electric forklifts are preferred over diesel ones.	
B19		X			It is considered to initiate SPP project studies.	
B20		X			SPP project is planned to be initiated. In addition, energy consumption amounts are monitored annually. Carbon footprint calculations will be made for emission reduction purposes.	
B21		X			Domestic water consumption is available. Water quantity and source information is available and the procedure preparation is in progress.	
B22				X	We do not participate in any carbon pricing system.	
B23				X	We do not have carbon credits.	
B24				X	Carbon pricing is not yet implemented.	
B25		X			Environmental information on the facility is planned to be included in the sustainability report to be prepared in 2023.	
C. Social Principles						
C1. Human Rights and Employee Rights						
C1.1			X		We have an employee rights policy.	https://www.doganlarmobilyagrubu.com/policies
C1.2		X			Policy will be prepared.	
C1.3		X			Policy will be prepared.	
C1.4		X			Policy will be prepared.	
C1.5			X		Employees are offered training opportunities. There is an agreement with the union and daycare assistance is available for female employees.	Annual Report/Human Resources pp.86-89
		X			Policy will be prepared.	
			X		Employee satisfaction surveys are also conducted.	Annual Report/Human Resources pp.86-89

	Compliance Status				Explanation	Report Details (Page Number Also Needed)/Link to the Information Disclosed to Public
	Yes	No	Partially	Irrelevant		
C1.6	X				OHS policies are in place.	Annual Report/Human Resources pp.86-89
			X		The precautions and accident statistics are recorded.	
C1.7	X				Personal Data Protection and Processing Policy, as well as Privacy and Security Policy are available.	https://www.doganlarmobilyagrubu.com/Files/Footer/DGNMO%20KİŞİSEL%20VERİLERİN%20KORUNMASI.pdf https://www.doganlarmobilyagrubu.com/Files/Footer/dgnmo-gizlilikveguvenlik.pdf
C1.8		X			Policy will be prepared.	
C1.9						
C1.10		X			ESG policies are being prepared and necessary trainings will be provided later.	
C2. Stakeholders, International Standards and Initiatives						
C2.1		X			A customer satisfaction policy regarding the management and resolution of customer complaints is set and publicly disclosed.	A procedure is being prepared by the Quality and Customer Operations unit.
C2.2			X		Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	https://www.doganlarmobilyagrubu.com/social-responsibility
C2.3		X			International reporting standards adopted were explained in reports.	Efforts to comply with CDP and GRI standards are ongoing.
C2.4	X				Principles adopted regarding sustainability, international organizations, committees and principles to which we are a signatories or members were disclosed to the public.	https://www.doganlarmobilyagrubu.com/en
C2.5		X			Improvements were made and studies were carried out to be included in the sustainability indices of Borsa Istanbul and/or international index providers.	Efforts are underway to be included in the Borsa Istanbul Sustainability Index.
D. Corporate Governance Principles						
D1		X			Stakeholders were consulted when determining measures and strategies regarding sustainability.	As Doğanlar Furniture Group, within the framework of the surveys conducted with our customers, suppliers, and employees, who are our stakeholders, their opinions and suggestions are received and the sustainability of the company is ensured in this direction. In addition, studies were carried out within the stakeholder analyses, and stakeholder surveys were created.
D2			X		Studies were made on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities, and training.	The "Guest Paw" project, which the company launched in its stores in the past years for street animals, continues at the same pace. Doğanlar Furniture Group supports the clean and safe feeding of cats and dogs with food and water bowls placed in front of its stores and is also among the regular donors of HAYTAP's "Retired Animals Farm". Furthermore, with our "Paw Guarantee" project, we provide a 1-year paw guarantee (free replacement) for the sofa covers, provided that there is a certificate of adoption from the animal shelter.

In 2022, **zero waste equipment was positioned** and application for zero waste certificate was made.

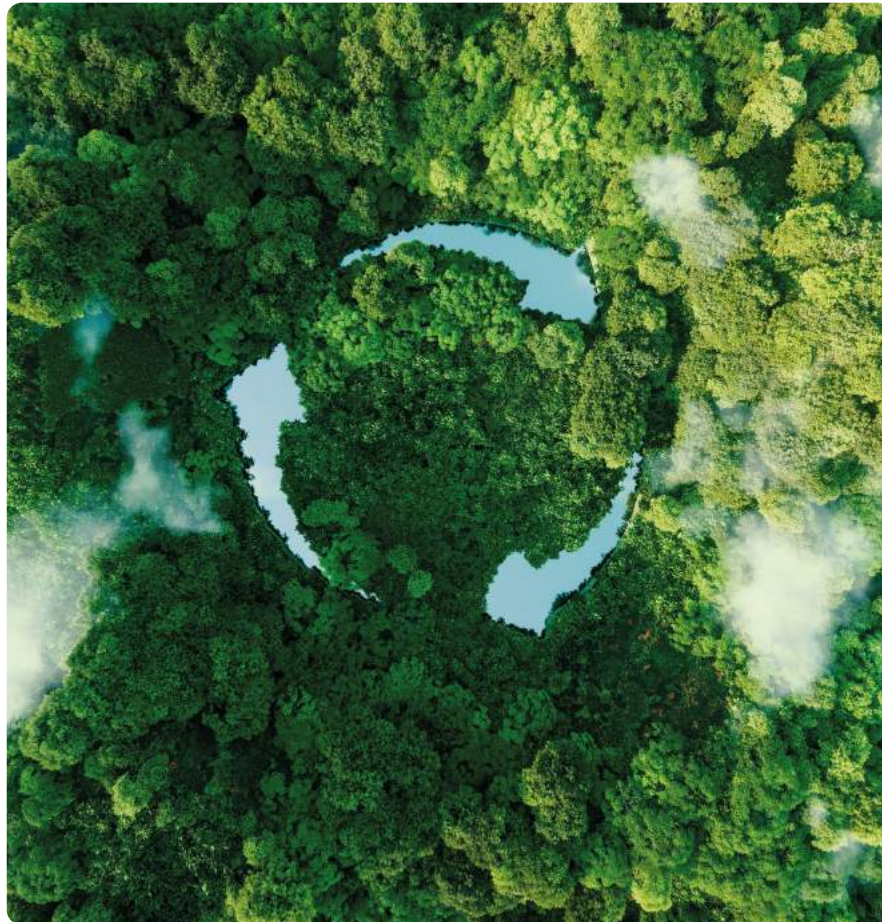
Environment

Environmental Policy

Doğanlar Furniture Group carried out many activities in the field of environment in 2022.

- Water treatment was revised.
- A filter system was installed in existing dispensers to improve drinking water quality.
- Zero waste equipment was positioned and application for zero waste certificate was made.
- Work continued on waste reduction and quantities related to waste generated from production.
- Emission measurements were made in chimneys.
- Waste water analysis is performed every 2 months.
- Drinking water is analyzed once a month.

In 2023, the Company plans to conduct a Zero Waste System Study, measure its carbon and water footprint, reduce the use of plastic packaging, implement SPP projects, utilize organic waste for composting, and increase the ratio of environmentally friendly and sustainable products.



Doğanlar Furniture Group attaches utmost importance to the health and safety of its employees and implements the Occupational Health and Safety Policy with the goal of zero work accidents.

Occupational Health and Safety

Doğanlar Furniture Group aims to organize trainings that will create awareness on occupational safety in 2023.



Doğanlar Furniture Group attaches utmost importance to the health and safety of its employees and implements the Occupational Health and Safety Policy with the goal of zero work accidents. The Company's OHS Policy is designed to minimize the occurrence of work accidents and occupational diseases, ensure ergonomic improvement, provide a safer working environment, minimize risks, and enhance existing investments.

OHS Activities in 2022

- Environment Measurements
- Periodic Controls
- Daily Checks
- Business Inspector Audit
- Amazon Audit
- Environmental Activities
- Fire trainings -Drills

- Lean Works
- Vocational Trainings
- Field Trainings
- TSE Audits
- Work leave system
- Revision of explosion protection document
- Activities of occupational safety committee members
- Controls and periodic maintenance of fire extinguishers
- New settlement-construction activities
- QDMS

In 2023, the Company continues its efforts with the goal of separating waste, renewing risk values, organizing trainings to raise awareness about occupational safety, reducing work accidents, and conducting toolbox talks.

Doğanlar Furniture Group established a special department to work on sustainability and the environment, under its roof.

Corporate Social Responsibility Projects

Doğanlar Furniture Group established a special department to work on sustainability and the environment, under its roof. Continuing to work on what can be done for social benefit, Doğanlar Furniture Group conducts all its work in this field on comprehensive projects starting from the Company's building to management and human resources processes.

Doğanlar Furniture Group aims to adopt sustainable projects on topics such as women and the environment by 2023. It aims to carry CSR activities not only to organizations outside the company, but also within the company by trying to enhance the proportion of women in lower management levels.

Doğanlar Furniture Group maintains the "Guest Paw" project, which it launched in its stores in the past years for street animals, at the same pace. Supporting the clean and safe feeding of cats and dogs with food and water bowls placed in front of the stores, it takes part among the regular donors of HAYTAP's "Retired Animals Farm" as well. Furthermore, with the "Paw Guarantee" project, it provides a 1-year paw guarantee for the sofa covers, provided that there is a certificate of adoption from the animal shelter.

Doğanlar Furniture Group signed an agreement with Düzce Chamber of Commerce and Industry for the "Women's Hand in Industry Project". Within the scope of the project, it aims to give support for educated women who are eager to work but were unable to participate in employment to be evaluated for qualified employment needs in the industry, thus meeting the employment deficit.

Doğanlar Furniture Group participated in the 44th Istanbul Marathon with its team, supporting the 1-year education of 8 children with autism.

Doğanlar Furniture Group participated in the 44th Istanbul Marathon with its team, supporting the 1-year education of 8 children with autism.

ALTIN KALPLERE KRİSTAL ELMA



Barınaklardan hayvan sahiplenenlerin mobilyalarını sigortaladığımız **Pati Garantisi Projemiz ile Sosyal Sorumluluk Kategorisinde Kristal Elma kazandık!**

Board of Directors Committees and Evaluation of the Board of Directors

Structure and Formation of the Board of Directors and Independent Members

Turkish Commercial Code, Capital Markets Law, CMB Regulations and Decisions are followed in the formation and election of the Board of Directors. The principles regarding the subject are also included in our Articles of Association. The Board of Directors consists of seven members elected by its General Assembly. There are 3 independent members on the Board of Directors. The statement, "The number of independent members in the Board of Directors may not be less than one third of the total number of members," stated in the Corporate Governance Communiqué of the CMB is complied with, and there are 43% of independent members in the Board of Directors.

In determining the members of the Company's Board of Directors, the aim is to establish a structure that will enable efficient and constructive work to be carried out, rapid and rational decisions to be made, the formation of committees and the effective organization of their activities. The members of the Board of Directors are qualified and experienced individuals with the required level of knowledge and skills.

In the current situation, Mr. İsmail Doğan, a member of the Company's Board of Directors, has also assumed the position of CEO. The majority of the board members are non-executive members. In the current Board of Directors structure, İsmail Doğan and Davut Doğan are Executive Board Members, while Şadan Doğan, Salih Tuncer Mutlucan, Berna Akyüz Öğüt, Mutlu Erturan, and Zeynep Yalim Uzun are Non-executive Board Members.

The members of the Company's Board of Directors are elected for a maximum term of three years in accordance with the Company's articles of association. Re-election of the Board members, whose terms expired, is possible. There are three female members in the Board of Directors and the ratio of female members is 43%.

A written statement is received from Independent Board members, that the board meets the "independence" requirement as per the Capital Markets Law, CMB Regulations and Decisions. As of the report date, there was no situation that caused the Independent Board Members to lose their independence.

Operating Principles of the Board of Directors

The Company's Board of Directors carries out its activities in a transparent, accountable, fair, and responsible manner in accordance with all matters determined by the Corporate Governance Principles. In accordance with Article 4.4.1. of the Corporate Governance Principles, the Board of Directors convenes as often as it can effectively fulfill its duties.

The Company's articles of association include the principles and frequency of the Board of Directors' meetings and the quorum for meetings and resolutions. In this context, the Board of Directors convenes in person or via teleconference within or outside the borders of the Republic of Türkiye upon invitation by the chairman or the vice chairman of the Board of Directors in cases where business requires it. As per the Company's articles of association, the quorum

for the Board of Directors meetings is satisfied by the presence of 4 (four) members at the meeting. Decisions at Board meetings are taken with ruling of at least 4 (four) Board members in favor of the decision, without prejudice to the cases where the affirmative votes of the majority of the Independent Board Members are required as per the Capital Markets legislation. Members do not have weighted voting rights.

Board Meetings are held at the company head office or at a convenient location in the city where the head office is located. However, with the Board decision, it is possible to hold the meetings in a place other than the Company headquarters. Each Board member has one voting right. Decisions taken at the meeting, matters discussed, and negative votes are recorded in the minutes of the meeting. Each Board member may request the chairman or vice chairman to add a new item to the agenda.

During the 2022 activity period, the Board of Directors convened 12 times and an attendance of 84% was ensured by the Board of Directors. The board adopted 93 resolutions regarding the items on the agenda.

Important Board Decisions are announced to the public via the Public Disclosure Platform (PDP).

The duties of Board members outside the Company are as follows:

Full Name:	Davut Doğan
Position:	Chairman of the Board of Directors
Duties Performed Outside of the Partnership	Doğanlar Holding A.Ş. Chairman of the Board, Furniture Associations Federation (MOSFED) Vice Chairman, Turkish Woodworking Industrialists' Union Vice Chairman
Full Name:	Şadan Doğan
Position:	Vice Chairman of the Board of Directors
Duties Performed Outside of the Partnership	Chairman of Boards of Directors of Biga Chamber of Commerce and Industry and Biga Organized Industrial Zone, Member of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) European Union Harmonization Commission
Full Name:	İsmail Doğan
Position:	Board Member
Duties Performed Outside of the Partnership	
Full Name:	Salih Tuncer Mutlucan
Position:	Board Member
Duties Performed Outside of the Partnership	Doğanlar Yatırım Holding A.Ş. Board Member, Biotrend Çevre ve Enerji Yatırımları A.Ş. Board Member, Astor Enerji A.Ş. Independent Board Member
Full Name:	Mutlu Erturan
Position:	Independent Board Member
Duties Performed Outside of the Partnership	HLY Aromaterapi CEO
Full Name:	Berna Akyüz Öğüt
Position:	Independent Board Member
Duties Performed Outside of the Partnership	LCW Mağazacılık General Manager, LCW Member of the Board of Directors
Full Name:	Zeynep Yalim Uzun
Position:	Independent Board Member
Duties Performed Outside of the Partnership	Mavi Giyim Sanayi ve Ticaret A.Ş. Independent Board Member

Board of Directors Committees and Evaluation of the Board of Directors

Committees of the Board of Directors

Audit Committee

Full Name Position

Zeynep YALIM UZUN	Chairman (Independent Board Member)
Mutlu ERTURAN	Member (Independent Board Member)

Corporate Governance Committee

Full Name Position

Mutlu ERTURAN	Chairman (Independent Board Member)
S. Tuncer MUTLUCAN	Member
Elif YILMAZ	Member
Aysun VARDAN	Member

Early Detection of Risk Committee

Full Name Position

Berna AKYÜZ ÖĞÜT	Chairman (Independent Board Member)
Zeynep YALIM UZUN	Member (Independent Board Member)
Salih Tuncer MUTLUCAN	Member

Operating Principles of the Committees

The Corporate Governance Principle No. 4.5.1 envisions that the Audit Committee, the Corporate Governance Committee, the Nomination Committee, the Early Detection of Risk Committee, and the Remuneration Committee are formed for the Board to properly fulfill its duties and responsibilities, but that, if a separate Nomination Committee and Remuneration Committee cannot be formed due to the structure of the Board, the Corporate Governance Committee can fulfill the duties of these committees. Accordingly, the Audit Committee, the Corporate Governance Committee, and the Early Detection of Risk Committee were established in the Company. The duties of the committees that are not present within the Board are carried out by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

As per the Corporate Governance Principle No. 4.5.3, all members of the Audit Committee and the chairmen of other committees should be elected from among the independent members of the Board. In this context, the chairman and member elections in the committees formed by the Board decision dated May 24, 2022 was made in accordance with the Corporate Governance Principles. Again, in accordance with the principles, the CEO and General Managers of the Company are not included in the committees.

To the Audit Committee: Zeynep Yalim Uzun, a non-executive Independent Board Member, was elected as the committee chairman, and Mutlu Erturan, a non-executive Independent Board Member, was elected as a committee member.

To the Corporate Governance Committee:

Mutlu Erturan, a non-executive Independent Board Member, was elected as the committee chairman, non-executive Board Member Salih Tuncer Mutlucan, Human Resources Director Elif Yılmaz, and Investor Relations Manager Aysun Vardan were elected as committee members.

To the Early Detection of Risk Committee:

Non-executive Independent Board Member Berna Akyüz Öğüt, non-executive Independent Board Member Zeynep Yalim Uzun, and non-executive Board Member Salih Tuncer Mutlucan were elected.

The Audit Committee audits the compliance of the annual and interim financial statements and footnotes to be disclosed to the public with current legislation and international accounting standards, takes the opinions of the Company's responsible managers and independent auditors regarding their accuracy and compliance with the reality and accounting principles followed by the Company, and notifies the Board in writing with its own evaluations. The Committee reviews the annual report to be disclosed to the public and reviews whether the information contained therein is correct and consistent with the information they have. The Committee generally monitors the operation and effectiveness of the Company's accounting system, public announcement and independent audit of financial information, and the internal control system. In 2022, the audit committee held 6 meetings with the members in office.

The Corporate Governance Committee aims to offer suggestions for the Company's corporate governance policies, to increase the quality of corporate governance practices, to inform the Board about the effective monitoring of corporate governance principles generally accepted in the CMB's legislation on the corporate governance principles and international capital markets and the implementation of the applicable ones; to carry out studies and to offer suggestions to the Board on the determination, evaluation, and training of suitable candidates for the Board of the Company; to determine the principles of remuneration for the Board Members and senior managers of the Company, and to carry out studies on early detection of risks that may jeopardize the existence, development, and continuity of the Company, as well as implementation of measures related to the identified risks and management of the risks. In 2022, the Company's corporate governance committee held 5 meetings with the members in office.

The Early Detection of Risk Committee

fulfills its duties to evaluate and define the possibilities and effects of all risks that may endanger the existence, development, and continuation of the Company, to create risk measurement models and review their effectiveness at least once a year, to inform the Board regarding the measurement and monitoring of risks and the use of risk factors in decision processes and make necessary warnings, and to give recommendations to the Board to

improve risk management practices and models. The Committee performs the necessary studies on the adoption and implementation of risk management policies and practices by all Company units and employees. It reviews the Company's risk management systems at least once a year and submits it to the Board. In 2022, the Early Detection of Risk Committee held 6 meetings with the members in office.

EVALUATION OF THE BOARD OF DIRECTORS ON THE OPERATING PRINCIPLES AND EFFECTIVENESS OF BOARD COMMITTEES

In line with the Corporate Governance Principles of the Capital Markets Board, the Corporate Governance Committee, the Audit Committee, and the Early Detection of Risk Committee were established by the Company in order for the Board of Directors to fulfill its tasks and responsibilities in a healthy manner.

Areas of responsibilities, working principles, and members of the committees were determined by the Board of Directors. The duties and operating principles of these committees were determined by the Board decision dated December 27, 2022. The Operating Principles of the Committees were disclosed to the public on the Public Disclosure Platform and in the "Investor Relations" section of the website www.doganlarmobilyagrubu.com.

Performance Evaluation of the Board of Directors is conducted once a year, and the evaluation of the individual performance of the Board Members, the measurement of the effectiveness of the Board Meetings, the evaluation of the Chairman and the CEO were completed within the scope of performance surveys.

In 2022, all Board Committees fulfilled their duties and responsibilities required to be fulfilled in accordance with the Corporate Governance Principles and their own Operating Principles.

Davut DOĞAN
Chairman of the
Board of
Directors

Şadan DOĞAN
Vice Chairman of
the Board of
Directors

Policies

Donation and Grants Policy

As stated in Article 38 of the Company's Articles of Association, Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. (Doğanlar Furniture Group) may make donations to various institutions, organizations, foundations, and associations with a decision to be taken by the General Assembly in a manner that will not hinder its own purpose and subject matter, provided that it does not contradict the regulations on disguised profit transfer of the Capital Markets Law as per the provisions of the Capital Markets legislation, the necessary material event disclosures are made, and the donations made during the year are presented to the information of shareholders at the General Assembly. The upper limit of the donations to be made is determined by the general assembly, no donations exceeding this limit may be made, and the donations made are added to the distributable profit base. Each year at the Ordinary General Assembly of the Company, the shareholders decide on the upper limit of donations to be made in that year.

Dividend Policy

For the distribution of retained earnings and payment of annual dividends, the Board of Directors submits a dividend distribution proposal to the General Assembly, taking into consideration the Company's performance that year, economic conditions, investments, and the Company's cash flow.

The Company's main policy is to pursue a balanced policy between the interests of the shareholders and the interests of the Company in line with the criteria determined in accordance with the Capital Markets Legislation.

Pursuant to Article 38 of the Articles of Association,

After deducting the amounts that must be paid or set aside by the Company such as general expenses of the Company and various depreciation and the taxes that must be paid by the legal entity of the Company from the revenues calculated at the end of the Company's activity period, the remaining profit for the period shown in the annual balance sheet shall be distributed as shown below, respectively, after deducting the losses of the previous years, if any:

General Legal Reserves:

a) 5% shall be set aside for legal reserves.

First Dividend:

b) The first dividend is set aside from the remaining, based on the amount to arise from adding the donations, if any, made within the year, within the framework of the dividend distribution policy to be determined by the general assembly and in accordance with the related legislation provisions.

c) After the above-mentioned deductions are made, a dividend in the amount of a percentage to be determined by the General Assembly is allocated to the members of the Board of Directors, excluding the Independent Board Members, to be divided among themselves.

Second Dividend:

d) The General Assembly is authorized to distribute fully or partially the remaining portion from the net period profit as second dividend after the amounts mentioned in paragraphs (a), (b) and (c) are deducted or as per article 521 of the Turkish Commercial Code to set aside as second reserve, at its own discretion.

General Legal Reserves:

e) A tenth of the amount found after the deduction of a 5% dividend paid to the shareholders from the portion that is resolved to be paid to shareholders and other participating entities shall be added to the general legal reserves in accordance with Paragraph 2 of the Article 519 of the TCC.

Unless the legal reserves are set aside and the dividend prescribed for the shareholders in the Articles of Association is distributed in cash or as stocks, resolving to set aside additional reserves, carrying over any profit to the upcoming year, and distributing dividends to board members, officers, employees and workers, foundations established for various purposes or similar other individuals and/or organizations shall not be allowed.

The dividend shall be distributed equally to all current shares regardless of their issue and acquisition dates. The manner and time of distribution of the dividend resolved to be distributed shall be decided by the General Assembly upon such proposal of the Board of Directors. As per these articles of association, the resolution for dividend distribution taken by the general assembly cannot be withdrawn. The manner and time of distribution of the dividend resolved to be distributed shall be decided by the General Assembly upon such proposal of the Board of Directors. As per these articles of association, the resolution for dividend distribution taken by the general assembly cannot be withdrawn.

The Company may make donations to various institutions, organizations, foundations, and associations with a decision to be taken by the General Assembly in a manner that will not hinder its own purpose and subject matter, provided that it does not contradict the regulations on disguised profit transfer of the capital markets law as per the provisions of the Capital Markets legislation, the necessary material event disclosures are made, and the donations made during the year are presented to the information of shareholders at the general assembly.

The upper limit of the donations to be made is determined by the general assembly, no donations exceeding this limit may be made, and the donations made are added to the distributable profit base. Unless the reserves required to be set aside by law and the first dividend determined for the shareholders in the articles of association are set aside, no decision may be made to set aside additional reserves, to carry over any profits to the following year, and to distribute dividends to the Board members, officers, servants, and workers.

Taking into account the provisions of the relevant legislation, the time and place of the dividend distribution resolved at the General Assembly is announced to the shareholders through a material event disclosure sent via the Public Disclosure Platform and announcement on the Company's website.

In line with the Capital Markets Legislation and CMB regulations and resolutions, our Company and our subsidiaries whose shares are traded on Borsa Istanbul submitted their dividend distribution policies for the information of their General Assemblies and disclosed them to the public.

Remuneration Policy

Rights provided to the members of the Board of Directors in our Company: The Chairman and members of the Board of Directors of our Company may be paid a monthly fixed fee/honorarium in return for their services in this capacity. The amount to be paid is determined at the general assembly meeting. In any case, independent board members are paid an amount sufficient to protect their independence, and payment plans based on the company's performance are not used in the remuneration of independent board members. Benefits provided to senior executives in our Company: Monthly Salary: It is determined depending on market and/or sector conditions, inflation development, the position, grade, qualifications, and individual performance of the manager and paid during the term of the employment contract. The Monthly Salary is reviewed once a year within the framework of the determined principles, taking into account the criteria that are the basis for determining the remuneration, unless there is a change in market conditions. It is determined by taking into consideration the information on market and/or sector conditions, the salaries received by the same level executives in similar companies in the sector in which the Company operates, the achievement of their targets and their future. In determining the individual performance level, factors that take into account the manager's approaches, working manner, and behaviors and the annual targets set by the manager together with his/her manager are taken into account at defined ratios.

Bonus: There is no bonus practice in our company. Premium: In the event that the Company exceeds a lower limit defined according to certain weights determined for the relevant calendar year and approved by the Board of Directors, it is determined by taking into account the general economic status, the Company's performance in the relevant year, and the individual performance of the employee. Various premium determination methods may be used when deemed necessary by the Board of Directors. There is currently no premium practice for senior executives in our Company.

Information Policy

1. General Framework and Purpose

The main purpose of the Information Policy of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. ("Doğanlar Furniture Group" or the "Company") is to ensure that necessary information and explanations, excluding trade secrets, are easily communicated to shareholders, investors, employees, customers, and other related parties in a timely, accurate, complete, and comprehensible manner at the lowest cost and under equal conditions. The Company, which has an active approach to the adoption and implementation of corporate governance principles, also makes the utmost effort to realize the requirements of the relevant legislation regarding public disclosure and information.

Policies

The Company complies with the Capital Markets Law No. 6362 ("CMB Law"), Turkish Commercial Code No. 6102 ("TCC"), capital markets legislation, other relevant legislation and regulations, and Borsa Istanbul A.Ş. ("BIST") regulations regarding public disclosure. The Company pays utmost attention to the realization of the principles of the Capital Markets Board ("CMB") included in the Corporate Governance Principles regulated in the Corporate Governance Communiqué in effect, which may be amended and replaced from time to time.

Doğanlar Furniture Group, which has an active approach to the adoption and implementation of corporate governance principles, also makes the utmost effort to realize the requirements of the relevant legislation regarding public disclosure and information. Within this scope, Doğanlar Furniture Group carries out a detailed information and public disclosure policy.

According to Article 42 of the Company's Articles of Association titled "Announcements of the Company,"

"Announcements of the Company shall be made in accordance with Article 35 of the Turkish Commercial Code and the provisions of the Capital Markets Law. With respect to the meetings of the General Assembly, the Company shall comply with the announcement periods and principles stipulated in the Turkish Commercial Code, the Capital Market Law, and the Corporate Governance Principles of the Capital Markets Board. Provisions of Article 474 of the Turkish Commercial Code shall be applied to announcements regarding the reduction of capital.

Upon approval and finalization by the General Assembly, the balance sheet, profit/loss statement, and the audit report shall be announced in the Turkish Trade Registry Gazette and other locations determined by the Capital Markets regulations, in the manner and principles stipulated by the legislation. The Board of Directors shall be obliged to submit the annual report and the audit report to the Capital Markets Board within thirty days following the General Assembly meeting."

Doğanlar Furniture Group's Information Policy was prepared in accordance with Article 17 of the CMB's Communiqué on Material Events (II 15.1) and the Corporate Governance Communiqué (II-17.1) and is announced to all stakeholders via the Company's website (www.doganlarmobilyagrubu.com).

2. Powers/Functions and Responsibility

The information policy was created by the Board of Directors within the framework of the CMB Corporate Governance Principles and submitted to the information of shareholders as a separate item on the agenda of the Company's general assembly meeting. The Board of Directors is authorized and responsible for monitoring, supervising, developing and making necessary updates and amendments to the public disclosure and information policy of Doğanlar Furniture Group. Amendments to the Information Policy are published on the Company's website (www.doganlarmobilyagrubu.com) following the approval of the Board of Directors.

The Investor Relations Department was assigned to coordinate the disclosure function. These officials fulfill their responsibilities in close cooperation with the Audit Committee and the Board of Directors. All questions on the principles and procedures governing the implementation of this Policy should be submitted to the Investor Relations Department.

3. Methods and Means Used in Public Disclosure

The activities carried out and the means and methods used for public disclosure within the framework of capital markets legislation, TCC, and other relevant legislation are given below:

- Financial statements, independent auditor's report, and statements periodically entered in the Public Disclosure Platform ("PDP")
- Annual Reports
- Company's Corporate Website (www.doganlarmobilyagrubu.com)
- Material event disclosure forms
- Announcements and notices made through the Turkish Trade Registry Gazette and daily newspapers
- Methods of communication made by communication means such as telephone, e-mail, fax.

4. Persons with Administrative Responsibility and Authorization to Make Public Disclosures

"Persons with Administrative Responsibility," as per the capital market regulations, are defined as (i) the Board Members of the Company and (ii) persons who have direct or indirect regular access to the Company's insider information, and who are authorized to take administrative decisions that affect the Company's future development and commercial goals, although they are not Board Members.

While determining the persons with administrative responsibility, the duties of these persons within the Company organization and the content of the information accessed by these persons are taken as criteria. Within this scope, Doğanlar Furniture Group's Board Members, General Manager, and Executive Finance department managers are identified as persons with administrative responsibility and regular access to insider information.

Accordingly, managers and other personnel who do not have information that can affect the value of capital market instruments and the investment decisions of investors, in other words, who only have information about a part of the Company and have limited information about the whole, are not considered as persons with administrative responsibility and access to insider information.

Unless otherwise stipulated in this Information Policy, the persons authorized to make public disclosures about the Company are the Executive Board Members, the CEO, and the Investor Relations Department.

In principle, material event disclosures are signed and submitted to the relevant authorities by persons who are responsible for financial reporting and hold "qualified electronic certificates". The persons responsible for making material event disclosures are determined from the persons authorized to represent and bind the Company.

5. Investor Relations Department

Doğanlar Furniture Group fulfills all obligations arising from the Turkish Commercial Code and capital markets legislation under the supervision of the Investor Relations Department established within the CFO in line with the CMB Corporate Governance Communiqué.

In addition to the Company's organs, the "Investor Relations Department", which was established as required by the legislation, plays an active role in protecting and facilitating the exercise of shareholders' rights, particularly the right to obtain and review information.

The Investor Relations Section of the Company's Corporate Website (www.doganlarmobilyagrubu.com) contains information and data about the Company within the scope of the corporate governance profile. The Company's Corporate Website (www.doganlarmobilyagrubu.com) is monitored and kept up-to-date by the Investor Relations Department. The main activities carried out under the responsibility of the Investor Relations Department are summarized below.

a) To respond to shareholders' verbal and written requests for information about the Company, except for confidential and trade secret information that were not disclosed to the public.

b) To hold the General Assembly Meetings in accordance with the applicable legislation, Articles of Association, and other internal regulations.

c) To prepare documents that may be utilized by the shareholders at the General Assembly meetings.

d) To ensure that all matters related to public disclosure, including the legislation and the Company's Information Policy, are observed and monitored.

e) To keep shareholder records in a healthy, secure, and up-to-date manner.

f) To inform analysts who evaluate the Company.

g) To monitor the Company news to be published in the printed and visual media, information and explanations that may affect the value and price of capital market instruments or the investment of investors in coordination with the Corporate Communications Department and to check the information contained therein.

h) To make the information and explanations that may affect the exercise of shareholders' rights available to shareholders on the Company's Corporate Website (www.doganlarmobilyagrubu.com) in an up-to-date manner.

i) To inform the public by notifying the CRA through the PDP of the necessary material event disclosures in accordance with the CMB's Communiqué on Material Events in effect, which may be amended and replaced from time to time.

k) To follow the changes in the Capital Markets Law and related legislation and bring them to the attention of the relevant units of the Company.

Policies

6. Public Disclosure of Material Events

The disclosures required to be made within the capital markets legislation regarding material events consisting of insider or continuous information that may affect the value or price of capital market instruments or the investment decisions of investors are submitted to the Public Disclosure Platform electronically in due time. In addition, the disclosures sent to the PDP electronically are also published on the Company's Corporate Website (www.doganlarmobilyagrubu.com) within the period stipulated in the legislation after the public disclosure is made.

7. Measures Taken to Ensure the Confidentiality of the Said Information until the Public Disclosure of Material Events

Until the public disclosure of material events, the Company management is responsible for ensuring the confidentiality of said information. Within this scope, employees who have the relevant information may not share the information with third parties until the material event disclosure is made.

The Company may choose to postpone public disclosure of insider information to avoid any harm to its legitimate interests, provided that such an action will not mislead investors and will ensure confidentiality of such information. In such cases, the Company takes any measures to ensure confidentiality of insider information, pursuant to Capital Market Regulations. In case it is found that insider information was disclosed to third parties, a material event disclosure is made immediately if it is concluded that the confidentiality of the information cannot be ensured within the

scope of capital markets legislation and CMB regulations. Once the reasons for the deferment of public disclosure of insider information are disappeared, public disclosure is made in accordance with the legislation. In the disclosure to be made, the postponement decision and the underlying reasons are stated.

The Company informs directors and employees on the obligations specified in the law and relevant regulations regarding insider information, as well as on sanctions imposed in the event of misuse or dissemination of such information, via on-the-job training. The Company obtains a commitment for keeping insider information confidential, to prevent access to such information, by employees excluded from the list of persons accessing such information and third parties providing services, and takes necessary measures through similar methods. Persons who have access to insider information are informed in writing against signature regarding the sanctions related to the misuse or dissemination of this information, in a manner that ensures such persons agree to the obligations stipulated in the law and relevant regulations regarding insider information.

Additionally, to prevent unauthorized disclosures regarding activity results, no information is shared with capital market participants about activity results and other issues that were not disclosed to the public during certain periods of the calendar year. This period is considered as the "Silent Period". During the Silent Period, Company officials do not express any opinion on the Company's financial status, except for information

disclosed to the public on behalf of the Company. Questions of capital market participants such as analysts and investors regarding the financial situation are not answered.

In the Silent Period, the members of the Board of Directors, the CEO and the Investor Relations Department, who are authorized to make public disclosures about the Company, may attend conferences, panels and similar events, give speeches, and provide interviews to the printed and visual media by complying with the confidentiality of insider information, and Investor Relations Department officials may attend investor meetings by complying with the rules of confidentiality of insider information. For the Company, the "Silent Period" begins two weeks prior to the date on which the financial statements and footnotes for all financial accounting periods are publicly announced and ends when the relevant financial statements and footnotes are publicly announced.

8. Principles Regarding Press Releases, Briefing Sessions, Presentations and Reports Disclosed at Briefing Sessions

Press releases are made through printed and visual media when necessary. Executive Board Members, the CEO and the Investor Relations Department are authorized to make press releases about the Company to the printed and visual media. Prior to or simultaneously with the public disclosure of the matters subject to material events, a disclosure is also made on the Public Disclosure Platform (PDP) and the said disclosure is also included on the Company's Corporate Website (www.doganlarmobilyagrubu.com).

Inquiries submitted to the Company by shareholders, investors and analysts are responded to by the Investor Relations Department via printed or verbal means or through briefing sessions, accurately and completely, with consideration of the principle of equality, in line with the information disclosed to the public. Information is provided to shareholders and other interested parties through investor meetings organized. These meetings, which are managed by the Investor Relations Department, are attended by the executives responsible for financial management and reporting and the managers of the Investor Relations Department. Presentations and reports used in these events may be published on the Company's corporate website (www.doganlarmobilyagrubu.com).

Upon request, the Investor Relations Department provides relevant information, particularly financial statements, to shareholders and organizations issuing research reports on the Company via e-mail.

From time to time, the Company may participate in national and international conferences or meetings in order to share information with investors and analysts. Presentations and reports used in these events may be published on the Company's corporate website (www.doganlarmobilyagrubu.com).

9. News and Rumors in the Press and Media

News and rumors about Doğanlar Furniture Group that appear in the press or on websites are monitored and tracked by a professional media monitoring agency. Within this framework, in the event that it is necessary to make a statement within the scope of the legislation on the disclosure of material events to the public, a statement is made by compiling the necessary information from the relevant units.

In the event of news or rumors that may affect the investment decisions of investors or the value of capital market instruments, that appear in the press and media organs or in the public, that do not originate from persons authorized to represent the company and that have a different content than the information previously disclosed to the public through material event disclosures, prospectuses, circulars, announcement texts approved by the CMB, financial reports, and other public disclosures, Doğanlar Furniture Group makes an explanation as to whether they are true and sufficient. However, it does not comment on comments, analyzes, evaluations, and forecasts made about the Company based on publicly disclosed information.

The Executive Board Members, the CEO, and the Investor Relations Department evaluate whether any news and rumors will have an impact on the value of the Company's shares and the decisions of investors, and they decide whether or not to make a material event disclosure. If

it is concluded that the news and rumors are likely to affect the value of the Company's shares and the decisions of investors, a material event disclosure is made. Executive Board Members, the CEO, and the Investor Relations Department are authorized to make these material event disclosures on behalf of the Company.

10. Principles for the Disclosure of Future Considerations

Considerations involving future plans and forecasts that are in the nature of insider information or provide investors with insights on the Company's future activities, financial standing, and performance, may be disclosed to the public, as per the principles specified in the Capital Market Regulations. If forward-looking information has been disclosed to the public, it is disclosed together with the assumptions and past realizations on which the assumptions are based. In the event that it is later realized that the forecasts for the future will not be realized to a significant extent, such information is reviewed and reorganized.

Future considerations are based on reasonable assumptions and forecasts. If there is a material difference between the matters previously disclosed to the public and actual matters, in the event of any deviations caused by unexpected risks and developments, announcements may be made to the public, including a statement on the reasons for such difference.

A resolution of the Board of Directors is taken to disclose the Company's future considerations.

Policies

In addition to material event disclosures, future considerations may be shared by using media organs, press meetings, press releases, national and international conferences and meetings or other means of communication, pursuant to the principles specified in the Capital Market Regulations.

11. Corporate Website

For public disclosure, as recommended by the CMB Corporate Governance Principles, the Company's corporate website at (www.doganlarmobilyagrubu.com) is actively used. The information in the Company's website does not replace the notification and material information required to be made pursuant to the provisions of capital market legislation. All public announcements made by the Company are accessible on the website. The website is accordingly configured and departmentalized. All measures are taken concerning the security of the website. The Website is organized in the content and form contemplated by CMB Corporate Governance Principles. The announcement concerning specifically held general assembly meetings, information document in respect of agenda topics, other information, document and reports related to agenda topics and information about general assembly participation methods are provided on the website, in an attention-grabbing way. The endeavors to develop the website are continuously maintained.

Integrated Management Systems Policy

We want to fulfill our "Mission" and achieve our "Vision" without compromising our "Values". We believe that success depends on the implementation and maintenance of management systems designed to continuously improve performance. Therefore, as a company, we declare that we have adopted;

- To meet and exceed the expectations of our customers,
- To ensure the continuity of feedback and resolve all kinds of complaints of our customers by keeping them under effective control,
- To carry out all our activities in accordance with the laws and all kinds of legislation conditions,
- To increase the competencies of our employees,
- To work for prevention of injuries and health deterioration,
- To reduce environmental impacts, work to prevent pollution in accordance with the context of the organization,
- To continuously reduce the amount of consumed energy without compromising the quality of its products and its production performance,
- To follow and implement technological developments,
- To provide necessary resources to effectively carry out the Integrated Management System,
- To continuously improve the effectiveness and performance of our Integrated Management System

as our Integrated Management Systems Policy and we undertake to carry out all our activities in accordance with this policy.

Employee Rights Policy

DGNMO is committed to operate first in accordance with the United Nations Universal Declaration of Human Rights and the Fundamental Conventions of the International Labor Organization, the International Labor Organization Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact United Nations Guiding Principles on Business and Human Rights based on these foundations, to respect universal human rights in all its operating regions and in all its activities, and to protect all rights of its employees by adopting national and international declarations, principles, conventions, and principles.

In the light of these basic principles, DGNMO develops working methods to implement and support the objectives under the Policy and to prevent human rights violations directly or indirectly. To this end, in accordance with its Code of Business Ethics, DGNMO adopts as a principle;

1.1 Diversity, Inclusion, Equality:

- To exhibit an equal attitude without any discrimination based on religion, language, race, ethnic origin, belief, sect, color, nationality or social origin, age, sexual orientation, gender, marital status, political opinion, union membership, being disadvantaged, and legally protected characteristics among employees at the workplace or in the processes of recruitment, dismissal, training, career, promotion, discipline, remuneration, performance evaluation, and social rights.

- To provide employees with and take all necessary measures for a safe working environment free from all forms of harassment, abuse, exploitation, intimidation or physical, verbal, sexual, digital, psychological violence, domestic violence due to remote working or workplace violence, and support them with procedures,

1.2 Working Conditions, Remuneration and Fringe Benefits:

- To work in accordance with the working hours and overtime provisions determined by the laws and regulations applicable to our subcontractors and business partners in all operating regions,
- To implement a policy of equal pay for equal work,

1.3 Occupational Health and Safety and Respect for the Environment:

- To provide and take the necessary measures for safe and healthy working environments for employees as well as all business partners and subcontractors in line with the "zero work accident" target, which is the basis of the occupational health and safety approach, in all operating regions and workplaces, to develop regulations in accordance with Occupational Health and Safety Legislation, and carry out awareness-raising activities through training and other means,
- To ensure that investment projects are analyzed in terms of their environmental and social impacts in line with international legislation within the framework of sustainable growth targets and legal responsibilities towards society and the environment,

1.4 Forced Labor:

- To develop procedures to ensure that its business partners and subcontractors also avoid all forms of child labor, forced and compulsory labor including modern slavery, bonded labor, and human trafficking, and to make efforts to evaluate the performance of its service providers within the scope of its commitments to international organizations,

1.5 Complaint Mechanism:

- To establish contractual arrangements and to set up whistleblower/compliant hotline mechanisms to monitor and safeguard suppliers' compliance to international and national legal requirements on human rights in supply chain practices,

1.6 Freedom of Unionization:

- To respect employees' freedom of unionization, freedom of expression, and freedom of collective bargaining in accordance with the legislation in all operating regions/ countries,
- Not to subject our employees who exercise their rights to any form of coercion or discrimination,

1.7 Work Life Privacy:

- To act in accordance with national and international regulations and practices of data protection authorities to protect the personal data of employees, business partners, subcontractors, and stakeholders.

1.8 Expectations from Stakeholders

All business partners, subcontractors, and stakeholders, including individuals and organizations acting on behalf of DGNMO, are expected to act in accordance with the Policy. Within this scope, the contracts made with all business partners and subcontractors include provisions for full compliance with the concepts in this Policy, as well as for employees of business partners and subcontractors to internalize and act in line with these principles.

DGNMO establishes a whistleblowing/complaint mechanism to ensure compliance with the Policy and regular follow-up of possible violations and suspicious situations within the scope of improvements and strives to evaluate the business processes of the parties from which it obtains services as part of its commitments to international organizations in terms of human rights.

Other Matters

Internal Audit and Internal Control Activities

An internal control mechanism was established by the Board of Directors.

Doğanlar Furniture Group Internal Control System has been structured in a way to ensure that all financial and operational risks related to the activities are continuously kept under control and at a reasonable level.

Thus, an Audit Committee was established within the Board of Directors. The audit committee assists the Board in overseeing the Company's accounting, finance, and auditing transactions. The Audit Committee reviews and evaluates the systems and processes developed by the Company on financial reporting, financial, operational, and activity risks, internal control, internal and independent external audit, and compliance with laws and regulations and makes recommendations to the Board.

Doğanlar Furniture Group internal audit activities are carried out with the contribution of the Audit Directorate and all employees. The purpose of internal audit activities are;

- Protection of the tangible and intangible assets of Doğanlar Furniture Group,
- Ensuring that activities are carried out in accordance with internal and external legislation,
- Strengthening internal control processes to increase effectiveness and efficiency in business processes,
- To ensure that corrective measures are taken in a timely manner.

Internal audit work is carried out within the scope of the quarterly audit plans/calendar prepared and updated over time by the Audit Directorate.

The findings, opinions, and suggestions determined as a result of the internal control work carried out by the audit unit are first shared and evaluated with those who carry out the activities. Thus, it is ensured that necessary complementary and preventive measures are taken and implemented quickly and that appropriate and applicable solutions that improve processes and activities are implemented swiftly. All work done is constantly monitored and evaluated by the Company management and internal audit unit, as well as process owners. The Board of Directors and the Audit Committee are periodically informed about the Internal Control System and Internal Audit activities.

Financial Rights Granted to the Members of the Board of Directors and Senior Managers

The Chairman and members of the Board of Directors of the Company may be paid a monthly fixed fee/ honorarium in return for their services in this capacity. The amount to be paid is determined at the General Assembly meeting. In any case, independent Board members are paid an amount sufficient to protect their independence, and payment plans based on the company's performance are not used in the remuneration of independent Board members.

Benefits provided to senior executives in the Company:

Monthly Salary: It is determined depending on market and/or sector conditions, inflation development, the position, grade, qualifications, and individual performance of the manager and paid during the term of the employment contract. The

Monthly Salary is reviewed once a year within the framework of the determined principles, taking into account the criteria that are the basis for determining the remuneration, unless there is a change in market conditions.

It is determined by taking into consideration the information on market and/or sector conditions, the salaries received by the same level executives in similar companies in the sector in which the Company operates, the achievement of their targets and their future.

In determining the individual performance level, factors that take into account the manager's approaches, working manner, and behaviors and the annual targets set by the manager with his/her manager are taken into account at defined ratios.

Bonus: There is no relevant practice in our company.

Premium: In the event that the Company exceeds a lower limit defined according to certain weights determined for the relevant calendar year and approved by the Board of Directors, it is determined by taking into account the general economic status, the Company's performance in the relevant year, and the individual performance of the employee. Various premium determination methods may be used when deemed necessary by the Board of Directors. There is currently no premium practice for senior executives in the Company.

The sum of benefits granted to the Members of the Board of Directors and Senior Managers are explained below.

	December 31, 2021	December 31, 2022
Benefits granted to the Members of the Board of Directors and Senior Managers	16,018,432	35,506,993

Changes Occurred Between Year-End and Report Preparation Period

Pursuant to the Board of Directors decision dated 17.02.2023 regarding the buy-back of Doğanlar Furniture Group shares, the following decisions were taken and announced on the Public Disclosure Platform.

i) To terminate the transactions regarding the buy-back of the Company's shares traded in Borsa Istanbul within the framework of our Company's Board of Directors decision dated 23.05.2018 and numbered 83/32, and to carry out the share buy-back transactions to be made by our Company as of the date of this Board of Directors decision as per the CMB's announcement dated 14.02.2023 and this Board of Directors decision,

ii) To carry out share buy-back transactions within the framework of the CMB's Communiqué on Repurchased Shares No. II-22.1 and the related announcement dated 14.02.2023 in order to protect the shareholders, to ensure that our share price is consistently formed in accordance with its real value, and to protect the trust of our investors in our Company, due to the fact that the price of our Company's traded shares does not reflect the real performance of our Company's activities,

iii) To set the fund to be allocated for the share buy-back at a maximum amount of TL 50,000,000 as to be covered from the Company's equity and set the maximum number of shares to be bought back as 5,000,000 shares,

iv) To make the necessary material event disclosures on the Public Disclosure Platform in relation to the share buy-back transactions and to present the issue to the information of shareholders by placing it on the agenda of the first General Assembly meeting of our Company,

v) Not to sell the bought back shares for 30 days as of the date of this announcement, to hold the bought back shares until the Board of Directors resolves to dispose of these shares if the amount of the bought back shares does not exceed ten percent of the Company's paid-in capital, and to dispose of them within a maximum period of 3 (three) years if the value of these shares exceeds 10% of the Company's paid-in capital, and

vi) To determine the maximum period foreseen for the share buy-back transactions to be realized as 3 (three) years starting from the date of our Company's Board of Directors decision dated 17.02.2023.

Rating Notes

Title of the rating agency	Date the rating was assigned	Long-term national rating	Whether it is investment grade
JCR Eurasia	28.04.2022	BBB (-)	Investment Grade

Changes in the Legislation in 2022

In 2022, there were no legislative changes that would significantly affect the Company's activities.

Information on Own Shares Repurchased by the Company

The company bought back shares in 2022.

Information on Lawsuits Filed Against the Company and Their Possible Outcomes that May Affect the Financial Status and Activities of the Company

There are no lawsuits filed that may impact the financial position or operations of the Company in 2022.

Explanations with Respect to Administrative or Legal Sanctions Imposed on the Bank, Members of the Board or Top Management in Connection with Acts or Procedures in Violation of the Codes

As the Company and the Board members do not have practices contrary to the provisions of the legislation, there are also no administrative and judicial sanctions against the Company and the Board members.

Other Matters

Information on Conflict of Interests Between the Institutions that the Company is Getting Services on Investment Consultancy and Rating and Measures Taken to Prevent Those

No situation that created a conflict of interest was observed during the period. In such service procurements, CMB legislation and all other legislative provisions are followed, and great care is taken to avoid a situation that could lead to a conflict of interest.

The capital adequacy status of the Company was evaluated under article 376 of the Turkish Commercial Code No. 6102 and the relevant legislation, and it was determined that the capital was not unrequited and at an adequate level.

The Company made donations and grants amounting to TL 100,000 during the year.

Although the Company is a subsidiary of the Company group, there is no legal action taken with the holding company, a subsidiary of the holding company, for the benefit of that company or a subsidiary with the guidance of the holding company and no measure taken or avoided for the benefit of the holding company or a subsidiary during the past year.

Nature and Amount of Capital Market Instruments Issued During the Period:

None

Commercial and Financial Relations with Indirect and Direct Subsidiaries:

It is set out in the Related Party Disclosures Footnote of the Consolidated Financial Statements and Private Independent Auditor Reports Dated December 31, 2022.

Significant Asset Purchase or Sale:

None

Main Factors Affecting the Performance of the Business and Significant Changes in the Operating Environment of the Business:

None

Amendments to the Articles of Association

With the decision of the Company's Board of Directors dated 15.11.2022 and numbered 86/179, it was decided to amend the Article 3 (Company Title), Article 4 (Company Headquarters), Article 5 (Duration of the Company), Article 6 (Capital and Shares), Article 7 (Issue of Shares), Article 8 (Indivisibility of Shares), Article 9 (Transfer of Shares), Article 10 (Increasing or Reducing the Capital), Article 11 (Board of Directors), Article 12 (Duties and Terms of Office of the Members of the Board of Directors), Article 13 (Vacancy in the Membership of the Board of Directors), Article 14 (Chairman and Vice Chairman of the Board of Directors), Article 15 (Meetings of the Board of Directors), Article 16 (Duties and Authorities of the Board of Directors), Article 17 (Transfer of the Board of Directors Management Authority), Article 18, Article 19, Article 20 (Members' Remuneration), Article 21 (Senior Management), Article 22 (CEO's Duties and Authorities), Article 23 (Selecting the Auditor), Article 24 (Auditor's Duties), Article 25 (General Assembly Meetings), Article 26

(Location of the Meeting), Article 27 (Notice for the Meeting), Article 28 (Meeting Quorum), Article 29 (Voting Rights), Article 30 (Representation), Article 31, Article 32, Article 33, Article 34 (Decision Quorum in General Assembly Meetings), Article 35, Article 36 (Participation in the General Assembly Meeting Through Electronic Setting), Article 37 (Company Accounts and the Account Year For the Distribution of Profits), Article 38 (Distribution of the Profit), Article 39 (General Reserves), Article 40 (Distribution of Dividends to Shareholders), Article 41 (Company Dissolution and Liquidation), Article 42 (Announcements With Respect to the Company), Article 43 (Transfer of the Limited Company with All Its Assets and Liabilities), Article 44 (Articles of Association to be Submitted to the Ministry), Article 45 (Legal Provisions) of the Company's Articles of Association; and on 18.11.2022, an application was made to the Capital Markets Board to obtain the appropriate opinion of the Capital Markets Board and the approval of the Capital Markets Board is being awaited.

OLD TEXT	NEW TEXT
COMPANY TITLE: ARTICLE: 3- The title of the company is "Doğanlar Mobilya Grubu İmalat Sanayi Ve Ticaret Anonim Şirketi."	COMPANY TITLE: ARTICLE: 3-The title of the company is "Doğanlar Mobilya Grubu İmalat Sanayi Ve Ticaret Anonim Şirketi." It will be briefly referred to as "the Company" in the Articles of Association.
COMPANY HEADQUARTERS ARTICLE: 4- The Company headquarters is in İstanbul. The Company may, with the decision of the Board of Directors and in accordance with the provisions of the Turkish Commercial Code, open, operate, and rent branches and facilities and establish representative offices both in Türkiye and in foreign countries.	COMPANY HEADQUARTERS ARTICLE: 4- The address of the Company headquarters is Idealtepe Mahallesi, Rifika Tongsir Caddesi, No: 107, Maltepe, İstanbul. In case of a change of address, the new address is registered with the Trade Registry and announced in the Turkish Trade Registry Gazette. It is also reported to the Ministry of Trade and the Capital Markets Board. The notification to be made to the registered and announced address shall be deemed to have been made to the Company. If the Company does not register its new address in due time although it has left its registered and announced address, it is considered as a reason for termination. The Company may open branches, representative offices, contact offices, correspondence offices, and bureaus in Türkiye and abroad, provided that it notifies the Ministry of Trade and the relevant official organizations, if required pursuant to the relevant legislation.
DURATION OF THE COMPANY: ARTICLE: 5- The Company has been established without a definite duration following its final incorporation.	TERM OF THE COMPANY: ARTICLE: 5- The Company has been established without a definite term following its incorporation.
II - CAPITAL AND SHARES: COMPANY CAPITAL: The Company adopted the registered capital system in accordance with the provisions of the Capital Market Law and implemented this system pursuant to the Capital Markets Board's permission No. 64 dated 31.01.1991. The shares representing the capital are registered and accounted for as per the principles of dematerialization. The registered capital ceiling of the Company is 500,000,000 Turkish lira divided into 50,000,000,000 shares each with a nominal value of 1 kuruş. The registered capital ceiling authorization granted by the Capital Markets Board is valid for the period 2020-2024 (5 years). Even if the registered capital ceiling is not reached by the end of 2024, in order for the board of directors to decide on a capital increase after 2024, the Board is required to obtain the authorization of the General Assembly for a new time period after obtaining the permission of the Capital Markets Board for the previously approved registered capital or a new registered capital level. Capital cannot be increased through a board of directors resolution in the event that it is unable to obtain this authorization. The issued and fully paid-up capital of the Company is TL 350,000,000. The issued capital of the Company is divided into a total of 35,000,000,000 shares, of which 19,256,976,700 shares with a nominal value of 1 kuruş each, worth TL 192,569,767 are registered shares and 15,743,023,300 shares with a nominal value of 1 kuruş each, worth TL 157,430,233 are bearer shares. Between the years 2020-2024, the Board of Directors is authorized to increase the issued capital up to the ceiling of the registered capital through rights issue or bonus issue at times it deems necessary, issue shares above or below nominal value, and limit preemptive rights in accordance with the provisions of the Capital Market Law and other legislation. Capital shares that are increased by capitalizing the general reserves or the funds of the Company shall be distributed to the Company shareholders as bonus shares in proportion to their shares.	CAPITAL: ARTICLE: 6- The Company adopted the registered capital system in accordance with the provisions of the Capital Market Law and implemented this system pursuant to the Capital Markets Board's permission No. 64 dated 31.01.1991. The shares representing the capital are registered and accounted for as per the principles of dematerialization. The registered capital ceiling of the Company is 500,000,000 Turkish lira divided into 50,000,000,000 shares each with a nominal value of 1 kuruş. The registered capital ceiling authorization granted by the Capital Markets Board is valid for the period 2020-2024 (5 years). Even if the registered capital ceiling is not reached by the end of 2024, in order for the board of directors to decide on a capital increase after 2024, the Board is required to obtain the authorization of the General Assembly for a new time period after obtaining the permission of the Capital Markets Board for the previously approved registered capital or a new registered capital level. Capital cannot be increased through a board of directors resolution in the event that it is unable to obtain this authorization. The issued and fully paid-up capital of the Company is TL 350,000,000. The issued capital of the Company is divided into 35,000,000,000 bearer shares, each with a nominal value of 1 kuruş, with a total value of TL 350,000,000. Between the years 2020-2024, the Board of Directors is authorized to increase the issued capital up to the ceiling of the registered capital through rights issue or bonus issue at times it deems necessary, issue shares above or below nominal value, and limit preemptive rights in accordance with the provisions of the Capital Market Law and other legislation. Capital shares that are increased by capitalizing the general reserves or the funds of the Company shall be distributed to the Company shareholders as bonus shares in proportion to their shares.

Other Matters

OLD TEXT	NEW TEXT
ISSUE OF SHARES:	BOARD OF DIRECTORS AND ITS TERM OF OFFICE:
ARTICLE: 7- The decision was made to cancel this article.	ARTICLE: 7- The business and administration of the Company shall be carried out by a Board of Directors consisting of at least 6 (six) and at most 10 (ten) persons to be elected by the General Assembly within the Turkish Commercial Code, capital markets legislation, and the regulations of the Capital Markets Board. The number and qualifications of the independent members appointed to the Board of Directors shall be determined in accordance with the capital markets legislation, particularly the regulations of the Capital Markets Board on corporate governance.
	Members of the Board of Directors are elected for a maximum of 3 (three) years. Members of the Board of Directors whose term of office expires may be re-elected. In case of a vacant membership in the Board of Directors, the Board of Directors shall assign a member temporarily for this vacant member position as to be submitted for the approval of the next General Assembly to be held and to serve until that meeting. The member whose appointment is approved by the General Assembly shall complete the term of office of his/her predecessor. The members of the Board of Directors may be dismissed at any time by a resolution of the General Assembly if there is a relevant item on the agenda or if there is a just cause even if there is no item on the agenda. If a legal entity is elected as a member of the Board of Directors, only one real person designated by the legal entity on behalf of the legal entity shall be registered and announced together with the legal entity. A legal entity that is a member of the Board of Directors may change the person registered on its behalf at any time, provided that such person is registered and announced by applying to the Company. In case of losing independence or resignation of an independent member or becoming incapable to carry out his/her duty, the regulations set forth in the capital markets legislation and the corporate governance principles of the Capital Markets Board shall be complied with.
	The Board of Directors elects a chairman and a vice chairman from among its members at its first meeting.
	Pursuant to the Turkish Commercial Code and capital markets legislation, the formation, duties, and working principles of the committees that the Board of Directors is obliged to establish, including the Early Detection of Risk Committee, shall be carried out in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board's regulations on corporate governance, and other relevant legislation. The Board of Directors shall establish committees and sub-committees on matters it deems necessary in accordance with the Turkish Commercial Code and capital markets legislation.
	Remuneration of the members of the Board of Directors shall be determined by the General Assembly. The General Assembly is authorized to grant financial rights other than remuneration to the members of the Board of Directors. The provisions of the capital markets legislation shall be complied with in determining the remuneration of the independent members of the Board of Directors.

OLD TEXT	NEW TEXT
INDIVISIBILITY OF SHARES:	MEETINGS OF THE BOARD OF DIRECTORS:
ARTICLE: 8- Every share is an indivisible entity with respect to the company. Article 477 of the Turkish Commercial Code shall apply.	ARTICLE: 8- The Board of Directors shall convene at least 6 (six) times a year and as required by the Company's business.
	Meetings of the Board of Directors may be held at the Company's headquarters or at any other place within or outside Türkiye upon the approval of at least the majority of the Board of Directors. The members may attend the Board of Directors Meetings physically or may attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the Communiqué on Assemblies of Commercial Companies to be held electronically other than the General Assemblies of Joint Stock Companies, the Company may establish an Electronic Meeting System that will enable the beneficiaries to participate and vote in these meetings electronically or may purchase services from systems established for this purpose. In the meetings to be held, it is ensured that the beneficiaries may use their rights in relevant legislation within the framework determined in the Communiqué provisions through the system established as by this provision of the Company's Articles of Association or through the system for which support service is to be obtained.
	Unless a request for holding a meeting is submitted by any of the members, the resolutions of the Board of Directors may also be taken by obtaining the written approval of the number of members constituting the quorum of the Board as specified in this Articles of Association to the proposal made by one of the members of the Board on a specific subject and written in the form of a resolution. However, in this case, it is a condition for validity of the resolution to be taken in this way that the same proposal is made to all members of the Board of Directors.
	The quorum for the meetings of the Board of Directors shall be the presence of the majority of the total number of members at the meeting. Resolutions at the Board of Directors meetings shall be adopted by the affirmative votes of the majority of the members present at the meeting in favor of the decision, without prejudice to the cases where the affirmative votes of the majority of the Independent Members of the Board of Directors is required pursuant to capital markets legislation.
	The relevant provisions of the Turkish Commercial Code and capital markets legislation shall apply to the matters such as the format, agenda, meeting invitation, voting, meeting and decision quorums for the meetings of the Board of Directors.
	Pursuant to Article 392 of the Turkish Commercial Code, each member of the Board of Directors may request information, ask questions, and make inquiries about all businesses and transactions of the Company. The rights of the members of the Board of Directors arising from Article 392 of the Turkish Commercial Code may not be restricted or abolished.

Other Matters

OLD TEXT	NEW TEXT
TRANSFER OF SHARES:	MANAGEMENT AND REPRESENTATION OF THE COMPANY:
ARTICLE: 9- Shares may be transferred freely, in compliance with the provisions of the Turkish Commercial Code and the Capital Market Law.	ARTICLE: 9- If not transferred, the Board of Directors shall be responsible for the management and representation of the Company against outsiders. Legal provisions are reserved. The Board of Directors is authorized to take decisions on all kinds of business and transactions necessary for the realization of the Company's operations, except for those that are within the authority of the General Assembly pursuant to the Turkish Commercial Code, capital markets legislation, other relevant legislation, and these Articles of Association.
	The Board of Directors may be authorized to transfer the management, in whole or in part, to one or more members of the Board of Directors or to a third party in accordance with an internal directive to be issued pursuant to Article 367 of the Turkish Commercial Code. This internal directive shall regulate the management of the company; it shall define the duties required for this purpose, indicate their location and, in particular, determine who reports to whom and who is obliged to provide information. The Board of Directors shall, upon request, inform the shareholders and creditors who convincingly demonstrate their interests worthy of protection, in writing, of this internal directive.
	In order for all documents to be issued and agreements to be concluded by the Company to be valid, they must bear the signature/s of the person or persons authorized to represent the Company placed under the Company's title. Pursuant to Article 370/2 of the Turkish Commercial Code, the Board of Directors may transfer its representation authority to one or more executive members or to third parties as managers. At least one board member must have representative authority.
	Unless the notarized copy of the decision indicating the persons authorized to represent and their representation forms is registered and announced in the trade registry, the transfer of the representation authority shall not be valid. Restriction of the representation authority shall not take effect against third parties in good faith; however, the registered and announced restrictions regarding the exclusive or joint use of the representation authority only for the affairs of the headquarters or a branch shall be valid.
	The board of directors may appoint non-representative members of the board of directors or persons bound to the company by a service contract as a commercial proxy or other commercial assistants with limited authority. The duties and authorities of the persons to be appointed in this manner shall be clearly determined in the internal directive to be prepared pursuant to Article 371/7 of the Turkish Commercial Code. In this case, the internal directive must be registered and announced. The authorized commercial proxy or other commercial assistants shall also be registered and announced in the trade registry.
	The duties and authorities of the Board of Directors set forth in Article 374 of the Turkish Commercial Code and the non-transferable duties and authorities set forth in Article 375 are reserved.

OLD TEXT	NEW TEXT
INCREASING OR REDUCING THE CAPITAL:	GENERAL ASSEMBLY:
ARTICLE: 10- The capital of the Company may be increased or reduced by the decision of the Board of Directors in accordance with the provisions of the Turkish Commercial Code, the Capital Market Law, and related legislation. In the case of a capital increase through issuing new shares, each shareholder is entitled to a preferential right to acquire new shares, and such shares shall be issued in proportion to the shares they hold on the issue date. The Board of Directors shall determine the terms and the time frame within which the preferential rights must be used in accordance with Article 461 of the Turkish Commercial Code.	ARTICLE: 10- Meeting time and place: The General Assembly of the Company holds ordinary or extraordinary meetings. Ordinary General Assembly meetings shall be held at least once (one) a year within 3 (three) months following each fiscal year of the Company, and extraordinary General Assembly meetings shall be held at the time and place required by the Company's operations and the relevant provisions of the Turkish Commercial Code and capital markets legislation. General Assembly meetings shall be held at the Company's headquarters or at a convenient place in the province where the Company's headquarters is located.
	10.1 Invitation to the Meeting: Invitations to General Assembly meetings shall be made in accordance with the provisions of the Turkish Commercial Code and the relevant provisions of the capital markets legislation regarding the invitation procedures and forms and the announcement periods. This invitation shall be made at least three weeks prior to the meeting date, excluding the announcement and meeting days. The information and documents stipulated in the relevant provisions of the Turkish Commercial Code and the capital markets legislation shall be announced on the public disclosure platform and other locations determined by the Capital Markets Board, as well as on the company's website at least three weeks before the general assembly meeting, excluding the announcement and meeting days, and shall be made available for the review of the shareholders.
	10.2 Rules Applicable to General Assembly Meetings:
	10.2.1 Voting Rights: Each share entitles its holder to 1 (one) vote. The right to attend and vote at the General Assembly shall not be conditional upon the shareholder depositing the documents proving that he/she is a shareholder or share certificates with the Company, a credit institution, or elsewhere.
	10.2.2 Representation: Shareholders may be represented at the General Assembly meetings by proxies who are not required to be shareholders, provided that the proxy representation regulations of the Turkish Commercial Code and capital markets legislation are complied with. In addition, proxies who are themselves shareholders shall have the right to vote for the shares they represent separately from their own shares. Letters of attorney will be issued in accordance with the provisions of the relevant capital markets legislation. The regulations of the capital markets legislation regarding voting by proxy and negotiation of material transactions shall be complied with.
	10.2.3 Conducting Negotiations and Quorum: The matters specified in the Turkish Commercial Code, capital markets legislation, and the regulations of the Capital Markets Board shall be negotiated and resolved at the General Assembly meetings of the Company. Matters that the Capital Markets Board requires to be negotiated or announced to the shareholders at the General Assembly meeting without complying with the principle of adherence to the agenda must be included in the agenda of the General Assembly. The meeting and decision quorums for the General Assembly meetings are subject to the Turkish Commercial Code, the provisions of capital markets legislation, and the corporate governance principles and other regulations of the Capital Markets Board.
	10.3 Electronic General Assembly: The beneficiaries who have the right to attend the General Assembly Meetings of the Company may also attend them by electronic means, pursuant to Article 1527 of the Turkish Commercial Code. The Company may set-up an Electronic General Assembly System allowing the beneficiaries to participate in General Assembly meetings, express opinions, share suggestions, and vote as per the terms of the "Regulation on the General Assembly Meetings to be held Electronically in Joint Stock Companies" or may purchase services from the systems designed for this purpose. In all General Assembly meetings, it shall be ensured that the beneficiaries and their representatives are able to exercise their rights specified in the provision of the aforementioned Regulation, through the system set-up as described under this provision of the Articles of Association.
	10.4 Presence of the Ministry Representative at Meetings: The Turkish Commercial Code, capital markets legislation, and related legislation provisions shall be complied with regarding the presence and duties of the Ministry Representative at the ordinary and extraordinary general assembly meetings.
	10.5 General Assembly Internal Directive: The working procedures and principles of the general assembly shall be determined by an internal directive approved by the general assembly, which is registered and announced.

Other Matters

OLD TEXT	NEW TEXT
III-BOARD OF DIRECTORS:	INFORMATION, PUBLIC DISCLOSURES AND ANNOUNCEMENTS:
ARTICLE: 11- The business and administration of the Company is conducted by a Board of Directors consisting of at least six (6) and at most 10 members to be elected by the General Assembly within the provisions of the Turkish Commercial Code and these Articles of Association. The number and qualifications of the Independent Members to be appointed to the Board of Directors are specified with respect to the regulations of Corporate Governance Principles of the Capital Markets Board.	ARTICLE: 11- The Company fulfills its obligations to provide information to the Capital Markets Board as per the procedures and principles set forth in the capital markets legislation. The financial statements and reports and independent audit reports stipulated to be issued by the Capital Markets Board shall be disclosed to the public in accordance with the relevant provisions of the Turkish Commercial Code and the procedures and principles set forth in the capital markets legislation. The Company's announcements are made in accordance with the Turkish Commercial Code, the capital markets legislation, and the provisions of the relevant legislation within specified periods and on time. Material event disclosures to be made as per the regulations of the Capital Markets Board and all kinds of disclosures to be stipulated by the Capital Markets Board shall be made within the specified periods and on time in accordance with the relevant legislation.
DUTIES AND TERMS OF OFFICE OF THE MEMBERS OF THE BOARD OF DIRECTORS:	DISTRIBUTION OF PROFITS:
ARTICLE: 12- The terms of office of the members of the Board of Directors are determined by the General Assembly. The provisions of the Turkish Commercial Code, the Capital Market Law, the Corporate Governance Principles of the Capital Markets Board, and other relevant legislation shall be complied with in determining the terms of office of the members of the Board of Directors and the Independent members of the Board of Directors. A member of the Board of Directors whose term of office has ended may be re-elected.	ARTICLE: 12- After deducting the amounts that must be paid or set aside by the Company such as general expenses of the Company and various depreciation and the taxes that must be paid by the legal entity of the Company from the revenues calculated at the end of the Company's activity period, the remaining profit for the period shown in the annual balance sheet shall be distributed as shown below, respectively, after deducting the losses of the previous years, if any: General Legal Reserves: a) 5% shall be set aside for legal reserves. First Dividend: b) The first dividend is set aside from the remaining, based on the amount to arise from adding the donations, if any, made within the year, within the framework of the dividend distribution policy to be determined by the general assembly and in accordance with the related legislation provisions. c) After the above-mentioned deductions are made, a dividend in the amount of a percentage to be determined by the General Assembly is allocated to the members of the Board of Directors excluding the Independent Board Members to be divided among themselves. Second Dividend: d) The General Assembly is authorized to distribute fully or partially the remaining portion from the net period profit as second dividend after the amounts mentioned in paragraphs (a), (b) and (c) are deducted or as per article 521 of the Turkish Commercial Code to set aside as second reserve, at its own discretion. General Legal Reserves: e) A tenth of the amount found after the deduction of a 5% dividend of the issued capital paid to the shareholders from the portion that is resolved to be paid to shareholders and other participating entities shall be added to the general legal reserves in accordance with Paragraph 2 of the Article 519 of the Turkish Commercial Code. Unless the reserves required to be set aside by law are set aside and the dividend determined for the shareholders in the articles of association is distributed in cash and/or in the form of shares, no decision may be made to set aside other reserves, to transfer profits to the following year or to distribute dividends to the members of the Board of Directors, officers, servants and workers, foundations established for various purposes and such persons and/or institutions. The dividend shall be distributed equally to all current shares regardless of their issue and acquisition dates. The manner and time of distribution of the dividend resolved to be distributed shall be decided by the General Assembly upon such proposal of the Board of Directors. As per these articles of association, the resolution for dividend distribution taken by the general assembly may not be withdrawn. The Company may make donations to various institutions, organizations, foundations, and associations with a decision to be taken by the General Assembly in a manner that will not hinder its own purpose and subject matter, provided that it does not contradict the regulations on disguised profit transfer of the capital markets law as per the provisions of the Capital Markets legislation, the necessary material event disclosures are made, and the donations made during the year are presented to the information of shareholders at the general assembly. The upper limit of the donations to be made is determined by the general assembly, no donations exceeding this limit may be made, and the donations made are added to the distributable profit base.

OLD TEXT	NEW TEXT
VACANCY IN THE MEMBERSHIP OF THE BOARD OF DIRECTORS	ISSUE OF CAPITAL MARKET INSTRUMENTS
ARTICLE: 13- If a vacancy occurs in the Board of Directors for any reason before the end of the terms of office of the members, the Board shall elect an eligible candidate possessing the legal requirements in accordance with Article 363 of the Turkish Commercial Code as a Member of the Board of Directors, to be submitted to the approval of the next General Assembly. The member of the Board of Directors approved by the General Assembly serves until the end of his or her predecessor's term of office.	ARTICLE: 13- The Company may issue capital market instruments to be sold at home and/or abroad within the framework of the capital markets legislation and the regulations of the Capital Markets Board. The Board of Directors is authorized indefinitely to issue bonds, commercial papers and other capital market instruments qualified as debt instruments in accordance with the provisions of the capital markets legislation and other relevant legislation.
THE CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS:	INDEPENDENT AUDIT:
ARTICLE: 14- The Board of Directors shall elect a chairman and a vice chairman from among its members. At meetings where both the chairman and the vice chairman are absent, a member elected by the Board of Directors from among themselves shall serve as chairman. The Chairman of the Board of Directors does not have a casting vote right.	ARTICLE: 14- The relevant articles of the Turkish Commercial Code and capital markets legislation shall apply to the auditing of the Company and other matters stipulated in the legislation and the selection of auditor. The financial statements and reports and independent audit reports stipulated to be issued by the Capital Markets Board shall be disclosed to the public in accordance with the relevant provisions of the Turkish Commercial Code and the procedures and principles set forth in the capital markets legislation.
MEETINGS OF THE BOARD OF DIRECTORS:	MINORITY RIGHTS:
ARTICLE: 15- In this context, the Board of Directors convenes in person or via teleconference within or outside the borders of the Republic of Türkiye upon invitation by the chairman or the vice chairman of the Board of Directors in cases where business requires it and at least 6 (six) times in a year. The Board of Directors shall be invited at least seven (7) business days prior to the date set for the meeting by invitation via fax, email, or by registered mail. The Chairman or the Vice Chairman of the Board of Directors forwards the information on the location, time, and agenda of the meeting to each member of the Board of Directors at least seven (7) business days prior to the date set for the meeting. Each Board member may request the chairman or vice chairman to add a new item to the agenda. In such a case, the chairman or vice chairman of the board calling the meeting makes the required addition to the agenda. With the agreement of all the members, Board of Directors meetings may be held without prior notice. The presence of a member of the Board of Directors at the meeting shall constitute evidence that such member has personally waived the due notification requirement. At the Board of Directors meetings, a meeting quorum is achieved by the attendance of four (4) members. Decisions at Board meetings are taken with ruling of at least 4 (four) Board members in favor of the decision, without prejudice to the cases where the affirmative votes of the majority of the Independent Board Members are required as per the Capital Markets legislation. Meetings of the Board of Directors are held with the personal attendance of the members at the meeting (including the teleconferencing system). If the members of the Board of Directors do not meet through personal attendance, a proposal of one member of the Board of Directors under Article 390 of the Turkish Commercial Code may be submitted to all other members of the Board of Directors, and if signed in favor by at least four (4) members, the resolution is deemed approved.	ARTICLE: 15- The minority rights of the shareholders constituting one twentieth of the capital and the exercise of these rights, which are regulated in Articles 360, 411, 420, 439, 486, 531, 559, and other articles of the Turkish Commercial Code, in the capital market legislation, Capital Markets Board regulations, and other relevant legislation, may not be restricted or prevented.
DUTIES AND AUTHORITIES OF THE BOARD OF DIRECTORS:	AMENDMENT OF THE ARTICLES OF ASSOCIATION:
ARTICLE: 16- The Board of Directors is responsible for the management of the company and its external representation. The Board of Directors may cede all or part of its representative authority of the Company it holds within the framework of Article 370 of the Turkish Commercial Code to one or more executive members who are also members of the Board, or it may grant this authority to directors of the company who are not required to become members of the Board, severally or jointly. At least one board member must have representative authority. In order for any documents or contracts to be issued on behalf of the Company and to make them binding commitments, they must carry the signatures of the persons who have been granted the authority of representation by the Board of Directors under the title or the stamp of the Company, pursuant to a decision taken by the Board of Directors in accordance with the Turkish Commercial Code.	ARTICLE: 16- All amendments to the Articles of Association require the prior approval of the Capital Markets Board and the permission of the Ministry of Trade. Amendments to the Articles of Association shall be decided at the General Assembly to be called in accordance with the Turkish Commercial Code, capital markets legislation, and the provisions of the Articles of Association, as per the capital markets legislation and the provisions set forth in the Articles of Association. Draft amendments to the Articles of Association not deemed suitable by the Capital Markets Board or not approved by the Ministry of Trade may not be included in the agenda of the General Assembly and may not be discussed. Amendments to the Articles of Association shall be valid after they are duly approved and registered in the trade registry. Amendments to the Articles of Association shall not take effect against third parties prior to registration. Amendments to this Articles of Association must be registered with the Trade Registry and announced in the Turkish Trade Registry Gazette as per the public disclosure obligations of the capital markets legislation.

Other Matters

OLD TEXT	NEW TEXT
TRANSFER OF THE BOARD OF DIRECTORS MANAGEMENT AUTHORITY:	COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES:
ARTICLE: 17- The Board of Directors may transfer the management to one or more members of the Board or to a third person by an internal directive, in part or in full, without prejudice to Article 375 of the Turkish Commercial Code.	ARTICLE: 17- The Corporate Governance Principles required by the Capital Markets Board shall be complied with. Transactions and Board decisions taken without complying with the mandatory principles shall be invalid and deemed contrary to the Articles of Association.
The Board of Directors may establish committees consisting of its own members and/or non-members, on subjects it sees fit, in accordance with the Turkish Commercial Code, the Capital Market Law, and the Corporate Governance Principles of the Capital Markets Board.	The regulations of the Capital Markets Board on corporate governance shall be complied with in transactions deemed to be material in terms of the implementation of Corporate Governance Principles and in related party transactions of the Company and in matters where the Company provides guarantees, sureties, collaterals or establishes pledge rights, including mortgages, on its own behalf and in favor of third parties.
ARTICLE: 18-	TRANSFER OF SHARES:
	ARTICLE: 18- The transfer of the Company's shares is carried out as per the Turkish Commercial Code, capital markets legislation, and other relevant legislation.
	Shares may be transferred without any restrictions outside the stock market. No restrictions may be imposed on the transfer of shares traded or to be traded on the stock market.
	In case the Company buys back its own shares, action is taken in accordance with the capital market legislation and other relevant legislation, and necessary material event disclosures are made.
ARTICLE: 19-	ACCOUNTING PERIOD
	ARTICLE: 19- The accounting year of the company starts on the first day of January and ends on the last day of December.
MEMBERS' REMUNERATION:	ADVANCE DIVIDEND DISTRIBUTED:
ARTICLE: 20- Members of the Board of Directors may be paid honorarium under the provisions of the Turkish Commercial Code. The form and amount of remuneration to be made to the members of the Board of Directors for their membership duties is determined by the General Assembly, whereas the form and amount of payments to be made to the committee members for their services are determined by the Board of Directors in accordance with the legislation.	ARTICLE: 20- The General Assembly may decide to distribute advance dividends to shareholders in accordance with the Capital Markets Law and the provisions of other relevant legislation. The provisions of the relevant legislation shall be complied with in the calculation and distribution of the advance dividend amount. To be able to distribute advance dividends, the board of directors may be authorized by a general assembly decision, limited to the relevant accounting period.
Performance-based payment plans of the Company are not used in the remuneration of independent Board members.	
SENIOR MANAGEMENT:	DISSOLUTION AND LIQUIDATION OF THE COMPANY:
ARTICLE: 21- Senior Management consists of a CEO and Deputy CEOs. Senior Management is elected by the Board of Directors and the salaries and similar allowances of Senior Management are determined by the Board of Directors.	ARTICLE: 21- The Turkish Commercial Code, capital markets legislation, and provisions of other relevant legislation shall apply to the dissolution and liquidation of the Company and how the related transactions shall be carried out.
CEO'S DUTIES AND AUTHORITIES:	LEGAL PROVISIONS:
ARTICLE: 22- The duties and authorities of the CEO and his or her deputies and their terms of office are determined by the Board of Directors within the provisions of the Turkish Commercial Code.	ARTICLE: 22- The provisions of the Turkish Commercial Code, the Capital Market Law, and other relevant legislation shall apply to matters not covered in this Articles of Association.
SELECTING THE AUDITOR:	
ARTICLE: 23- The Turkish Commercial Code, the Capital Market Law, and the relevant regulations of the Capital Markets Board apply to the election of the Auditor.	Removed.
AUDITOR'S DUTIES:	
ARTICLE: 24- The Turkish Commercial Code, the Capital Market Law, and the relevant regulations of the Capital Markets Board apply to the duties of the Auditor.	Removed.
IV - GENERAL ASSEMBLY MEETINGS:	
ARTICLE: 25- The General Assembly holds ordinary or extraordinary meetings.	Removed.
The ordinary General Assembly convenes within first three months as of the end of the accounting period of the company at least once a year. At this meeting, necessary resolutions are taken by examining the company's annual operations and accounts, and other matters on the agenda. The extraordinary General Assembly convenes in accordance with the Turkish Commercial Code, Capital Markets Board regulations, and the provisions of the Articles of Association as required by the Company's affairs and resolves on the matters included in its agenda.	
LOCATION OF THE MEETING:	
ARTICLE: 26- Both the ordinary or extraordinary General Assembly meetings are either held at the Company headquarters or elsewhere in the city the Company headquarters is located.	Removed.

OLD TEXT	NEW TEXT
NOTICE FOR THE MEETING:	
ARTICLE: 27 - In addition to the procedures stipulated by the legislation, the announcement for the General Assembly is made in places specified in the provisions of the Turkish Commercial Code, the Capital Market Law, and other relevant legislation via all forms of communications media including electronic communication, taking into account the minimum periods, in order to reach as many shareholders as possible.	Removed.
MEETING QUORUM:	
ARTICLE: 28- At the General Assembly meetings, the provisions of the Capital Market Legislation, the regulations of the Corporate Governance Principles of the Capital Market Board, and the provisions of the Turkish Commercial Code shall be complied with in the meeting and decision quorums.	Removed.
VOTING RIGHTS:	
ARTICLE: 29- The voting right of every shareholder is the proportion of the total nominal value of the shares owned to the total nominal value of the capital of the Company. Votes are cast in conformity with the Capital Markets Board regulations.	Removed.
REPRESENTATION:	
ARTICLE: 30- Shareholders at the General Assembly meetings may be represented by representatives they elect from among other shareholders or by representatives they appoint from outside. Representatives who are also shareholders are authorized to vote both on their own behalf and on behalf of the shareholders they represent. The regulations of the Capital Markets Board regarding proxies and voting are reserved.	Removed.
ARTICLE: 31-	Removed.
ARTICLE: 32-	Removed.
ARTICLE: 33-	Removed.
DECISION QUORUM AT GENERAL ASSEMBLY MEETINGS:	
ARTICLE: 34-	Removed.
ARTICLE: 35-	Removed.
PARTICIPATION TO THE GENERAL ASSEMBLY MEETING THROUGH AN ELECTRONIC SETTING:	
ARTICLE: 36- The beneficiaries who have the right to attend the General Assembly meetings of the Company may also attend them by electronic means, pursuant to article 1527 of the Turkish Commercial Code. The Company may set-up an electronic general assembly system allowing the beneficiaries to participate in General Assembly meetings, express opinions, share suggestions, and vote as per the terms of the "Regulation on the General Assembly Meetings to be held Electronically in Joint Stock Companies" or may purchase services from the systems designed for this purpose. In all General Assembly meetings, it shall be ensured that the beneficiaries and their representatives are able to exercise their rights specified in the provision of the aforementioned Regulation, through the system set-up as described under this provision of the articles of association.	Removed.
V- COMPANY ACCOUNTS AND THE ACCOUNT YEAR FOR THE DISTRIBUTION OF PROFITS:	
ARTICLE: 37- The accounting year of the company starts on the first day of January and ends on the last day of December.	Removed.

Other Matters

OLD TEXT	NEW TEXT
DISTRIBUTION OF THE PROFIT:	
ARTICLE: 38- After deducting the amounts that must be paid or set aside by the Company such as general expenses of the Company and various depreciation and the taxes that must be paid by the legal entity of the Company from the revenues calculated at the end of the Company's activity period, the remaining profit for the period shown in the annual balance sheet shall be distributed as shown below, respectively, after deducting the losses of the previous years, if any:	Removed.
General Legal Reserves:	
a) 5% shall be set aside for legal reserves.	
First Dividend:	
b) The first dividend is set aside from the remaining, based on the amount to arise from adding the donations, if any, made within the year, within the framework of the dividend distribution policy to be determined by the general assembly and in accordance with the related legislation provisions.	
c) After the above-mentioned deductions are made, a dividend in the amount of a percentage to be determined by the General Assembly is allocated to the members of the Board of Directors excluding the Independent Board Members to be divided among themselves.	
Second Dividend:	
d) The General Assembly is authorized to distribute fully or partially the remaining portion from the net period profit as second dividend after the amounts mentioned in paragraphs (a), (b) and (c) are deducted or as per article 521 of the Turkish Commercial Code to set aside as second reserve, at its own discretion.	
General Legal Reserves:	
e) A tenth of the amount found after the deduction of a 5% dividend paid to the shareholders from the portion that is resolved to be paid to shareholders and other participating entities shall be added to the general legal reserves in accordance with Paragraph 2 of the Article 519 of the Turkish Commercial Code.	
Unless the reserves required to be set aside by law are set aside and the dividend determined for the shareholders in the articles of association is distributed in cash and/or in the form of shares, no decision may be made to set aside other reserves, to transfer profits to the following year or to distribute dividends to the members of the Board of Directors, officers, servants and workers, foundations established for various purposes and such persons and/or institutions.	
The dividend shall be distributed equally to all current shares regardless of their issue and acquisition dates.	
The manner and time of distribution of the dividend resolved to be distributed shall be decided by the General Assembly upon such proposal of the Board of Directors. As per these articles of association, the resolution for dividend distribution taken by the general assembly may not be withdrawn.	
The Company may make donations to various institutions, organizations, foundations, and associations with a decision to be taken by the General Assembly in a manner that will not hinder its own purpose and subject matter, provided that it does not contradict the regulations on disguised profit transfer of the capital markets law as per the provisions of the Capital Markets legislation, the necessary material event disclosures are made, and the donations made during the year are presented to the information of shareholders at the general assembly.	
The upper limit of the donations to be made is determined by the general assembly, no donations exceeding this limit may be made, and the donations made are added to the distributable profit base.	

OLD TEXT	NEW TEXT
GENERAL RESERVES:	
ARTICLE: 39- General reserves are set aside from the net yearly profit. However, if this amount decreases for any reason, general reserves will again be set aside until that amount is reached. General reserves may only be used specifically to cover losses when the business faces a downturn, to sustain the operation, to prevent unemployment, or to take measures to alleviate its consequences, as long such losses are less than one half of the authorized capital. Profit may not be distributed to shareholders until legal and voluntary reserves and funds are set aside from the net profit according to the provisions of the law and these Articles of Association.	Removed.
DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS:	
ARTICLE: 40- The dates and manner of distribution of the annual profit to the shareholders shall be decided by the General Assembly upon the proposal of the Board of Directors. In accordance with the Articles of Association and the provisions of the law, distributed profits may not be returned.	Removed.
COMPANY DISSOLUTION AND LIQUIDATION:	
ARTICLE: 41- The Company shall be dissolved according to the reasons cited in the Turkish Commercial Code or by a court decision. Furthermore, it may be dissolved with a resolution of the General Assembly within the framework of the law and the Articles of Association. If the Company is dissolved or terminated for a reason other than bankruptcy, the liquidation officers are appointed by the General Assembly.	Removed.
ANNOUNCEMENTS WITH RESPECT TO THE COMPANY:	
ARTICLE: 42- The announcements of the Company are made within the framework of Article 35 of the Turkish Commercial Code and the provisions of the Capital Market Law. With respect to the meetings of the General Assembly, the Company shall comply with the announcement periods and principles stipulated in the Turkish Commercial Code, the Capital Market Law, and the Corporate Governance Principles of the Capital Markets Board. Provisions of Article 474 of the Turkish Commercial Code shall be applied to announcements regarding the reduction of capital. Upon approval and finalization by the General Assembly, the balance sheet, profit/loss statement, and the audit report shall be announced in the Turkish Trade Registry Gazette and other locations determined by the Capital Markets regulations, in the manner and principles stipulated by the legislation. The Board of Directors shall be obliged to submit the annual report and the audit report to the Capital Markets Board within thirty days following the General Assembly meeting.	Removed.
THE TRANSFER OF THE LIMITED COMPANY WITH ALL ITS ASSETS AND LIABILITIES:	
ARTICLE: 43- In accordance with the decision passed by the Board of Directors of the Yeni Kontrplak Limited Şirketi dated February 7, 1968, the assets and liabilities of the limited liability company have been transferred to this joint-stock company together with all its assets and liabilities.	Removed.
ARTICLES OF ASSOCIATION TO BE SUBMITTED TO THE MINISTRY:	
ARTICLE: 44- The Company shall submit these Articles of Association to the shareholders and forward 10 copies to the Ministry of Trade.	Removed.
LEGAL PROVISIONS:	
ARTICLE: 45- The provisions of the Turkish Commercial Code, the Capital Market Law, and other relevant legislation shall apply to matters not covered in this Articles of Association.	Removed.
The Company complies with the Corporate Governance Principles, the implementation of which are obligated by the Capital Markets Board. Transactions made and decisions taken by the board of directors without following the compulsory principles shall be void and deemed against the articles of association.	

Declarations of Independence

07.12.2021

I hereby acknowledge and declare that I am a candidate to serve as an "independent member" on the Board of Directors of Dođtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. (Company) within the scope of the criteria stipulated in the Company's Articles of Association and the Corporate Governance Communiqué No. II-17.1 announced by the Capital Markets Board (CMB), and within this scope;

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and I neither possess more than 5% of any and all capital or voting rights or privileged shares nor do I have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I shall assume as a result of my independent membership on the Board,
- I will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member, provided that it complies with the legislation I am bound to,
- I am considered a resident in Türkiye according to Income Tax Law (GVK) dated 31/12/1960 and 19/12/1960 and numbered 193,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the beneficiaries into consideration,
- I am able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I did not serve as an independent board member in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I am not registered and announced on behalf of the legal person elected as a member of the Board of Directors,

and I solemnly declare the issues listed above.




ZEYNEP YALIM UZUN

07.12.2021

I hereby acknowledge and declare that I am a candidate to serve as an "independent member" on the Board of Directors of Dođtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. (Company) within the scope of the criteria stipulated in the Company's Articles of Association and the Corporate Governance Communiqué No. II-17.1 announced by the Capital Markets Board (CMB), and within this scope;

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and I neither possess more than 5% of any and all capital or voting rights or privileged shares nor do I have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I shall assume as a result of my independent membership on the Board,
- I will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member, provided that it complies with the legislation I am bound to,
- I am considered a resident in Türkiye according to Income Tax Law (GVK) dated 31/12/1960 and 19/12/1960 and numbered 193,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the beneficiaries into consideration,
- I am able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I did not serve as an independent board member in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I am not registered and announced on behalf of the legal person elected as a member of the Board of Directors,

and I solemnly declare the issues listed above.



BERNA AKYÜZ ÖĞÜT

Declarations of Independence

01.11.2021

I hereby acknowledge and declare that I am a candidate to serve as an "independent member" on the Board of Directors of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. (Company) within the scope of the criteria stipulated in the Company's Articles of Association and the Corporate Governance Communiqué No. II-17.1 announced by the Capital Markets Board (CMB), and within this scope;

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and I neither possess more than 5% of any and all capital or voting rights or privileged shares nor do I have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I shall assume as a result of my independent membership on the Board,
- I will not be working fulltime in public institutions and organizations (except working as an academician at the university) after being elected as a member, provided that it complies with the legislation I am bound to,
- I am considered a resident in Türkiye according to Income Tax Law (GVK) dated 31/12/1960 and 19/12/1960 and numbered 193,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the beneficiaries into consideration,
- I am able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I did not serve as an independent board member in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I am not registered and announced on behalf of the legal person elected as a member of the Board of Directors,

and I solemnly declare the issues listed above.



MUTLU ERTURAN

Corporate Governance Principles Compliance Statement

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. (Doğanlar Furniture Group) carries out its activities in accordance with the "Capital Markets Board Corporate Governance Principles" published by the Capital Markets Board (CMB) (II-17.1). Doğanlar Furniture Group conducts its relations with its employees, customers, and all relevant parties, especially its shareholders, within the framework of an effective management and audit, with the understanding of accountability, equality, transparency, and responsibility, which are the generally accepted elements of the corporate governance approach.

The Company complies with the mandatory principles as well as the majority of the non-mandatory principles within the scope of the Corporate Governance Communiqué numbered II-17.1. Although full compliance with non-mandatory Corporate Governance Principles is a target, it has not yet been achieved due to difficulties regarding implementation of some principles and other principles failing to align with the existing structure of the market and the Company. The principles that have not been implemented yet are being worked on, and the plan is to adopt them upon the completion of the administrative, legal and technical infrastructure works that would contribute to the Company's effective management.

The Company's Corporate Governance Compliance Report Form (CRF) and Corporate Governance Information Form (CGIF) for the 01.01.2022 – 31.12.2022 accounting period was prepared in accordance with the presentation principles determined by the CMB's decision dated 10.01.2019 and numbered 2/49 and the CMB's "Corporate Governance Communiqué" numbered II-17.1. Doğanlar Furniture Group's Corporate Governance Compliance Report Form (CRF) and Corporate Governance Information Form (CGIF) for the accounting period 01.01.2022-31.12.2022 can be accessed at the "Corporate Governance/Corporate Governance Principles Compliance Reports" section of the Company's corporate website (www.doganlarmobilyagrubu.com) and at the Public Disclosure Platform's (PDP) corporate website (kap.gov.tr).

General Assembly Meetings

Our Company carries out its General Assembly meetings in accordance with all the principles under the "General Assembly" heading of the "Corporate Governance Principles".

With the announcement of the General Assembly Meeting on the website of our company, the notifications and explanations required by the legislation, as well as all other matters that are required to be included by the Corporate Governance Principles were announced to the shareholders in accordance with the principles.

That is to say:

- The total number of shares and voting rights reflecting the shareholding structure of the Company as of the date of the General Assembly Meeting announcement are published on our Company's website.
- While preparing the General Assembly agenda, attention was paid to the fact that each proposal was given under a separate heading, and the agenda topics were stated clearly and in a way not to lead to different interpretations. Care was taken not to include phrases such as "other" or "various" on the agenda. The information given before the General Assembly Meeting is given by referring to the relevant agenda items.
- While preparing the agenda of the Ordinary General Assembly meeting, there was no subject that the shareholders conveyed in writing to the Company's Investor Relations Department and wanted to be included in the agenda. Likewise, the shareholders, CMB, and/or other public institutions and organizations to which the Company is related did not request to add an item to the agenda.
- The meeting procedure of the General Assembly ensures the participation of the shareholders at the highest level. Our General Assembly meetings are held in a way not to cause inequality among the shareholders. Our general assembly meetings are held at the Company headquarters. The Ordinary General Assembly meeting for 2021, which was held on 16.05.2022, was held in Istanbul, where the Company's head office is located, in accordance with the Company's articles of association. As per our articles of association, it is also possible to hold meetings in another part of the City where the Company's head office is located.

Corporate Governance Principles Compliance Statement

- The chairman made necessary preparations ahead of the meeting and acquired the necessary information about the execution of the General Assembly as per the Turkish Commercial Code, the Law, and the relevant legislation.
- During the Ordinary General Assembly meeting, the chairman of the meeting paid attention to the issue of conveying the topics on the agenda in an impartial and detailed manner, with a clear and understandable method. Shareholders were given the opportunity to express their opinions and ask questions under equal conditions. The chairman of the meeting ensured that every question asked by the shareholders at the General Assembly Meetings and not within the scope of trade secrets was answered directly at the General Assembly Meeting.
- It is essential that the members of the Board of Directors, at least one member of the Board, and an officer of the Independent Auditing Organization attend the General Assembly meetings; those who have responsibilities regarding the issues on the agenda and those who need to make explanations are also present. If these people, with the exception of those who are required by law to be present at the meeting, are not present, the chairman of the meeting presents the reasons for their absence to the General Assembly. In this regard, the CMB's Decision dated 01.02.2013 and numbered 4/89 is followed. Our shareholders, some of our Board Members, our Chairman, Independent Auditor, and company employees attended our Ordinary General Assembly meeting for the 2021 accounting period.

The Ordinary General Assembly meeting for 2021 was held on May 16, 2022 at 10:30 at Kavacık Mah. Ertürk Sk. No: 3/1 İç Kapı No: 1 Beykoz/Istanbul. At the General Assembly meeting, 17,468,679,847 shares out of 35,000,000,000 (thirtyfivebillion) shares representing the capital of our Company at that time were represented. Questions regarding the agenda items received from the shareholders who attended the meeting in person or by proxy were answered during the meeting. The meeting minutes and attendance sheet were disclosed to the public on the same day as the meeting via PDP. The minutes and attendance sheets of the General Assembly Meeting are also kept available on our website for the information of the shareholders.

According to Article 38 of the Company's Articles of Association, the upper limit of the donations to be made is determined by the General Assembly, no donations exceeding this limit may be made and the donations made are added to the distributable profit base. It is mandatory that the donations made by the Company do not constitute a violation of the Capital Markets Law's regulations on disguised profit transfer, the Turkish Commercial Code, and other relevant legislation, that the necessary material event disclosures are made, and that donations made during the year are submitted to the information of the shareholders at the General Assembly. At the General Assembly Meeting held on May 16, 2022, it was informed that the Company made a donation of TL 50,000 in 2021. For the year 2022, the upper limit for aids and donations was set as TL 100,000.

The minutes of the General Assembly meetings, including those of previous years, are available on the Company's Corporate Website at www.doganlarmobilyagrubu.com.

Voting and Minority Rights

The company avoids practices that make it difficult for shareholders to exercise their voting rights. It builds the necessary mechanisms to provide every shareholder with the opportunity to exercise their voting rights in the easiest and most appropriate way. In this context, according to Article 35 of the Company's Articles of Association on Participation in the General Assembly Meeting in Electronic Environment, voting right holders who have the right to attend the Company's General Assembly Meetings can also attend these meetings electronically under Turkish Commercial Code Article 1527. At the Ordinary General Assembly meeting for 2021, in accordance with this provision of the articles of association, the system built ensured that voting right holders and their representatives could exercise their rights as specified in the provisions of the aforementioned regulation.

There is no privileged share in the articles of association of our company, and therefore no privileged voting. Each share has one voting right. Within the shareholding structure of our company, there is no legal entity that has a reciprocal shareholding relationship. There is no regulation on the representation of minority shares in management. The cumulative voting method is not included in our articles of association.

Transfer of Shares

Our company's articles of association do not contain any provisions restricting the transfer of shares. Provisions of TCC, capital market legislation, and other relevant legislation are applied in the transfer of shares. Shares may be transferred without any restrictions outside the stock market. No restrictions may be imposed on the transfer of shares traded or to be traded on the stock market.

In case the Company buys back its own shares, action is taken in accordance with the capital market legislation and other relevant legislation, and necessary material event disclosures are made.

Public Disclosures and Transparency

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. has adopted the principle of announcing to the public all the disclosures it must make as per the provisions of the legislation. While the company follows an active and transparent disclosure policy, it complies with the Capital Markets Legislation in all practices regarding public disclosure and aims to implement the most effective communication policy under the Capital Markets Board's Corporate Governance Principles communiqué.

Our Company's Disclosure Policy regulates what information, other than those determined by the legislation, will be disclosed to the public, how, how often, and in what ways this information will be announced to the public, how often the Board of Directors or executives will meet with the press, how often meetings will be held to inform the public, what method will be followed in answering questions directed to the company, and similar matters.

The information to be disclosed to the public within the scope of Public Disclosure and Transparency is presented to the public use in a timely, accurate, complete, understandable, interpretable and in an easily accessible manner at low cost through the "Public Disclosure Platform" (www.kap.org.tr) and our Company's corporate website (www.doganlarmobilyagrubu.com), in a way to assist the decision-making of the individuals and organizations that will benefit from the disclosure.

Within the year, 28 material event disclosures were made in accordance with the CMB regulations. All material event disclosures were made on time and published on our website.

The Disclosure Policy is available on our Company's website.

Corporate Governance Compliance Information Form and Compliance Report

The Corporate Governance Compliance Report Form (CRF) and Corporate Governance Information Form (CGIF) for the accounting period 01.01.2022-31.12.2022 can be accessed at the "Corporate Governance/Corporate Governance Principles Compliance Reports" section of the Company's corporate website (www.doganlarmobilyagrubu.com) and at the Public Disclosure Platform's (PDP) corporate website (kap.gov.tr).

Information on Risk Management Practices

The Board of Directors established a risk management mechanism. All possible risks are periodically reviewed by the Audit Committee and the Early Detection of Risk Committee, which consist of members of the Company's Board of Directors.

Doğanlar Furniture Group Risk Management has been structured in a way to ensure that all financial and operational risks related to the activities are continuously kept under control and at a reasonable level.

The prominent financial risks for Doğanlar Furniture Group can be summarized as follows:

Due to its operations, the Company is exposed to various financial risks, including the impacts of changes in debt and capital market prices, exchange rates, and interest rates. The Company's collective risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse impacts on the Company's financial performance.

a) Credit Risk

The Company is exposed to credit risk through its trade receivables from forward sales and deposits held at banks.

Credit risk is managed at the company level, except for the credit risk of trade receivables. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits held with banks, as well as from credit risks of wholesale and retail customers, including outstanding receivables and commitment transactions. The Company Management assesses the credit quality of its customers, taking into account their financial position, past experience, and other factors. The Company continuously monitors the utilization of these credit limits to ensure that there is no collection loss over customers' trade receivable balances.

b) Liquidity Risk

Liquidity risk includes the risks arising from the inability to fund the increase in assets, the inability to meet matured liabilities, and transactions in illiquid markets.

Within the framework of liquidity risk management, the Company diversifies its funding sources, holds sufficient cash and cash convertible instruments, and ensures that the total amount of cash and cash equivalents does not fall below a predetermined level of short-term liabilities in order to meet a sudden cash need.

c) Foreign Currency Risk

The Company is exposed to foreign currency risk through the impact of rate changes on the conversion of foreign currency denominated assets and liabilities. This foreign currency risk is monitored by analyzing the foreign currency position. The Company is mainly exposed to foreign currency risk in USD and EUR.

Derivative financial instruments

The Company applies fair value hedge accounting in order to hedge its trade receivables, trade payables, and financial borrowings from the impacts of exchange rate changes in the markets.

Information on Private Audits and Public Audits in 2022

In 2022, two independent audits were carried out and no negative situation was detected. There was no statutory audit during the period.

Statement of Responsibility

Our consolidated financial statements for the period 01.01.2022 - 31.12.2022, approved by the Decision of our Board of Directors dated 13/03/2023 and numbered 87/23 prepared in line with the Communiqué of the Capital Markets Board numbered II-14.1 and our annual report of the Board of Directors are attached.

As per the regulations of the Capital Markets Board, we declare that the explanatory notes together with the Consolidated Balance Sheet, Statement of Income, Cash Flow Statement, Statement of Changes in Equity, and Annual Report prepared by our Company, as well as the Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) prepared in accordance with the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49:

a) Have been reviewed by us;

b) Based on the information we possess within the scope of our duties and responsibilities in the Company, do not contain any incorrect statement or any omission of material facts that may result in misleading conclusion as of the date of issuance,

c) Based on the information available to us as a result of our duty at the Company, the financial statements prepared in accordance with the financial reporting standards in force as of the relevant period and based on the principle of consolidation, reflect fairly on the Company's assets, liabilities, financial standing and profit/loss for the relevant period, and the activity report, again based on the principle of consolidation, reflect fairly on the development of the business, performance and the important risks and uncertainties faced by the Company.

Best regards,

Audit Committee



ZEYNEP YALIM UZUN
Committee Chairman



MUTLU ERTURAN
Committee Member

Auditor's Report on Early Detection of Risk System and Committee



AUDITOR'S REPORT ON THE EARLY DETECTION OF RISK SYSTEM AND COMMITTEE

To the Board of Directors of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi

We have audited the Early Identification of the Risk System and Committee established by Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi.

Responsibility of the Board of Directors

Pursuant to first paragraph of Article 378 of the Turkish Commercial Code 6102 (TCC), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the Independent Auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority (POA) of Türkiye. These Principles require us to determine whether the early identification of the risk system and committee has been established in the Company, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Detection of the Risk System and Committee

The Company established the committee on March 26, 2019 and it consists of three members. In 2022, the committee convened six times for the purposes of early detection of factors posing a threat on the company's existence and development, implementation of necessary measures and solutions in this regard, and the management of the risk; and submitted the reports it prepared to the Board of Directors.

Conclusion

Based on our audit, we have reached the conclusion that except for the matter(s) stated in the paragraph below, the early identification of the risk system and committee of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi is, in all material respects, in compliance with article 378 of the TCC.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL



Metin ETKİN
Responsible Partner Chief Auditor

Istanbul, March 13, 2023

Annual Report Compliance Opinion



INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

Qualified Opinion

As we have audited the full set consolidated financial statements of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1/1/2022-31/12/2022, we have also audited the annual report for the same period.

In our opinion, except for the possible effects of the matters described in the Basis For Qualified Opinion section of our report, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited financial statements of the Group for the period between 1/1/2022-31/12/2022 dated February 13, 2023;

In the consolidated statement of financial position as of December 31, 2022, there is a balance of trade receivables amounting to TL 128,219,834 from non-related parties, which are formed as a result of the Group's activities and whose maturities are significantly past one hundred and eighty days and more. In addition, during the period of January 1 - December 31, 2022, the Group management accounted for a foreign exchange gain of TL 33,479,545 in other operating income due to the conversion of these trade receivables, which are in foreign currency and whose maturities are significantly past one hundred and eighty days and more, into Turkish Lira. We were not able to perform sufficient audit procedures to determine whether there was any impairment of these receivables. Accordingly, it could not be found whether any adjustments were required in relation to this amount.

As of December 31, 2022, the Group has inactive inventories amounting to TL 27,293,705 in the consolidated statement of financial position, which were returned from sales in 2017. We were not able to perform sufficient audit procedures to determine whether there was any impairment of these inactive inventories. Accordingly, it could not be found whether any adjustments were required in relation to the recoverability of this amount.

As explained in footnote 11 of the attached consolidated financial information, Doğtaş Holland B.V., Doğtaş Bulgaria Eood and Doğtaş Germany GmbH, subsidiaries of the Group, are considered by the Group management as subsidiaries that are not material for the consolidated financial information and are classified as financial assets in the consolidated financial information. Since financial assets amounting to TL 9,469,958 accounted for at cost as of 31 December 2022 operate to a limited extent and their total net asset values are unreturned, in accordance with TFRS 9 "Financial Instruments" Standard, an impairment provision of TL 9,469,958 should be set aside for the entire carrying value of the present financial assets in the consolidated opening balance sheet dated January 1, 2015. Accordingly, if the Group had accounted for the related impairment provision in its consolidated financial statements, the Group's financial assets would have been lower by TL 9,469,958 and accumulated losses would have been higher by TL 9,469,958.

We conducted our audit in accordance with standards on independent auditing as issued by the Capital Markets Board ("CMB") of Türkiye and Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and other provisions of the independent auditing legislation on ethics. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and the legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Annual Report Compliance Opinion



Our Audit Opinion on the Full Set Consolidated Financial Statements

We have presented qualified opinion for the Group's full set consolidated financial statements for the period between 1/1/2022-31/12/2022 in our Auditor's Report dated February 13, 2023.

Board of Directors' Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the provisions of the "Communiqué on Principles of Financial Reporting in Capital Markets" ("the Communiqué") with No. II-14.1 of the Capital Markets Board:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The Group's development and the risks that it may probably face are also pointed out in this report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- The significant events that occurred at the Group following the end of the fiscal year,
- The research and development activities of the Group,
- Financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the analysis of the Board of Directors using the information contained in the audited financial statements about the status of the Group are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we performed was conducted in accordance with InAS and the standards on independent auditing as issued by the CMB of Türkiye. These standards require compliance with ethical provisions and the independent audit to be planned and conducted to obtain reasonable assurance on whether the financial information provided in the annual report and the analysis of the Board of Directors using the information contained in the audited financial statements about the status of the Group are free from material misstatements and consistent with the consolidated financial statements and findings obtained during the audit.

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

An Independent Member of BAKER TILLY INTERNATIONAL



Istanbul, March 13, 2023

Metin Etkin
Partner

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries Consolidated Financial Statements and Independent Auditor's Report as of – and for The Year Ended in – 31 December 2022

**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 2022, 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 2022, 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 128.219.834 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 2022. 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 33.479.545 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 2022, the Group has idle inventories amounting to TL 27.293.705 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.

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 9.469.958 accounted at cost as of 31 December 2022 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 9.469.958, 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 9.469.958 less and previous years' losses would have been TL 9.469.958 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.

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.

The key audit matter	How the matter was addressed in our audit
<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 2022 include short and long term borrowings amounting to TL 1.176.875.330 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> <p>-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,</p> <p>Testing the disclosures in the consolidated financial statements in relation to the borrowings and evaluating adequacy of such disclosures for TFRS requirements.</p>

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.



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 13 March 2023.

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 2022 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



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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 2022 AND 2021

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

	Notes	Audited	Reclassified(*)
		Current Period 31 December 2022	Audited Prior Period 31 December 2021
ASSETS			
Current Assets		1,816,440,865	990,306,288
Cash and Cash Equivalents	3	294,333,290	49,168,829
Financial Investments	11	-	50,021
Trade Receivables	5	399,555,682	245,345,351
- Related Parties	6	2,494,909	312,066
- Third Parties	5	397,060,773	245,033,285
Other Receivables	7	25,600,729	33,310,144
- Related Parties		6,495,128	3,247,788
- Third Parties		19,105,601	30,062,356
Inventories	8	883,199,525	468,759,358
Prepaid Expenses	10	127,184,260	136,867,633
Current Income Tax Assets	22	1,320,530	850,290
Other Current Assets	9	70,390,001	55,954,662
		1,801,584,017	990,306,288
Non-Current Assets Held for Sale		--	--
Non-Current Assets		1,432,651,445	754,941,722
Other Receivables	7	40,198,766	10,580,141
- Third Parties	7	40,198,766	10,580,141
Financial Investments	11	9,469,958	9,469,958
Property, Plant and Equipment	12	1,107,692,021	552,470,174
Right of Use Assets	12	225,977,670	159,218,010
Intangible Assets	13	49,313,030	23,203,439
Deferred Tax Assets	22	--	-
TOTAL ASSETS		3,249,092,310	1,745,248,010

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 BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

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

	Notes	Audited	Audited Prior
		Current Period 31 December 2022	Period 31 December 2021
LIABILITIES			
Current Liabilities		1,988,996,186	1,077,528,867
Short-Term Borrowings	4	182,724,183	150,541,619
- Bank Borrowings		79,951,870	103,609,694
- Lease Liabilities		102,772,313	46,931,925
Short Term Portion of Long Term Borrowings	4	329,663,261	251,057,616
Trade Payables	5	985,168,142	499,188,711
- Third Parties		985,168,142	499,188,711
- Related Parties		--	--
Employee Benefits	15	60,308,708	26,545,885
Other Payables	7	5,920,904	14,054,412
- Third Parties	7	5,906,854	3,390,874
- Related Parties	6	14,050	10,663,538
Deferred Income	10	383,347,839	113,767,886
Short Term Provisions		41,863,149	22,372,738
- Short Term Provisions for Employee Benefits	15	20,947,521	10,575,663
- Other Short Term Provisions	14	20,915,628	11,797,075
Non-Current Liabilities		731,502,272	473,116,926
Long Term Borrowings	4	664,487,886	444,034,926
- Bank Borrowings		424,046,493	269,209,142
- Lease Liabilities		240,441,393	174,825,784
Other Payables	7	4,807,513	3,202,466
- Third Parties		4,807,513	3,202,466
Long Term Provisions		53,629,209	7,644,484
- Long Term Provisions for Employee Benefits	15	50,960,335	6,328,524
- Other Long Term Provisions	14	2,668,874	1,315,960
Deferred Tax Liabilities	22	8,577,664	18,235,050
EQUITY		528,593,852	194,602,217
Equity Holders of the Parent		528,606,226	194,598,917
Paid-in Share Capital	16	350,000,000	350,000,000
Adjustment to Share Capital	16	(159,069,767)	(159,069,767)
Share Premium	16	9,460,292	9,460,292
Treasury Shares (-)		(7,793,458)	(7,793,458)
Other comprehensive income/expense not to be reclassified to profit or loss		425,325,289	277,441,211
Other comprehensive income/expense to be reclassified to profit or loss	16	(85,267,270)	(91,540,674)
Restricted Reserves	16	3,441,327	3,441,327
Retained Earnings		(187,340,014)	(213,097,811)
Profit for the Period		179,849,827	25,757,797
Non-Controlling Interests		(12,374)	3,300
TOTAL LIABILITIES AND EQUITY		3,249,092,310	1,745,248,010

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 INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Audited Current Period	Audited Prior Period
		1 January - 31 December 2022	1 January - 31 December 2021
Profit or Loss			
Revenue	17	3,831,311,833	1,744,206,723
Cost of Sales (-)	17	(2,422,078,267)	(1,172,240,465)
GROSS PROFIT		1,409,233,566	571,966,258
General Administrative Expenses (-)	18	(162,384,081)	(80,293,740)
Marketing, Sales and Distribution Expenses (-)	18	(819,572,465)	(304,311,620)
Research and Development Expenses (-)	18	(25,195,100)	(10,569,729)
Other Operating Income	19	158,747,048	167,620,250
Other Operating Expenses (-)	19	(138,727,409)	(51,378,840)
OPERATING PROFIT		422,101,559	293,032,579
Gains from investment activities	20	25,286,343	1,687,082
Losses from investment activities (-)	20	(3,123,172)	(1,706,895)
Operating profit before financial income/(expense)		390,134,194	293,012,766
Financial Income	21	134,675,005	21,075,824
Financial Expense (-)	21	(436,012,730)	(269,844,484)
PROFIT BEFORE TAX		88,796,469	44,244,106
Tax income/(expense)		36,907,148	(18,487,909)
- Deferred tax income/expense	22	36,907,148	(18,487,909)
PROFIT FOR THE PERIOD		179,834,153	25,756,197
Non-Controlling Interests		(15,674)	(1,600)
Equity Holders of the Parent		179,849,827	25,757,797
Earnings per share attributable to equity holders of the parent (Kr)		0.0051	0.0007

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 2022 AND 2021

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

	Notes	Audited Current Period	Audited Prior Period
		1 January - 31 December 2022	1 January - 31 December 2021
PROFIT FOR THE PERIOD		179,834,153	25,756,197
OTHER COMPREHENSIVE INCOME:			
Items not to be reclassified to profit/loss		147,884,078	109,054,962
Property, plant and equipment revaluation surplus	12	210,587,989	136,973,059
Gains/(losses) on remeasurements of defined benefit plans	15	(37,291,727)	(2,902,253)
Gains/(losses) on revaluation and remeasurements	12		--
Taxes relating to other comprehensive income not to be reclassified to profit/loss	22	(25,412,184)	(25,015,844)
Items to be reclassified to profit/loss		6,273,404	(46,331,574)
Currency translation differences		(1,405,212)	(418,671)
Gains/(losses) on cash flow hedges	22	9,598,270	(57,391,129)
Taxes relating to other comprehensive income to be reclassified to profit/loss	22	(1,919,654)	11,478,226
OTHER COMPREHENSIVE INCOME		154,157,482	62,723,388
TOTAL COMPREHENSIVE INCOME		333,991,635	88,479,585
Distribution of total comprehensive income:			
Non-Controlling Interests		(15,674)	(1,600)
Equity Holders of the Parent		334,007,309	88,481,185

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(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				
	Treasury shares	Property, plant and equipment on revaluation of defined benefit plans surplus	Gains/(losses) on cash flow hedges	Currency translation differences	Prior Years Income	Profit For the Period							
Prior Period (Audited)													
Balances at 1 January 2021	110,000,000	9,282,945	(2,845,141)	(667,148)	169,053,397	(45,209,100)	-	3,441,327	(238,850,799)	25,752,988	29,958,469	-	29,958,469
Transfers	-	-	-	-	-	-	-	-	25,752,988	(25,752,988)	-	-	-
Gains/losses on treasury share transactions	-	-	(4,948,317)	-	-	-	-	-	-	-	(4,948,317)	-	(4,948,317)
Capital increases	80,930,233	177,347	-	-	-	-	-	-	-	-	81,107,580	4,900	81,112,480
Total Comprehensive Income	-	-	-	(2,321,802)	111,376,764	(45,912,903)	(418,671)	-	-	-	25,757,797	(1,600)	88,479,585
Balances at 31 December 2021	190,930,233	9,460,292	(7,793,458)	(2,988,950)	280,430,161	(91,122,003)	(418,671)	3,441,327	(213,097,811)	25,757,797	194,598,917	3,300	194,602,217
Current Period (Audited)													
Balances at 1 January 2022	190,930,233	9,460,292	(7,793,458)	(2,988,950)	280,430,161	(91,122,003)	(418,671)	3,441,327	(213,097,811)	25,757,797	194,598,917	3,300	194,602,217
Transfers	-	-	-	-	-	-	-	-	25,757,797	(25,757,797)	-	-	-
Gains/losses on treasury share transactions	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital increases	-	-	-	(29,833,382)	177,717,460	7,678,616	(1,405,212)	-	-	-	179,849,827	(15,674)	333,991,635
Total Comprehensive Income	-	-	-	(32,822,332)	458,147,621	(83,443,387)	(1,823,883)	3,441,327	(187,340,014)	179,849,827	528,606,226	(12,374)	528,593,852
Balances at 31 December 2022	190,930,233	9,460,292	(7,793,458)	(32,822,332)	458,147,621	(83,443,387)	(1,823,883)	3,441,327	(187,340,014)	179,849,827	528,606,226	(12,374)	528,593,852

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Audited Current Period	Reclassified Audited Prior Period
		1 January - 31 December 2022	1 January - 31 December 2021
A) CASH FLOWS FROM OPERATING ACTIVITIES		759,458,769	201,993,470
PROFIT FOR THE PERIOD		179,834,153	25,757,797
Adjustments to reconcile profit for the period to cash generated from operating activities:		350,930,118	314,362,670
Depreciation and amortisation	12	148,362,765	81,051,392
Adjustments for Impairment Loss (Reversal)	5	(17,562,080)	27,988,493
Adjustments for Receivables Impairment (Reversal)		454,079	9,578,406
Adjustments for Inventory Impairment (Reversal)	8	(18,016,159)	18,410,087
Adjustments for Provision for Employee Benefits	14	23,998,910	4,865,811
Adjustments for Provision for Warranty	14	6,558,753	688,826
Adjustments for Other Provisions		3,912,714	(765,123)
Adjustments for tax income/expense	22	(36,907,148)	18,487,909
Adjustments for interest income and expenses	21	183,634,543	95,250,927
Adjustments for interest expenses	21	227,817,231	108,715,691
Adjustments for interest income	21	(9,617,795)	(2,915,614)
Unearned financial expenses from time purchases		(37,214,880)	(11,487,069)
Unearned financial income from time sales		2,649,987	937,919
Adjustments for unrealised currency translation differences		52,569,062	144,523,251
Adjustments for gains/losses on cash flow hedges		9,598,270	(57,391,129)
Adjustments for losses/(gains) on disposal of non-current assets		(23,235,671)	(337,687)
Adjustments for losses/(gains) on disposal of property, plant and equipment		(23,235,671)	(337,687)
Adjustments for losses/(gains) on disposal of investment properties		-	-
Changes in Working Capital		234,981,466	(135,784,058)
Gains/Losses on financial investments		50,021	-
Gains/Losses on Trade Receivables		(172,171,245)	(82,863,804)
Related Parties	5	(2,182,843)	343,713
Third Parties		(169,988,402)	(83,207,517)
Gains/Losses on Other Receivables Related To Operations	7	(21,909,210)	(34,738,886)
Changes in Inventories	8	(396,424,008)	(189,690,340)
Changes in Prepaid Expenses	10	9,683,373	(90,771,953)
Gains/Losses on Trade Payables	5	523,194,311	207,137,441
Gains (losses) in payables due to employee benefits	15	33,762,823	10,210,431
Gains/Losses In Other Payables Related To Operations	7	4,121,027	3,911,267
Third Parties		4,121,027	3,911,267
Adjustments for other changes in working capital		(14,905,579)	(27,217,593)
Changes in Deferred Income	10	269,579,953	68,239,379
Cash Flows from Operating Activities		765,745,737	204,336,409
Payments for Provisions Related with Employee Benefits	15	(6,286,968)	(2,226,260)
Payments for Other Provisions	14	-	(116,679)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(432,300,667)	(153,375,753)
Cash outflows from purchase of property, plant and equipment and intangible assets	12,13	(473,814,004)	(155,629,942)
Property, Plant and Equipment		(444,890,379)	(153,332,350)
Intangible Assets		(28,923,625)	(2,297,592)
Cash inflows from sale of property, plant and equipment and intangible asset	12,13	41,513,337	2,254,189
Cash inflows from sale of investment properties		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		(81,993,641)	(13,677,126)
Cash outflows from acquisition of treasury shares and other equity instruments		-	(4,948,317)
Interest paid		(214,929,427)	(102,018,392)
Cash inflows from borrowings	4,27	1,045,803,943	765,696,797
Cash outflows from lease liabilities	12,27	(35,868,969)	(12,274,770)
Cash outflows from repayments of borrowings	4,27	(866,349,700)	(750,742,743)
Cash inflows from capital increases		-	80,930,233
Cash inflows from share premium		-	177,347
Cash inflows from related parties		(10,649,488)	9,502,719
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		245,164,461	34,940,591
D) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	49,168,829	14,228,238
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	3	294,333,290	49,168,829

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

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 2022**

(Amounts are expressed in Turkish Lira ("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 Rıfki Tongsir Caddesi No:107/ Küçükyalı, Maltepe/İstanbul

The Company is carried out its production activities in its own factories and registered address 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 2022, 50,62% of the Company's shares are publicly traded (31 December 2021: 53,74%).

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.

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 2022**

(Amounts are expressed in Turkish Lira ("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 2022, Doğtaş Pazarlama does not have any branches operating in Turkey (31 December 2021: 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 2022, 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 2022, 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.

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 2022**

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

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

As of 31 December 2022 and 2021, 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 2022	31 December 2021
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
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 2,390 (31 December 2021: 2,257).

As of 31 December 2022 and 2021, the principal shareholders and their respective shareholding rates in Doğanlar Mobilya are as follows:

	31 December 2022		31 December 2021	
	Share %	Amount - TL	Share %	Amount - TL
Shares traded at BIST ("Other")	50.70	177,441,604	53.74	188,001,604
Davut Doğan	--	--	5.96	20,874,236
Adnan Doğan	--	--	5.96	20,874,211
Şadan Doğan	--	--	5.96	20,874,198
İsmail Doğan	--	--	5.96	20,874,198
İlhan Doğan	--	--	5.96	20,874,198
Murat Doğan	--	--	5.96	20,874,198
Doğanlar Yatırım Holding A.Ş.	49.30	172,558,396	10.5	36,753,158
	100.00	350,000,000	100.00	350,000,000

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 2022**

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

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

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

As of 31 December 2022, the current issued paid-in share capital of the Group is amounting to TL 350,000,000 (31 December 2021: 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.

Approval of the consolidated financial statements

These consolidated financial statements as of and for the year ended 31 December 2022 have been approved for issue by the Board of Directors ("BOD") on 13 March 2023 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.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of Presentation (continued)****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

CMB, with its resolution dated 17 March 2005 numbered 11/367 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflationary accounting. Consequently, in the accompanying financial statements ("TAS 29") "Financial Reporting in Hyperinflationary Economies" has not been applied since 1 January 2005.

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 2022. 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.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of Presentation (continued)****Basis of consolidation (continued)**

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;
- 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.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of Presentation (continued)****Basis of consolidation (continued)**

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.

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 2021.

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 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.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.2 Changes in accounting policies (continued)****2.2.2 TFRS 16 "Leases" standard (continued)**

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.

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

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.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**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 2022.

2.4 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/IFRS and ("TAS")/IFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 December 2022 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted.

Amendments include the following matters:**Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

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 2022**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 New and Revised Turkish Financial Reporting Standards (continued)*****Relief from discontinuing hedging relationships***

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes in notes to the financial statements.

The amendments did not have a significant material impact on the financial position or performance of the Group.

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 2022**

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 New and Revised Turkish Financial Reporting Standards (continued)****Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9**

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

Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2022

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 17 - The New Standard for Insurance Contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted for the entities applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers standards.

In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will be applied for annual reporting periods beginning on or after January 1, 2023. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 New and Revised Turkish Financial Reporting Standards (continued)****Amendments to TAS 1 - Classification of Liabilities as Current or Non-current**

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an 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 a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the commencement of the effective date. Earlier application is permitted. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 New and Revised Turkish Financial Reporting Standards (continued)**

The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 16 – Sale and Leaseback Transactions

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments to TFRS 16 add to requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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 subsequent 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

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

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 2022, the net carrying value of provision for warranty is amounting to TL 13,372,943 (31 December 2021: TL 6,814,190).

If warranty claims were 10% different from management's estimates, and all other variables held constant, the provision for warranty would have been amounting to TL 1,337,294.30 higher or lower (2021: TL 681,419 higher/lower).

2.7.4 Deferred tax calculated on unused tax losses carry forward

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. In cases where tax advantage is probable, deferred tax asset is calculated from unused previous year tax losses.

As of 31 December 2022, the Group has recognised deferred tax asset amounting to TL 12,529 (31 December 2021: TL 28,929,811) over unused financial losses amounting to TL 53,315 (31 December 2021: TL 125,781,786)

In accordance with the five-year business plan granted by the Group management, it has been estimated that the Group will be able to use the unused tax losses amounting to TL 53,315 in the next five years in the consolidated financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021, the functional breakdown of cash and cash equivalents is as follows:

	31 December 2022	31 December 2021
Cash in hand	58,516	10,803
Banks – demand deposits	247,066,988	34,624,247
Other (*)	47,207,786	14,533,779
	294,333,290	49,168,829

(*)As of 31 December 2022 and 2021, other include receivables from credit card POS system devices.

As of 31 December 2022 and 2021, 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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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 4 – BORROWINGS

	31 December 2022		
	Annual effective interest rate %	Original currency amount	TL Equivalent
Short term borrowings:			
TL loans (*)	9.50% - 20.50%	79,951,870	79,951,870
Finance lease payables		32,579,194	32,579,194
Short term borrowings, net			112,531,064
Short term lease liabilities			70,193,119
Short term portion of long term borrowings:			
EUR loans	3.44% - 6.18%	586,067	11,721,744
USD loans	4.33% - 8.41%	1,541,978	28,927,657
TL loans	6.47% - 26.69%	289,013,860	289,013,860
Short term portion of long term borrowings, net			329,663,261
Total short term borrowings, net			512,387,444
EUR loans	3.44% - 6.18%	2,124,324	42,487,968
USD loans	4.33% - 8.41%	3,464,239	64,989,471
TL loans	6.47% - 26.69%	316,569,054	316,569,054
Finance lease payables		25,596,179	25,596,179
Long term borrowings, net			449,642,672
Long term lease liabilities			214,845,214
Total borrowings, net			1,176,875,330

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 2022**

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

NOTE 4 – BORROWINGS (continued)

	31 December 2021		
	Annual effective interest rate %	Original currency amount	TL Equivalent
Short term borrowings:			
TL loans (*)	9.50% - 20.50%	103,609,694	103,609,694
Finance lease payables		14,381,453	14,381,453
Short term lease liabilities		32,550,472	32,550,472
Short term borrowings, net			150,541,619
Short term portion of long term borrowings:			
EUR loans	4.57% - 7.13%	7,289,388	110,335,828
USD loans	4.31% - 5.03%	1,911,424	25,561,663
TL loans	7.91% - 26.69%	115,160,125	115,160,125
Short term portion of long term borrowings, net			251,057,616
Total short term borrowings, net			401,599,235
EUR loans	4.57% - 7.13%	5,825,335	88,175,182
USD loans	4.31% - 5.03%	5,666,360	75,776,799
TL loans	7.91% - 26.69%	105,257,161	105,257,161
Finance lease payables		17,957,423	17,957,423
Long term lease liabilities		151,497,834	156,868,361
Long term borrowings, net			444,034,926
Total borrowings, net			845,634,161

(*) Loans arising from Direct Debiting System ("DDS") denominated in under short term borrowings is none. (31 December 2021: TL 65,289,684)

As of 31 December 2022 and 2021, borrowings are secured by collateral and the Group has no mortgages on property, plant and equipment (Note 14).

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 2022**

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

NOTE 4 – BORROWINGS (continued)

As of 31 December 2022 and 2021, the reconciling the balances of borrowings arising from the Group's financing activities is as follows:

	31 December 2022	31 December 2021
Beginning of the period – 1 January	656,215,328	492,956,338
Additions	1,045,803,943	765,696,797
Payments during the period	(866,349,700)	(750,742,743)
Interest accruals	3,278,793	3,781,685
Changes in foreign exchange rates, net	52,888,633	144,523,251
End of the period – 31 December	891,836,997	656,215,328

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	
	31.12.2022	31.12.2021
Up to 1 year	70,193,119	32,550,472
Less: Long term financial expenses	-	-
Net present value of lease liabilities	70,193,119	32,550,472
2 years and over	214,845,214	156,868,361
Less: Long term financial expenses	-	-
Net present value of lease liabilities	214,845,214	156,868,361
Total lease liabilities, net	285,038,333	189,418,833

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 4 – BORROWINGS (continued)

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

Finance lease payables:

	Present value of minimum lease payments	
	31.12.2022	31.12.2021
Up to 1 year	32,579,194	14,381,453
Less: Long term financial expenses	-	-
Net present value of lease liabilities	32,579,194	14,381,453
2 years and over	25,596,179	17,957,423
Less: Long term financial expenses	-	-
Net present value of lease liabilities	25,596,179	17,957,423
Total lease liabilities, net	58,175,373	32,338,876

As of 31 December 2022 and 2021, repayment schedule of borrowings is as follows:

	31 December 2022	31 December 2021
Up to 3 months	177,382,357	167,501,123
3-12 months	335,005,086	234,098,112
1-5 years	664,487,887	444,034,926
	1,176,875,330	845,634,161

NOTE 5 – TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Trade receivables	414,412,530	245,345,351
-Related parties (Note 6)	2,494,909	312,066
-Third parties	411,917,621	245,033,285
Customers	257,500,953	185,540,423
Notes receivables	159,984,420	62,410,627
Doubtful trade receivables	40,726,826	38,216,720
Provision for doubtful trade receivables (-)	(40,726,826)	(38,216,720)
Deferred finance income (-)	(5,567,752)	(2,917,765)
Trade receivables, net	414,412,530	245,345,351

Annual effective interest rate on deferred finance income is 22% (31 December 2021: 17%).

As of 31 December 2022, trade receivables amounting to TL 128,219,834 (31 December 2021: TL 64,192,248) are not considered as doubtful trade receivables even though they are overdue (Note 22).

The foreign exchange and credit risk and impairment analysis of trade receivables are disclosed in Note 22.

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NOTE 5 – TRADE RECEIVABLES AND PAYABLES (continued)

As of 31 December 2022 and 2021, the functional breakdown of the movement of doubtful trade receivables is as follows:

The movement of doubtful receivables is as follows:	31.12.2022	31.12.2021
Beginning of the period – 1 January	38,216,720	30,816,697
Additions (Note 19)	894,389	7,411,924
Reversals (Note 19)	(1,070,572)	(11,901)
Exchange Rate Difference	2,686,289	--
	40,726,826	38,216,720

As of 31 December 2022 and 2021, trade payables is as follows:

	31 December 2022	31 December 2021
Trade payables	985,168,142	499,188,711
-Third parties	985,168,142	499,188,711
-Related parties	--	--
Suppliers	457,243,899	164,536,451
Notes payable	590,664,851	360,177,988
Deferred financing costs (-)	(62,740,608)	(25,525,728)
Trade payables, net	985,168,142	499,188,711

Annual effective interest rate on deferred financing costs is 22% (31 December 2021: 17%).

The foreign exchange and credit risk and impairment analysis of trade payables are disclosed in Note 22.

NOTE 6 – 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 2022 and 2021, related party balances are as follows:

	31 December 2022	31 December 2021
Trade receivables due from related parties		
Biotrend Çevre Ve Enerji Yatırımlar A.Ş.	2,494,909	117,066
FTR Dış Ticaret Mobilya A.Ş.	--	195,000
Doubtful trade receivables from related parties	1,474,641	1,068,876
Provision for doubtful trade receivables from related parties (-)	(1,474,641)	(1,068,876)
	2,494,909	312,066

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NOTE 6 – RELATED PARTY DISCLOSURES (continued)

The movement of doubtful receivables is as follows:

	31.12.2022	31.12.2021
Beginning of the period – 1 January	1,068,876	--
Additions (Note 19)	--	1,068,876
Exchange Rate Difference	405,765	--
	1,474,641	1,068,876
	31 December 2022	31 December 2021
Other receivables due from related parties		
Shareholders	6,415,911	3,247,788
Doğanlar Yatırım Holding A.Ş.	79,217	--
	6,495,128	3,247,788
	31 December 2022	31 December 2021
Other payables due to related parties		
Doğanlar Yatırım Holding A.Ş.	--	10,639,566
Korad G.Menkul Yat.İnş.A.Ş.	14,050	23,972
Shareholders	--	--
	14,050	10,663,538

(*) The Group has been calculated an interest amounting to TL 885,712 at an annual effective interest rate of 18% for Shareholders.

b) As of 31 December 2022 and 2021, the functional breakdown of sales to related parties is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Sales to related parties		
Doğanlar Yatırım Holding A.Ş.	4,956,578	1,978
Shareholders	--	119,696
Biotrend Çevre ve Enerji Yatırımları	2,160,780	30,052
Other	--	--
	7,117,358	151,726

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NOTE 6 – RELATED PARTY DISCLOSURES (continued)

c) As of 31 December 2022 and 2021, the functional breakdown of purchases from related parties is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Purchases from related parties		
Doğanlar Yatırım Holding A.Ş.	14,703,277	5,962,607
Biotrend Çevre ve Enerji Yatırımları	588,977	--
Korad Gayrimenkul Yatırım İnş. A.Ş.	425,197	122,587
	15,717,451	6,085,194

	1 January – 31 December 2022	1 January – 31 December 2021
Interest Received from Related Parties		
Doğanlar Yatırım Holding A.Ş.	--	2,539,678
Real Person Partners	885,712	--
	885,712	2,539,678

d) The benefits provided to the members of the Board of Directors and senior executives for the years ended 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Fees paid and other benefits		
	35,506,993	16,018,432
	35,506,993	16,018,432

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, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Other receivables	25,600,729	33,310,144
-Third parties	19,105,601	30,062,356
-Related parties (Note 6)	6,495,128	3,247,788
Deposits and guarantees given	3,927,206	2,285,176
Doubtful other receivables	2,237,908	1,607,646
Provision for doubtful other receivables (-)	(2,237,908)	(1,607,646)
Receivables from tax Office	14,328,979	7,611,904
Receivables from personnel	831,587	327,533
Other (*)	17,829	19,837,743
Other receivables, net	25,600,729	33,310,144

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NOTE 7 – OTHER RECEIVABLES AND PAYABLES (continued)

(*) A fire was broke out in Düzce factory of the Group on 26.12.2021. As a result of the disaster, an impairment on inventory amounting to TL 18,410,087 under inventory in the accompanying consolidated financial statements. In accordance with the fire insurance policy issued by insurance companies, property damage insurance claim has been documented by the Group. Accordingly, it has been determined that the damage arising from fire is covered under insurance policy. In accordance with the determinations made by insurance appraiser, a loss claim amounting to 25,000,000 has been estimated. Accordingly, the Group has been recognised an income accrual amounting to TL 18,410,087 in the accompanying consolidated financial statements against impairment on inventory.

The movement of doubtful receivables is as follows:

	31.12.2022	31.12.2021
Beginning of the period – 1 January	1,607,646	498,139
Additions (Note 19)	630,262	1,109,507
Reversals (Note 19)	--	--
	2,237,908	1,607,646

	31 December 2022	31 December 2021
Long term other receivables		
Deposits and guarantees given	6,923,764	4,227,232
Other (*)	33,275,002	6,352,909
	40,198,766	10,580,141

(*) Include receivables from VAT refund

	31 December 2022	31 December 2021
Short term other payables		
Other payables	5,920,904	14,054,412
-Related parties (Note 6)	14,050	10,663,538
-Third parties	5,906,854	3,390,874
Taxes payable	5,344,031	1,858,366
Other	562,823	1,532,508
	5,920,904	14,054,412

	31 December 2022	31 December 2021
Long term other payables		
-Related parties	--	--
-Third parties	4,807,513	3,202,466
Deposits and guarantees received	4,807,513	3,202,466
	4,807,513	3,202,466

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NOTE 8 - INVENTORIES

	31 December 2022	31 December 2021
Raw materials and supplies	384,954,282	242,946,321
Semi finished goods	53,757,096	40,189,321
Goods	186,852,040	106,127,081
Merchandise	258,030,035	97,906,722
Provision for inventory impairment (-)(*)	(393,928)	(18,410,087)
	883,199,525	468,759,358

There has been no inventories given as collateral against liabilities.

(*) In accordance with the TAS 2 "Inventories" standard, provisions incurred during the period are recognised under "Cost of Sales". A fire was broke out in Düzce factory of the Group on 26.12.2021. In accordance with the fire insurance policy issued by insurance companies, property damage insurance claim has been documented by the Group. Accordingly, it has been determined that the damage arising from fire is covered under insurance policy. Accordingly, the Group has been recognised an income accrual amounting to TL 18,410,087 in the accompanying consolidated financial statements against impairment on inventory.

	31.12.2022	31.12.2021
Cost	444,882,075	18,410,087
Provision for inventory impairment	(393,928)	(18,410,087)
Net realisable value (a)	444,488,147	-
Carried at cost (b)	438,711,378	468,759,358
Total inventories (a+b)	883,199,525	468,759,358

NOTE 9 – OTHER ASSETS

	31 December 2022	31 December 2021
Deferred VAT ("VAT") (*)	69,744,300	54,071,551
Business cash advances	645,701	1,883,111
	70,390,001	55,954,662

(*)Includes refundable or deductible VAT

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NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
Short term prepaid expenses		
Advances given	111,793,956	135,392,335
Short term prepaid expenses	15,390,304	1,475,298
Short term prepaid expenses, net	127,184,260	136,867,633

Advances given include purchases for raw materials and supplies.

	31 December 2022	31 December 2021
Short term deferred income		
Advances received	383,347,839	113,767,886
Short term deferred income	-	-
Short term deferred income, net	383,347,839	113,767,886

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

NOTE 11 – FINANCIAL INVESTMENTS

As of 31 December 2022 and 2021, the functional breakdown of short term financial investments is as follows:

	31 December 2022	31 December 2021
Short term financial investments		
Financial assets held to maturity	-	50,021
	-	50,021

As of 31 December 2022 and 2021, 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 2022 and 31 December 2021, financial investments are as follows:

	31 December 2022		31 December 2021	
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	4,657,668	100.00	4,657,668
Doğtaş Germany	100.00	3,393,430	100.00	3,393,430
Doğtaş Bulgaria	100.00	1,418,860	100.00	1,418,860
		9,469,958		9,469,958

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NOTE 11 – FINANCIAL INVESTMENTS (continued)

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 2022		31 December 2021	
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	1,430,000	14.29	357,500
Impairment (-)	-	(1,430,000)	-	(357,500)
		-		-

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 2022**

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NOTE 12 – 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 2022	98,241,604	272,625,644	160,478,093	9,114,426	102,993,197	159,061,816	3,134,562	805,649,342
Additions	5,657,586	72,880,139	116,382,188	3,840,394	66,492,124	139,406,571	40,231,377	444,890,379
Transfers (Note 13)	-	-	-	-	-	1,839,620	(1,839,620)	-
Property, plant and equipment revaluation surplus*	92,470,684	116,069,250	-	-	-	-	-	208,539,934
Currency translation differences	(2,277,000)	(10,500)	(2,813,667)	403,381	10,808	(19,781,195)	-	414,189
Disposals	-	-	-	-	(2,949,239)	-	-	(27,831,601)
Closing balance – 31 December 2022	194,092,874	461,564,533	274,046,614	13,358,201	166,546,890	280,526,812	41,526,319	1,431,662,243
Accumulated depreciation								
Opening balance - 1 January 2022	--	(40,674,048)	(78,111,386)	(1,688,250)	(66,583,658)	(64,073,771)	-	(251,131,113)
Current period depreciation	--	(13,466,859)	(19,603,159)	(2,403,814)	(13,488,582)	(33,282,079)	-	(82,244,493)
Currency translation differences	--	-	-	(148,634)	-	-	-	(148,634)
Disposals	--	10,500	2,432,384	-	1,600,541	5,510,593	-	9,554,018
Closing balance – 31 December 2022	--	(54,130,407)	(95,282,161)	(4,240,698)	(78,471,699)	(91,845,257)	-	(323,970,222)
Impairment of fixed assets								
Opening balance, 1 January 2022	-	(17,304)	(2,023,645)	-	(7,106)	-	-	(2,048,055)
Movements of current period	-	17,304	2,023,645	-	7,106	-	-	2,048,055
Closing balance – 31 December 2022	-	-	-	-	-	-	-	-
Net book value, 31 December 2021	98,241,604	231,934,292	80,343,062	7,426,176	36,402,433	94,988,045	3,134,562	552,470,174
Net book value, 31 December 2022	194,092,874	407,434,126	178,764,453	9,117,503	88,075,191	188,681,555	41,526,319	1,107,692,021

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 367,500,000 on property, plant and equipment. As of 31 December 2022, total insurance coverage on property, plant and equipment is amounting to TL 644,197,409 (31 December 2021: TL 227,549,825).

(*)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.

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NOTE 12 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

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	101,622,190	-	101,622,190	194,092,874	92,470,684	9,247,068	83,223,616
Buildings	345,495,283	54,130,407	291,364,876	407,434,126	116,069,250	23,213,850	92,855,400
TOTAL	447,117,473	54,130,407	392,987,066	601,527,000	208,539,934	32,460,918	176,079,016

	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 2021	76,310,952	139,260,935	127,405,968	2,232,931	79,284,780	93,673,588	690,879	518,860,033
Additions	2,670,000	12,326,770	34,784,366	7,711,863	23,975,239	68,142,952	3,721,160	153,332,350
Transfers (Note 13)	1,277,477	--	--	--	--	--	(1,277,477)	--
Property, plant and equipment revaluation surplus*	17,983,175	121,037,939	--	--	--	--	--	139,021,114
Disposals	--	--	(1,712,241)	(830,368)	(266,822)	(2,754,724)	--	(5,564,155)
Closing balance – 31 December 2021	98,241,604	272,625,644	160,478,093	9,114,426	102,993,197	159,061,816	3,134,562	805,649,342
Accumulated depreciation								
Opening balance - 1 January 2021	--	(33,613,887)	(69,644,858)	(1,200,106)	(55,495,209)	(44,773,655)	--	(204,727,715)
Current period depreciation	--	(7,060,161)	(10,007,133)	(890,681)	(11,245,234)	(20,847,842)	--	(50,051,051)
Disposals	--	--	1,540,605	402,537	156,785	1,547,726	--	3,647,653
Closing balance – 31 December 2021	--	(40,674,048)	(78,111,386)	(1,688,250)	(66,583,658)	(64,073,771)	--	(251,131,113)
Impairment of Fixed Assets C (**)	--	(17,304)	(2,023,645)	--	(7,106)	--	--	(2,048,055)
Net book value, 31 December 2020	76,310,952	105,647,048	57,761,110	1,032,825	23,789,571	48,899,933	690,879	314,132,318
Net book value, 31 December 2021	98,241,604	231,934,292	80,343,062	7,426,176	36,402,433	94,988,045	3,134,562	552,470,174

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NOTE 12 – 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 2022 and 2021, the movements for right of use assets and related depreciation are as follows:

31.12.2022**Cost**

Account Name	01.01.2022	Additions (+)	Disposals (-)	31.12.2022
Right of use assets	212,413,808	144,950,687	(35,499,145)	321,865,350
Total	212,413,808	144,950,687	(35,499,145)	321,865,350

Accumulated depreciation

Account Name	01.01.2022	Current period depreciation (+)	Disposals (-)	31.12.2022
Right of use assets	(53,195,798)	(63,304,321)	20,612,439	(95,887,680)
Total	(53,195,798)	(63,304,321)	20,612,439	(95,887,680)
Net book value	159,218,010			225,977,670

31.12.2021**Cost**

Account Name	01.01.2021	Additions (+)	Disposals (-)	31.12.2021
Right of use assets	103,872,487	110,695,780	(2,154,459)	212,413,808
Total	103,872,487	110,695,780	(2,154,459)	212,413,808

Accumulated depreciation

Account Name	01.01.2021	Current period depreciation (+)	Disposals (-)	31.12.2021
Right of use assets	(25,086,540)	(29,861,350)	1,752,092	(53,195,798)
Total	(25,086,540)	(29,861,350)	1,752,092	(53,195,798)
Net book value	78,785,947			159,218,010

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NOTE 13 – INTANGIBLE ASSETS

As of 31 December 2022 and 2021, the movements for intangible assets and related depreciation are as follows:

	Brand value (*)	Rights	Total
Cost			
Opening balance – 1 January 2022	17,530,000	25,334,888	42,864,888
Additions	-	28,923,625	28,923,625
Disposals	-	(718)	(718)
Closing balance - 31 December 2022	17,530,000	54,257,795	71,787,795
Accumulated depreciation			
Opening balance – 1 January 2022	--	(19,661,449)	(19,661,449)
Current period depreciation	--	(2,813,951)	(2,813,951)
Disposals	--	635	635
Closing balance - 31 December 2022	--	(22,474,765)	(22,474,765)
Net book value, 31 December 2022	17,530,000		49,313,030

	Brand value (*)	Rights	Total
Cost			
Opening balance – 1 January 2021	17,530,000	23,037,296	40,567,296
Additions	--	2,297,592	2,297,592
Disposals	--	--	--
Closing balance - 31 December 2021	17,530,000	25,334,888	42,864,888
Accumulated depreciation			
Opening balance – 1 January 2021	--	(18,522,458)	(18,522,458)
Current period depreciation	--	(1,138,991)	(1,138,991)
Disposals	--	--	--
Closing balance - 31 December 2021	--	(19,661,449)	(19,661,449)
Net book value, 31 December 2021	17,530,000	5,673,439	23,203,439

(*)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.

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NOTE 14 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Short term provisions**

As of 31 December 2022 and 2021, the functional breakdown of short term provisions is as follows:

	31 December 2022	31 December 2021
Provision for warranty	10,704,069	5,498,230
Provision for lawsuits	10,211,559	6,298,845
	20,915,628	11,797,075

Long term provisions

	31 December 2022	31 December 2021
Provision for warranty	2,668,874	1,315,960
	2,668,874	1,315,960

As of 31 December 2022 and 2021, the movement for provision for warranty is as follows:

	2022	2021
Beginning of the period – 1 January	6,814,190	6,125,364
Additions (Note 17)	6,558,753	688,826
Payments during the period (Note 17)	--	--
End of the period – 31 December	13,372,943	6,814,190

As of 31 December 2022 and 2021, the movement for provision for lawsuits is as follows:

	2022	2021
Beginning of the period – 1 January	6,298,845	7,063,968
Additions (Note 19)	3,912,714	2,592,953
Payments during the period (Note 19)	--	(3,358,076)
End of the period – 31 December	10,211,559	6,298,845

Contingent liabilities and contingent assets

As of 31 December 2022 and 2021, the functional breakdown of guarantees and mortgages is as follows:

Guarantees given

	31 December 2022	31 December 2021
Mortgages given (*)	963,948,000	821,595,000
Letters of guarantee given to public institutions (**)	397,695,323	261,775,053
Letters of guarantee given to customers	22,626,321	2,605,168
Letters of guarantee given to suppliers	6,420,549	721,627
	1,390,690,194	1,086,696,848

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NOTE 14 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

(*) 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 2022	31 December 2021
Letters of guarantee received from dealers	237,263,500	151,273,841
Mortgages received from domestic dealers	10,249,037	10,290,000
Mortgages received from dealers abroad	19,975,000	16,949,683
	267,487,537	178,513,524

Collaterals/pledges/mortgages/ ("CPM") of the Group as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
CPM given by the Group		
A. Total amount of CPM's given in the name of its own legal personality	1,390,690,194	1,086,696,848
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 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	1,390,690,194	1,086,696,848

As of 31 December 2022, the Group has pledge to banks against borrowings on 17,251,656,985 number of outstanding shares with a nominal value of TL 0,01. (31 December 2021: pledge to banks against borrowings on 12,200,886,985 number of outstanding shares with a nominal value of TL 0,01).

As of 31 December 2022, the Group has total insurance coverage on property, plant and equipment and inventories amounting to TL 644,197,409 and TL 57,353,060 respectively (31 December 2021: TL 227,549,825 and TL 269,430,955 respectively).

As of 31 December 2022, the Group offset endorsed cheques from its borrowings with a carrying amount of TL 59,761,606 and presented with a net amount accordingly in the accompanying consolidated financial statements (31 December 2021: TL 28,137,204).

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NOTE 14 - PROVISIONS, COMMITMENTS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)*Operating lease commitments*

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

NOTE 15 – EMPLOYEE BENEFITS**Short term payables due to employee benefits**

	31 December 2022	31 December 2021
Due to personnel	44,464,065	19,973,890
Social security premiums payable	10,248,876	4,042,943
Taxes payable	5,595,767	2,529,052
	60,308,708	26,545,885

Short term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for unused vacation	20,947,521	10,575,663
	20,947,521	10,575,663

Long term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for unused vacation	50,960,335	6,328,524
	50,960,335	6,328,524

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 2022, the amount payable consists of one month's salary limited to a maximum of TL 19,982,83 (31 December 2021: TL 8,284,51) 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 2022	31 December 2021
Annual inflation rate (%)	22.00	15.00
Net discount rate (%)	26.00	19.60
Real discount rate (%)	0.03	0.05

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NOTE 15 – EMPLOYEE BENEFITS (continued)

As of 31 December 2022 and 2021, movements in the provision for employment termination benefits are as follows:

	2022	2021
Beginning of the Period – 1 January	6,328,524	4,405,404
Interest cost	1,483,565	504,450
Service Cost	6,479,024	742,677
Payments during the period	(622,505)	(2,226,260)
Losses on remeasurement of defined benefit plans	37,291,727	2,902,253
End of the period - 31 December	50,960,335	6,328,524

NOTE 16 - EQUITY**Paid-in share capital and adjustment to share capital**

As of 31 December 2022 and 2021, the principal shareholders and their respective shareholding rates in Doğanlar Mobilya are as follows:

	31 December 2022		31 December 2021	
	Amount - TL	Share (%)	Amount - TL	Share (%)
Shares traded at BIST ("Other")	177,167,532	50.62	188,001,604,22	53.74
Davut Doğan	--	--	20,874,235,65	5.96
Adnan Doğan	--	--	20,874,210,93	5.96
Şadan Doğan	--	--	20,874,197,92	5.96
İsmail Doğan	--	--	20,874,197,92	5.96
İlhan Doğan	--	--	20,874,197,92	5.96
Murat Doğan	--	--	20,874,197,92	5.96
Doğanlar Yatırım Holding A.Ş.	172,558,396	49.30	36,753,157,52	10.5
Other	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 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 (As of 31 December 2021, 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 16 – 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 9,460,292 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 2022, restricted reserves is amounting to TL 3,441,327 (31 December 2021: TL 3,441,327).

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 2022, 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	280,430,161
Non-current assets revaluation surplus	210,587,989
Depreciation of non-current assets	--
Deferred tax effect, net (-)	(32,870,529)
End of the period – 31 December	458,147,621

Gains/losses on cash flow hedges

	2022	2021
Gains/losses on cash flow hedges	(83,443,387)	(91,122,003)
	(83,443,387)	(91,122,003)

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".

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 2022**

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NOTE 16 – 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 2022 and 2021, gains arising from changes in fair value is arising from the revaluation of the land, buildings and machinery.

As of 31 December 2022 and 2021, the movement of property, plant and equipment revaluation surplus is as follows:

	2022	2021
Beginning of the Period – 1 January	280,430,161	169,053,397
Fair value increase, net	177,717,460	111,376,764
End of the period – 31 December	458,147,621	280,430,161

Gains/losses on remeasurements of defined benefit plans

As of 31 December 2022, gains/losses on remeasurements of defined benefit plans include amount of TL (32,822,332) (31 December 2021: TL (2,988,950)) 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 16 – 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 17 – REVENUE AND COST OF SALES

	2022	2021
Domestic sales	4,231,681,987	1,915,349,932
Foreign sales	456,839,501	229,479,603
Other revenue	27,114,046	9,896,343
Sales returns (-)	(37,766,332)	(18,967,536)
Sales discounts (-)	(846,557,369)	(391,551,619)
Net sales	3,831,311,833	1,744,206,723
Cost of sales	(2,422,078,267)	(1,172,240,465)
Gross profit	1,409,233,566	571,966,258

NOTE 18 – EXPENSES BY NATURE**Marketing, sales and distribution expenses**

	2022	2021
Transportation, distribution and storage costs	191,437,050	78,384,404
Personnel expenses	159,158,677	61,614,820
Advertising and promotion expenses	179,654,607	57,802,275
Depreciation and amortization charges	101,603,154	47,918,231
Outsourcing expenses	50,455,448	17,698,704
Rent expenses (*)	30,283,526	6,819,493
Dealer fees and charges	2,365,997	5,909,468
Utility expenses	25,596,512	5,788,988
Travel expenses	11,984,151	3,281,994
Maintenance and repair expenses	3,238,773	1,866,191
Consultancy expenses	4,268,317	594,040
Representation and hospitality expenses	1,546,083	478,794
Other	57,980,170	16,154,218
	819,572,465	304,311,620

(*) Rental expenses consist of turnover-based leases and store leases transferred to dealers, which are out of the scope of TFRS 16 Leases Standard.

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NOTE 18 – EXPENSES BY NATURE (continued)**General administrative expenses**

	2022	2021
Personnel expenses	61,372,229	31,287,397
Depreciation and amortization charges	34,187,273	19,319,521
Consultancy and audit expenses	14,677,885	8,531,109
Rent expenses	6,400,240	2,853,961
Utility expenses	4,563,832	1,342,964
Travel expenses	7,382,738	1,542,357
Food and beverage costs	3,134,833	840,530
Stationary expenses	5,601,510	954,902
Representation and hospitality expenses	2,887,293	614,642
Subscription fees and charges	503,026	273,084
Other	21,673,222	12,733,273
	162,384,081	80,293,740

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:

	2022	2021
Independent audit fee for the reporting period	321,000	229,200
Full certification fee for the reporting period	182,784	134,321
Total	503,784	363,521

Research and development expenses

	2022	2021
Personnel expenses	20,407,753	8,981,557
Depreciation and amortization charges	576,187	278,020
Rent expenses	1,317,453	570,713
Raw materials and supplies	803,129	112,153
Other	2,090,578	627,286
	25,195,100	10,569,729

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NOTE 18 – EXPENSES BY NATURE (continued)

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

Personnel expenses

	2022	2021
Cost of sales	249,222,383	109,478,931
Marketing, sales and distribution expenses	159,158,677	61,614,820
General administrative expenses	61,372,229	31,287,397
Research and development expenses	20,407,753	8,981,557
	490,161,042	211,362,705

Depreciation and amortisation charges

	2022	2021
Marketing, sales and distribution expenses	101,603,154	47,918,231
General administrative expenses	34,187,273	19,319,521
Cost of sales	11,996,151	13,535,620
Research and development expenses	576,187	278,020
	148,362,765	81,051,392

NOTE 19 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2022	2021
Foreign exchange gains	122,942,868	132,813,212
Provisions no longer required (doubtful receivables)	1,070,572	11,901
Rediscount income (net)	34,564,893	10,549,150
Income arising from insurance claims	--	18,704,985
Provisions no longer required (lawsuits)	168,715	3,358,076
Other	--	2,182,926
	158,747,048	167,620,250

Other operating expenses	2022	2021
Foreign exchange losses	(100,959,815)	(39,078,901)
Provision for doubtful receivables	(1,524,651)	(9,590,307)
Provision for lawsuits	(4,081,429)	(2,592,953)
Other	(32,161,514)	(116,679)
	(138,727,409)	(51,378,840)

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NOTE 20 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

Gains from investment activities	2022	2021
Gain on sale of property, plant and equipment and intangible assets	25,286,343	1,687,082
	25,286,343	1,687,082

Losses from investment activities	2022	2021
Losses on sale of property, plant and equipment and intangible assets	(2,050,672)	(1,349,395)
Expected credit losses in accordance with the TFRS 9	(1,072,500)	(357,500)
	(3,123,172)	(1,706,895)

NOTE 21 – FINANCIAL INCOME/ (EXPENSES)

Financial income	2022	2021
Foreign exchange gains	125,057,210	18,160,210
Interest income	9,617,795	2,915,614
	134,675,005	21,075,824

Financial expenses	2022	2021
Foreign exchange losses	(208,195,499)	(161,128,793)
Interest expenses	(227,817,231)	(108,715,691)
	(436,012,730)	(269,844,484)

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NOTE 22 – 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 2022 and 2021, current income tax assets is summarised as follows:

	31 December 2022	31 December 2021
Current income tax liabilities	--	--
Less: Prepaid income tax	1,320,530	850,290
Current income tax assets (net)	1,320,530	850,290

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

	31 December 2022	31 December 2021
Current period tax expense	--	--
Deferred tax income/expense (net)	36,907,148	(18,487,909)
Tax income/(expense)	36,907,148	(18,487,909)

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NOTE 22 – 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/IFRS'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/IFRS standards and tax purposes.

As of 31 December 2022 and 2021, 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 2022	31 December 2021	31 December 2022	31 December 2021
Deferred tax assets:				
Unused financial losses	53,315	125,781,786	12,529	28,929,811
Investments incentives	252,949,673	14,965,000	50,589,935	2,993,000
Interest deductions from cash capital	10,901,302	13,642,814	2,180,260	2,728,563
Provision for doubtful receivables	34,284,605	16,610,148	6,856,921	3,322,030
Provision for unused vacation	20,947,521	10,575,663	4,189,504	2,115,133
Provision for warranty	13,372,943	6,814,190	2,674,589	1,362,838
Provision for employment termination benefits	50,960,335	6,328,524	10,192,067	1,265,705
Provision for lawsuits	10,211,559	6,298,845	2,042,312	1,259,769
Adjustments for TFRS 16	59,060,663	30,059,227	11,911,987	6,011,843
Provision for inventory impairment	5,070,136	21,624,497	999,410	4,324,899
Adjustments for TAS 21	1,605,067	8,923,925	321,177	2,052,503
Other	18,859,109	2,191,195	3,771,821	472,312
	478,276,228	263,815,813	95,742,511	56,838,406
Deferred tax liabilities:				
Property, plant and equipment and intangible assets	522,055,202	342,965,223	(87,241,791)	(60,744,660)
Effect of periodicity, net	85,391,916	49,268,535	(17,078,385)	(10,531,945)
Other	--	18,984,252	--	(3,796,851)
	607,447,118	411,218,010	(104,320,176)	(75,073,456)
Deferred tax assets/liabilities (net)	1,085,723,347	675,033,823	(8,577,664)	(18,235,050)

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 22 – TAX ASSETS AND LIABILITIES (continued)

As of 31 December 2022, the Group has recognised deferred tax asset amounting to TL 53,315 (31 December 2021: TL 125,781,786) over unused financial losses amounting to TL 12,529 (31 December 2021: TL 28,929,811)

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2022	31 December 2021
2023	--	77,740,568
2024	--	48,041,218
2026	53,315	
	53,315	125,781,786

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

	31 December 2022	31 December 2021
Beginning of the period - 1 January	(18,235,050)	13,790,478
Charge to the income statement	21,632,692	(18,487,909)
Property, plant and equipment revaluation surplus	(32,870,529)	(26,005,906)
Property, plant and equipment revaluation surplus offset from equity(*)	--	409,611
Property, plant and equipment revaluation decrease	7,458,345	580,451
Actuarial gains/losses on employment termination benefits	82,076	--
Gains/losses on hedges	(1,919,654)	11,478,225
End of the period - 31 December	(23,852,120)	(18,235,050)

As of 31 December 2022 and 2021, reconciliation of effective tax rate in the accompanying consolidated profit or loss statements is as follows:

	2022	2021
Profit before tax	142,927,005	44,244,106
Tax calculated at domestic tax rate (*)	(32,873,211)	(11,061,027)
Tax rate differences /changes	682,000	533,276
Non-deductible expenses, mey	(7,440,512)	(8,277,498)
Discount and Exception effect	12,319,336	--
Reduced Corporate Tax Effect	22,449,510	--
Other	41,770,025	317,340
	36,907,148	(18,487,909)

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NOTE 22 – TAX ASSETS AND LIABILITIES (continued)

(*)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.

NOTE 23 – 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.

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NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

	Receivables					
	Trade Receivables		Other Receivables		Bank deposits and credit card receivables	Other
	Related Party	Other	Related Party	Other		
31 December 2022						
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	2,494,909	411,917,621	6,495,128	59,304,367	294,274,774	--
- Maximum risk, secured with guarantees	--	--	--	--	--	--
A, Net book value of neither past due nor impaired financial assets	2,494,909	226,230,381	6,495,128	59,304,367	294,274,774	--
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	--	185,687,240	6,415,911	--	--	--
- Maximum risk secured with guarantees etc,	--	--	--	--	--	--
D, Net book value of impaired assets	--	--	--	--	--	--
- Past due (gross amount)	1,474,641	40,726,826	--	2,237,908	--	--
- Impairment (-)	(1,474,641)	(40,726,826)	--	(2,237,908)	--	--
E – Off-balance sheet expected credit losses (-)	--	--	--	--	--	--

	Receivables					
	Trade Receivables		Other Receivables		Bank deposits and credit card receivables	Other
	Related Party	Other	Related Party	Other		
31 December 2021						
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	312,066	245,033,285	3,247,788	40,642,497	49,158,026	--
- Maximum risk, secured with guarantees	--	--	--	--	--	--
A, Net book value of neither past due nor impaired financial assets	312,066	172,691,550	--	40,642,497	49,158,026	--
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	--	72,341,735	3,247,788	--	--	--
- Maximum risk secured with guarantees etc,	--	--	--	--	--	--
D, Net book value of impaired assets	--	--	--	--	--	--
- Past due (gross amount)	1,068,876	38,216,720	--	1,607,646	--	--
- Impairment (-)	(1,068,876)	(38,216,720)	--	(1,607,646)	--	--
E – Off-balance sheet expected credit losses (-)	--	--	--	--	--	--

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NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As of 31 December 2022 and 2021, the details of past due but not impaired trade receivables due from related parties and third parties is as follows:

	31 December 2022	31 December 2021
Past due up to 1 month	27,642,881	1,302,954
Past due 30 - 119 days	26,394,339	5,232,475
Past due 120 - 179 days	3,430,186	1,614,058
Past due 180 days and over	128,219,834	64,192,248
	185,687,240	72,341,735

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 2022 and 2021, undiscounted contractual cash flows of the consolidated financial liabilities are as follows:

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	833,661,624	953,883,409	153,905,905	274,009,395	459,975,303	65,992,805
Finance Lease Payables	58,175,373	62,503,378	9,391,507	24,368,245	28,743,626	-
Trade Payables	985,168,142	1,047,908,750	1,047,908,750	-	-	-
Other Payables (*)	10,728,417	10,728,417	5,920,904	-	4,807,513	-
Lease Liabilities	285,038,333	417,465,429	26,630,236	83,339,113	307,496,080	-
Total	2,172,771,889	2,492,489,383	1,243,757,302	381,716,753	801,022,522	65,992,805

31 December 2021	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	623,876,452	705,530,034	156,853,776	210,184,074	338,492,184	--
Finance Lease Payables	2,338,876	34,796,634	3,679,455	11,147,854	19,969,325	--
Trade Payables	499,188,711	524,714,439	524,714,439	--	--	--
Other Payables (*)	17,256,878	17,256,878	14,054,412	--	3,202,466	--
Lease Liabilities	189,418,833	260,539,834	15,051,508	44,091,182	199,336,566	2,060,578
Total	1,332,079,750	1,542,837,819	714,353,590	265,423,110	561,000,541	2,060,578

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

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NOTE 23 – 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 2022 and 2021, the foreign exchange rates used in converting foreign currency denominated assets and liabilities into TL are as follows:

	31 December 2022	31 December 2021
USD	18.6852	13.3197
EUR	19.9209	15.0761

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 2022, the foreign exchange losses presented in the consolidated statement of profit or loss would have been TL 9.598.270, and the profit/loss after tax would have been TL 7.678.616 lower.

As of 31 December 2022 and 2021, the carrying amount of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed below.

	31 December 2022	31 December 2021p
Assets	159,218,829	154,907,859
Liabilities	(293,562,830)	(434,137,931)
Net foreign currency position	(134,344,001)	(279,230,072)

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NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Market risk**

As of 31 December 2022 and 2021, foreign exchange position table of the Group is as follows:

	31 December 2022		31 December 2021	
	TL EQUIVALENT	USD	TL EQUIVALENT	USD
1. Trade Receivables	153,853,724	3,383,137	138,327,430	3,599,635
2a. Monetary Financial Assets	5,365,105	208,481	16,580,429	1,116,938
2b. Non-monetary financial assets	--	--	--	9,000
3. Other	--	--	--	--
4. Total Current Assets (1+2+3)	159,218,829	3,591,618	154,907,859	4,716,573
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Total Non-Current Assets(5+6+7)	159,218,829	3,591,618	154,907,859	4,716,573
9. Total Assets (4+8)	318,437,658	7,183,236	309,815,718	9,433,146
10. Trade Payables	39,241,825	1,406,501	51,558,958	(3,425,923)
11. Financial Liabilities	108,583,405	1,564,063	(150,278,954)	(2,033,686)
12a. Other Monetary Liabilities	13,341,595	568,620	(50,390,605)	(3,557,493)
12b. Other Non- Monetary Liabilities	--	--	--	--
13. Total Current Liabilities (10+11+12)	161,166,825	3,539,184	(252,228,518)	(9,017,103)
14. Trade Payables	132,396,005	3,464,239	(181,909,413)	(5,686,624)
15. Financial Liabilities	--	--	--	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non- Monetary Liabilities	--	--	--	--
17. Total Non-Current Liabilities (14+15+16)	132,396,005	3,464,239	(181,909,413)	(5,686,624)
18. Total Liabilities (13+17)	293,562,830	7,003,423	(434,137,931)	(14,703,727)
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)	(134,344,001)	(3,411,805)	(279,230,072)	(9,987,153)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position	--	--	--	--
(IFRS 7.B23)	--	--	--	--
(=1+2a+5+6a-10-11-12a-14-15-16a)	(134,344,001)	(3,411,805)	(279,230,072)	(9,987,153)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	314,125,532	13,967,418	215,701,873	11,355,499
23. Export	62,526,085	15,699	7,220,386	88,127
24. Import	--	--	--	--

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 2022**

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

NOTE 23 – 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 2022 and 2021 for the changes at the rate of 10%:

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	(6,427,482)	6,427,482
2- Hedged portion of USD Risk (-)	--	--
3- USD Net Effect (1+2)	(6,427,482)	6,427,482
Change in EURO against TL by 10%		
4- EURO Net Asset / Liability	(6,995,757)	6,995,757
5- Hedged portion of Euro Risk (-)	--	--
6- EURO Net Effect (4+5)	(6,995,757)	6,995,757
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	(11,162)	11,162
8- Hedged portion of GBP Risk (-)	--	--
9- GBP Net Effect (7+8)	(11,162)	11,162
Total (3+6+9)	(13,434,400)	13,434,400

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 2022**

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

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

31 December 2021	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(13,381,107)	13,381,107
2- Hedged portion of USD Risk (-)	--	--
3- USD Net Effect (1+2)	(13,381,107)	13,381,107
Change in EURO against TL by 10%		
4- EURO Net Asset / Liability	(14,558,059)	14,558,059
5- Hedged portion of Euro Risk (-)	--	--
6- EURO Net Effect (4+5)	(14,558,059)	14,558,059
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	16,159	(16,159)
8- Hedged portion of GBP Risk (-)	--	--
9- GBP Net Effect (7+8)	16,159	(16,159)
Total (3+6+9)	(27,923,007)	24,339,016

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 2022**

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

NOTE 23 – 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	294,333,290	-	-	-	294,333,290	3
Financial investments	-	-	9,469,958	-	9,469,958	11
Trade receivables	411,917,621	-	-	-	411,917,621	5
Due from related parties	8,990,037	-	-	-	8,990,037	6
Other receivables	59,304,367	-	-	-	59,304,367	7
Derivative financial assets	-	-	-	-	-	
	774,545,315	-	9,469,958	-	784,015,273	
Financial liabilities						
Borrowings	-	1,176,875,330	-	-	1,176,875,330	4
Trade payables	-	985,168,142	-	-	985,168,142	5
Due to related parties	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	
	-	2,162,043,472	-	-	2,162,043,472	

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 2022**

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

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**31.12.2021**

	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	49,168,829	-	-	-	49,168,829	3
Financial investments	-	-	9,519,979	-	9,519,979	11
Trade receivables	245,033,285	-	-	-	245,033,285	5
Due from related parties	3,559,854	-	-	-	3,559,854	6
Other receivables	40,062,497	-	-	-	40,062,497	7
Derivative financial assets	-	-	-	-	-	
	337,824,465	-	9,519,979	-	347,344,444	
Financial liabilities						
Borrowings	-	845,634,161	-	-	845,634,161	4
Trade payables	-	499,188,711	-	-	499,188,711	5
Due to related parties	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	
	-	1,344,822,872	-	-	1,344,822,872	

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.

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 2022**

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

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

31.12.2022	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	9,519,979	9,519,979
Investment Properties	-	-	-	-
31.12.2021	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	9,519,979	9,519,979
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.

NOTE 24 - 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.

	2022	2021
Revenue	3,831,311,833	1,744,206,723
Cost of Sales (-)	(2,422,078,267)	(1,172,240,465)
Gross Profit	1,409,233,566	571,966,258
General Administrative Expenses (-)	(162,384,081)	(80,293,740)
Marketing, Sales and Distribution Expenses (-)	(819,572,465)	(304,311,620)
Research and Development Expenses	(25,195,100)	(10,569,729)
Depreciation and Amortisation Charges (Note 18)	148,362,765	81,051,392
EBITDA	550,444,685	257,842,561

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 2022**

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

NOTE 25 – EARNINGS PER SHARE

	2022	2021
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	179,849,827	25,757,797
Earnings per share (Kr)	0.0051	0.0007
Diluted earnings per share (Kr)	0.0051	0.0007

NOTE 26 - 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.

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 2022**

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

NOTE 27 - EVENTS AFTER THE BALANCE SHEET DATE

1. In accordance with the Board of Directors decision dated 17.02.2023 regarding the repurchase of Doğanlar Mobilya Group shares, the following decisions were taken and announced on the Public Disclosure Platform.
2. i) Within the framework of our Company's Board of Directors decision dated 23.05.2018 and numbered 83/32, the transactions regarding the repurchase of the Company's shares traded in Borsa Istanbul were terminated, and the share repurchase transactions to be carried out by our Company as of the date of this Board of Directors decision will be completed by the Capital Markets Board on 14.02. To be carried out within the framework of the announcement dated 2023 and the decision of the Board of Directors herein,
3. ii) Since the price of our Company's shares traded does not reflect the actual performance of our Company's activities, in order to protect the shareholders, to ensure that our share price is consistently consistent with its real value, and to maintain the trust of our investors in our Company, Capital Markets Board's Communiqué on Repurchased Shares numbered II-22.1 and 14.02. To carry out share buyback transactions within the framework of its announcement dated 2023,
4. iii) To determine the fund to be set aside for the share repurchase as maximum TL 50.000.000 to be met from our Company's own resources, and to determine the maximum number of shares to be repurchased as 5.000.000,
5. iv) To make necessary material disclosures on the Public Disclosure Platform regarding share buyback transactions, and to present the issue to the information of the shareholders by taking the issue to the agenda at the first General Assembly meeting to be held,
6. v) In case the repurchased shares are not sold for 30 days as of the date of this announcement, and if the amount of the repurchased shares does not exceed ten percent of the paid-in capital of our Company, they are kept until the Board of Directors decision is taken to dispose of these shares, and the value of these shares exceeds 10% of the paid-in capital of the Company, if it is disposed of within a maximum of 3 (three) years and
7. vi) It has been decided to determine the maximum period foreseen for the share repurchase transactions to be realized as 3 (three) years, starting from the date of our Company's Board of Directors decision dated 17.02.2023.

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 2022**

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

NOTE 28 - SUPPLEMENTARY CASH FLOW INFORMATION

	Loans and Credit Cards	Leases	Total
Beginning of the Period – 1 January 2022	623,876,452	189,418,833	813,295,285
Cash inflows	267,960,545	95,619,500	363,580,045
Cash outflows from lease liabilities	--	--	--
End of the period – 31 December 2022	891,836,997	285,038,333	1,176,875,330
Cash and cash equivalents (-)	-	-	(294,333,290)
Borrowings, net			882,542,040
	Loans and Credit Cards	Leases	Total
Beginning of the Period – 1 January 2021	492,956,338	91,400,191	584,356,529
Cash inflows	130,920,114	98,018,642	228,938,756
Cash outflows from lease liabilities	--	--	--
End of the period – 31 December 2021	623,876,452	189,418,833	813,295,285
Cash and cash equivalents (-)	-	-	(49,168,829)
Borrowings, net			764,126,456

Contact

HEADQUARTERS

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FACTORIES

Düzce Factory

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Biga Factory

Address: İdriskoru Köyü, Hacivenez Mevkii, No:29, Biga, Çanakkale

FOREIGN SUBSIDIARIES

Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti.

Address: Atatürk Cad., Yağmur Sok., No: 14IA, Yenikent, Gönyeli, Nicosia/TRNC

Doğtaş Kelebek Mobilya Senegal Ltd. Şti.

Address: En Face Du Marche D'interet National, Diamniadio, Dakar Senegal

Doğtaş Furniture USA INC.

Address: 385 Route, 17 South, Paramus, New Jersey, USA

Kelebek Furniture UK Limited

Address: 293 Green Lanes, London, England, N13 4xs

Trade Registry Number

21271-0

MERSIS No

0542005583700010

Paid-in Capital

TL 350,000,000

Registered Capital Ceiling

TL 500,000,000

Commercial Title

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi

Tax Office

Large Tax Payers

Tax No

5420055837

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